Operations Control (OCC)
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
Airline Operations Control

- No airline schedule operates as planned

- All airlines have some form of daily operations management process

- But, many do not fully realize the service improvement capability and cost management potential of a pro-active, fully integrated, collaborative, Operations “Control” process
What is Operations Control ???

- Corporate business unit(s) or operational department(s) tasked with managing & coordinating execution of daily schedule as planned
- Varied names and functions – OCC, SOC, IOCC, Flight Operations, Dispatch, Maintenance Control
- Process and personnel responsible to manage real-time operational decisions – for today, we’ll use OCC
Role and Responsibilities

- Primary OCC mission is:
  - monitor
  - anticipate
  - manage
  - minimize

- Pro-actively manage impact of unplanned changes to schedule
- provide **Quality Service** to the maximum number of passengers
- direct most **Cost Effective** plan to return to the published schedule
Where to begin?

- Organization and Decision Process should include
  - Representation for every department or function
    - which can impact,
    - or will be impacted by
  - an OCC decision concerning the operation of the flight
FOCUS

1970s – 80s
- Incident Focus
  - Routine incident recovery – fire-fighting
  - Zero-sum decision making for operation or maintenance
- Process
  - Silo-based decision-making
  - Blame culture
- Result
  - Department metrics only – results in mixed performance

1990s – 00s
- System Focus
  - Planning for upcoming events
  - Balance maintenance & operational needs
- Process
  - Coordinated operational decisions
  - Problem-solving culture
- Result
  - Joint metrics – improves system performance

2000s – today
- Profit Focus
  - Integrated cost planning
  - Customer impact central to decisions
- Process
  - Informed analytical decisions, planning
  - Innovation, experimentation
- Result
  - Continuous improvement

“What happened”

“What will happen”
Airline Operations Control Today

- evolving to a Collaborative Operational Decision Team approach for many airlines

- Increased emphasis on
  - Customer Impact
  - Cost Control
  - Revenue Retention

  in “Operational” Decision Process
As small as
How does Operations Control relate to Cost Management ???

- Every day is an Irregular Operation
  - No airline schedule operates as planned
  - Controlling the magnitude, scope, and impact of each irregular operation is the primary role of the OCC
  - Anticipation and pro-active management are essential
  - How well each disruption to schedule is managed will determine overall operational, service, & financial performance of the airline
Important OCC Role - Crisis Management

- In a crisis, it is essential for management to retain absolute control of
  Operational Response Records/Data
  Customer Communication Media Response

- Maintaining control of situation requires locking down a single truth immediately
  - Passenger manifest
  - Crew manifest, qualification and training
  - Aircraft and associated maintenance history
  - Corporate communication

- Customers and regulators expect immediate information & news --- integrated operations information and control become a necessity

“In the digital age you have less time than ever before to respond to a crisis – 24 hours has been reduced to 24 seconds”
KLM OCC Video Presentation

A 12 minute presentation created by KLM a pioneer in developing modern airline Operations Control structure and processes
OCC Operational Components

- Operations Managers
  - System
  - Regional
  - Fleet

- Dispatch
  - Flight Planning
  - Load Planning
  - Flight Following
  - Meteorology

- Maintenance
  - Maintenance Control
  - Aircraft Routing
  - Technical Specialists
  - AOG

- Crew
  - Crew Tracking
  - Crew Scheduling

- Airport Operations
  - Hub/Downline Stations
OCC Service Components

- Customer
  - Passenger Service
  - Reservations
- Financial
  - Revenue Control
- Related
  - Cargo
  - Hoteling/Transportation
OCC Support Components

- Operational Coordination
  - Airport Management Liaison
  - Traffic Control – Airport/ATC

- Operational Liaison
  - Flight – Chief Pilot
  - In-Flight – Base Representatives

- Operational Support
  - Security
  - Safety

- Data Management and Analysis – Delay, Cost, etc
Operations Control - Authority

- Which department is responsible for Operations Control in your airline??
- Operational Control Authority
  - Duty Director must have full operational decision authority
  - Personnel report to their departments, but work for OCC Director while on duty in OCC
  - Ideally, a separate reporting department (similar to Safety)

OCC must have operational decision autonomy
Operations Management Transition

- The OCC and its many participants must have *real authority* to make and implement operational decisions.
- Must transition from *department-focused* decision-making to *company-focused* decision-making.
- The OCC must prove the *value of its information and decisions* to earn credibility and exercise appropriate influence.
Collaborative Decision Process

- Functional Co-location
- Personnel interaction
- Management Interaction

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- Increased Communication
- Improved situational awareness
- Effective decision integration

“We couldn’t do our job if we weren’t sitting next to each other”

“Integration created shared accountability for operational performance and greater passenger focus”

“Everybody adopted airline performance (vs. department) as the key metric”
IRROP Cost Management

- To tactically manage daily operations and make correct business decisions, the OCC needs good, timely, accessible information.

- Resource Availability – Aircraft, Crew, Support

- IRROP Cost
  - Operational – crew, maintenance, manpower, services
  - Passenger – potential for revenue loss, interrupted trip expenses
  - Service impact – customer, regulatory, Good Will

- Revenue and Reservations
  - total $ onboard, booking class, market considerations
  - re-accommodation options, projected length of delay to destination
  - special circumstances (ex: high school band, cruise connection)
Optimal Operations Control

- A high-functioning OCC process is based on
  - Fully Integrated, multi-function, cross-divisional team
  - Collaborative team-based decisions
  - Proactive approach to manage impact of irregular operations

- Information/Communication
  - Comprehensive, real-time, dynamic (including revenue and cost) to enable and enact balanced decisions
  - Minimize decision time, re-decisions, uninformed decisions
  - Maintain detailed records and experience data to support appropriate adjustments to future operations and schedules
OCC IRROP Decision Tree

- Do we have an aircraft
- Do we have a crew
- What happens to the passengers
- What happens to the revenue
- How much does it cost (immediate / direct)
- Are there any special circumstances
- How and how long will this decision impact airline
- What are the associated / future / indirect costs
- Do I have alternatives (fuel vs. time vs. delay cost)
IRROP Passenger Considerations

- How many passengers could be impacted
  - are there special accommodation passengers onboard
- When is our next available flight for the passengers – or on OAL
  - how long will each passenger be delayed in reaching destination
- How disruptive is the reaccommodation for the passenger
  - overnight, long airport delay, multiple stops, missed connection
- Are there adequate passenger & crew accommodations available
- What type of market are we dealing with
  - What is the recent history in this market
IRROP Cost Considerations

- Revenue – to be retained, lost
- Crew - lost time, premium pay, accommodations
- Maintenance - missed service opportunities, wasted resources
- Labor – mechanic, ground service agent overtime
- Passenger Servicing Cost
  - Interrupted Trip Expense - hotel, meals, transportation, denied boarding compensation, Frequent Flyer awards
- Any regulatory penalty or cost of delay
- Cost of passenger good will
IRROPS Cost Distribution

- **Revenue/Psgr**: 40%
- **Crew**: 24%
- **Fuel**: 12%
- **Labor/OT**: 12%
- **Maintenance**: 10%
- **Other**: 2%

25-27 August 2014

Airline Cost Conference
Geneva
“What should the OCC contribute to an airline?”

- To support positive business results, an effective OCC must
  - Manage the Operation of the airline schedule as planned
  - Minimize the Impact of schedule disruptions on the airline
  - provide Quality Service to the maximum number of passengers
  - maximize Revenue Retention
  - direct most Cost Effective plan to return to planned schedule

- Every OCC decision, action, or inaction will significantly impact the resulting Company performance, including
  - Operational
  - Service
  - and, Financial (Cost/Revenue)
Planning and Operations Control
Operations Cost Management

- Proper Planning facilitates Schedule Reliability and Cost Efficiency
- Schedule Reliability establishes foundation for efficient resource management and cost control
- Schedule Reliability enables OCC management to
  - minimize IRROP service disruption & system operational stress
  - implement schedule & service recovery with minimal time & cost
  - maximize service delivery to maximum number of customers
  - retain revenue
Integrated Operations Management

Operations Planning

An integrated process for planning and balancing:

1. Schedule components: location, frequency, timing, aircraft type
2. Operational requirements: flight time, ground time, crew time, maintenance program
3. Resource requirements: aircraft, GSE inventory, manpower, facilities, contract services

Operations Management

An integrated process for managing day-to-day operations:

1. Bring together *experienced* scheduling, operational, maintenance, customer service, and revenue control people
2. Enable staff to work together to innovate processes organically
3. Design and/or improve tools to enable next generation innovation
to represent, lead and serve the airline industry

Thank you!