Airline Cost Management through Operations Planning and Control
Over 45 years in aviation and airline industry

- Pan American World Airways, Delta Airlines, Fueling and Ground Handling Companies, Operations Consultant to numerous airlines worldwide
  - Airport and System Operations
  - Cost Management / Control
  - Performance Analysis

- IATA Senior Consultant – Airline Operations
  - Operations Efficiency and Cost Management
  - Operations Control (OCC), Airport and Ground Operations, Fuel Efficiency
  - Best Practice assessments and implementations
Agenda

0900 - 0930  Introductions and Opening Remarks
0930 – 1015  Operations Planning
1015 – 1045  Break
1045 – 1215  Operations Control
1215 – 1330  Lunch
1330 – 1500  Operations Cost Management
Cost of Delay
1500 – 1530  Break
1530 – 1630  Operations Management - exercise
1630 – 1645  Operations Cost Assessment – explanation
1645 – 1700  Summary – Key Takeaways
1700  Closing Remarks – ACC Update Information
Format for Today’s Meeting

- our goal is to be as interactive as possible
- great value in sharing viewpoints, priorities, processes
- less presentation and more discussion
- request your active dialogue and participation
- team grouping and discussion
The Industry Challenge

- Fuel, 31%
- Cost of Operations, 26%
- Maintenance, 12%
- A/C Ownership, 10%
- Distribution, 6%
- Pax Services, 5%
- Charges, 9%
- Others, 1%

Airline Operations - Complexity

- Few industries have to
  - profitably manage so many moving parts
Airline’s Schedule/Operational Design

-Controllable vs. Uncontrollable-

Main Reliability Drivers
Airline Operations - Complexity

- Few industries have to
  - profitably manage so many moving parts
  - in so many geographically separate locations
  - dependent on performance of so many others - ATC, Airports, Vendors
  - subject to so many outside influences – regulatory, world events
  - with so much variability requiring immediate action

All of which drive Cost
Airline Operations – Size and Scope

- Modern airlines are complex operations & business structures
  - Ever-changing route structures
  - Frequent mergers and acquisitions
  - Expanding alliance marketing arrangements

- Extremely susceptible to world events
  - Weather, Environmental
Airline Operations – Size and Scope

- Modern airlines are complex operations & business structures
  - Expanding route structures
  - Frequent mergers and acquisitions
  - Growing alliance marketing arrangements

- Extremely susceptible to world events
  - Weather, Environmental
  - Political
  - Economic
  - Competitive

The complexity and frequency of required near-term planning changes and daily operations changes are ever increasing

All of which drive Cost
Airline Operations – Constant Change

Every day is an irregular operation

IRROP ??
IRROP - Irregular Operation

- Any deviation from published or planned schedule
  - Delays
  - Cancellations
  - Diversions
  - Ferry Flights
  - Extra flights
Airline Operations – Constant Change

- No airline schedule is ever executed as planned
- Airline schedules are constantly changing
  - from planning phase
  - to day of execution
- “a schedule is a plan to deviate from”

All of which drive Cost
Operations Cost Scope

- Flight Ops
- Ground Ops
- Tech Ops
- Supply Chain
- Operations Control
- Opns Planning

- Fuel
- Overfly
- Navigation
- Landing Charges
- Commercial
- Network Planning

Airline Cost Conference
Geneva
25-27 August, 2014
Commercial and Network Planning

Long-term strategic business plans

- Which markets to serve
- What type of operation
- Which aircraft type

Note: Network Planning is the subject of another IATA program
The focus of today’s presentation

Operations Planning

What is Operations Planning ????

What are some characteristics of effective Operations Planning ????
Operations Planning

Nearer-term tactical operations plans

- **Schedule components** – frequency, timing, aircraft type
- **Resource requirements** – number of aircraft, crew, manpower, facilities
- **Schedule requirements** – flight-time, ground-time, servicing, maintenance
Operations Scheduling
Final Planning Phase

Converts operations plan requirements into actual work schedules for

- Airport facilities
- Aircraft
- Crew
- Maintenance
- Service resources
The focus of today’s presentation

Operations Control

What is role of Operations Control ???

What are some objectives of effective Operations Control ???
Operations Control (OCC)

- **Management of daily operations**
  - coordinate operations and resource changes
  - to deliver schedule and service as planned

- **Manage Irregular Operations**
  - minimize schedule disruptions
  - service failures
  - and lost revenue
The focus of today’s presentation

- **Operations Planning** - produce the schedule

- **Operations Control** – manage deviations from schedule

**Relationship to Operations Cost Management**
to represent, lead and serve the airline industry

Thank you!