



CONTACT IATA TO BE PART OF THE OPERATIONAL COST REDUCTION INITIATIVE (OCRI) AND SAVE YOUR AIRLINE MONEY

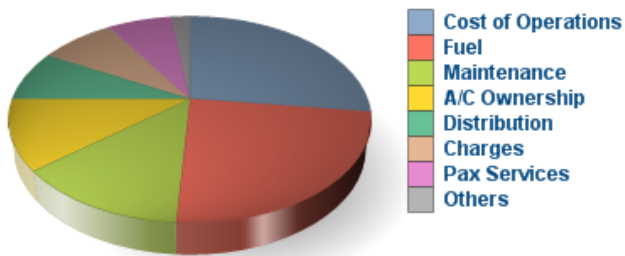
Mission of OCRI

Achieve cost reductions and improve efficiencies in the main areas of airline operations.

Background

Total annual airline operational costs amounts to US\$480B (2009) of which fuel accounts for US\$113B.

Total Cost of Operations: US\$ 480 B. (2009)



IATA has developed a **GO-Team** program to assess airline operations in the main areas of:

- Flight Operations
- Technical Operations
- Ground Operations

This initiative is supported by a team of industry experts and offers a wide range of customized services including IATA Guidance Materials and Best Practices, training courses, workshops, conferences, KPIs and toolsets, on-site assessments and implementation assistance.

IATA GO-Team assessments help airlines to identify their individual saving potentials.

1. Flight Operations

➤ **Flight Operations:** Compare the cost drivers within your budget against industry benchmarks for comparably sized airlines. Focus is on operations management, support staffing and function, administrative overhead, and additional cost drivers.

➤ **Crew Planning:** Compare and analyze the three key factors in assessing crew planning effectiveness: 1) stability 2) efficiency 3) flexibility. While state regulations and industry agreements control many factors, there are avenues to explore for affecting greater flight crew productivity and efficiency.

2. Technical Operations

➤ **Maintenance Program Optimization:** Address the initial maintenance program prior to the delivery of the first airplane and subsequent evolution process for airframe, systems, engine, APU, landing gear and components.

➤ **Maintenance Planning:** Includes strategies for enabling greater airline efficiencies through downtime requirements, check yield, common metrics used and the importance of information technologies.

➤ **Supply Chain:** Supports airlines in identifying the methodology and most suitable providers and assisting in the completion of requests for proposal and negotiation processes.

➤ **Inventory:** Through harmonized aircraft configurations, reduction of transport and workshop times and through cost-based partnering on pooling concepts, airlines can significantly reduce their cost for aircraft parts inventory.

3. Ground Operations

➤ Assist managers of airline ground operations services in understanding and managing business cost drivers and identifying potential opportunities for cost reduction, especially in:

- Passenger and ramp service times
- Manpower planning, training, operations coordination
- Performance metrics implementation



OCRI ASSESSMENT

Background

- An OCRI Assessment is an on-site assessment of selected operational areas performed by IATA GO-Teams.
- The primary objective is to assist airlines to identify, quantify and prioritize opportunities for improvement and reduction of operational costs.
- The assessment is conducted through the analysis of the airline's data, interviews with key personnel and observation of the operation (i.e. ramp, hangar and in-flight) as required.

Objectives

- Provide cost capturing and allocation methodology and tools to allow airlines to better understand cost management and industry best practices.
- Identify excessive costs introduced by airline inefficiencies in the areas of Flight Operations, Technical Operations and Ground Operations.
- Provide specialist recommendations to remedy operational issues in the aforementioned areas of activity.
- Prepare the way for follow-up implementation assistance that will help quickly translate identified savings into bottom-line results.

Approach

- The scope of the on-site assessment is customized to address each airline's individual interests and requirements.
- An agreement is signed. IATA guarantees the confidentiality of all information provided by the airline.
- The GO-Teams are made up of specialists in the areas of Flight Operations, Technical Operations and Ground Operations. The actual number of specialists involved depends on the selected areas. A GO-Team consists of up to 8 specialists.
- Prior to the on-site visit, the participating airline must return completed questionnaires. The data is reviewed by our specialists in order to allow appropriate preparation in advance of team deployment.
- The team spends approximately 4 days with airline key personnel on-site for an in-depth analysis.
- Interviews and observations are conducted in accordance with IATA's Best Practice manuals and checklists for areas of operations.

Deliverables

- At the end of the visit, the IATA GO-Team presents preliminary saving estimates during an executive debriefing.
- After the visit, the airline receives a detailed report including full recommendations on cost savings potentials and if interested, a proposal for follow-on implementation assistance.

Participation

- The OCRI Assessment is available to IATA member airlines on a cost recovery basis fee (\$20,000 per area + travel related expenses) and to non-member airlines at a fee of \$40,000 per area (+ travel related expenses).
- Post-assessment – engage IATA to work with your airline to quickly implement identified savings.
- For more information or to schedule an OCRI Assessment, please visit our website www.iata.org/ocri or contact ocri@iata.org