



'Sorry I'm Late'

LAST DECEMBER, I boarded an early morning flight from Sydney heading to a meeting in Melbourne. I never made it to the meeting. I did make it to Melbourne, eventually ... some five hours after I had set off – just in time to get on a plane home.

And this is not an isolated event. BITRE statistics show that on time performance has plummeted in the last 18 months, with 20 per cent of flights in the last year departing over 15 minutes late. The latest figures show that an astonishing four per cent of Sydney-Melbourne flights were cancelled altogether. Even the improvements that have been made in recent months are well below the levels of 2007. One can only speculate on the economic cost of all the wasted time and missed meetings.

Australian Airline On Time Performance, 2004-09 (Departures within 15 minutes of schedule %).

Why do airlines struggle with on-time-performance?

One of the difficulties in analysing delays is the range and complexity of their causes. The US Federal Bureau of Transportation Statistics (BTS) attempts to categorise delays as follows:

'Air Carrier Delay' – encompassing a broad array of ills, such as turnaround delays and maintenance problems. In 2007, BTS attributed just under 30 per cent of delays to such causes.

'National Aviation Systems' including air traffic congestion and airport operations, 'Security' and 'Extreme Weather'. These accounted for a further third.

The remaining 37 per cent were classified 'Late Arriving Aircraft', which is essentially the knock-on impact of other causes working their way through the system.

How much of the problem is under the control of the airlines?

These figures seem to suggest that airlines are not in direct control of most causes of delays. However, one study places the blame squarely with the airlines, finding that most delays resulted from overly aggressive scheduling practices. It notes that some peak-time schedules were unrealistic even when they were printed, let

alone when confronted with the numerous operational realities involved.

So why would airlines generate unachievable schedules?

One well-documented explanation is called 'peak crowding', referring to airlines' efforts to gain market share by clustering flights around the most popular departure times. Another factor is the desire to increase aircraft utilisation and reduce ground costs.

Can airlines afford to fix on-time-performance?

Airlines might therefore object that improving their on time performance is possible, but would come at a prohibitive cost to their market share and margins.

But this is not actually the case.

Another study showed that on the most competitive routes – that is, where airlines fight hardest for customers – carriers manage to improve on time performance, despite the fact that their schedules are generally more aggressive.

L.E.K.'s experience is similarly definitive – airlines can dramatically improve on time performance without facing a direct economic trade-off.

How can airlines improve on time performance profitably?

L.E.K.'s work with carriers trying to improve on time performance has proven that with modest schedule changes, almost all delays can be avoided with improved management practices. For example, common root causes of delays include 'late arrival of crew', 'poor communication between turnaround teams', and 'inefficient ground movements', all of which can be improved.

L.E.K. has developed a seven-step program, primarily targeted at improving management discipline.

The L.E.K. 7-Step Program for On Time Performance Improvement states that airlines must:

1. Set clear goals;
2. Create direct accountability for outcomes;
3. Coordinate and organise across functions;

4. Develop a holistic approach to schedule optimisation;
5. De-stress the operations;
6. Implement robust operating processes and systems; and
7. Focus on training.

In all, it is a lot tougher than simply tweaking the schedule. This should not be surprising, since it requires learning new ways to do things to operate a tight schedule with absolute consistency. The remedies therefore focus heavily on processes, coordination and people. All parts of the airline must take collective responsibility and monitor and learn from their mistakes to improve their on time performance.

It's a real challenge, but it can be done; and the pay-off is substantial. For example, one of our US clients was able to move from bottom quartile, to top quartile on time performance in a matter of months with this approach. The turnaround was so remarkable that it helped completely transform the airline's image and produced great financial benefits as a result.

Can Australian airlines learn from the US carriers?

In the long run, on time performance in Australia is likely to get worse. Sydney Airport's latest draft Master Plan, for example, anticipates that in 20 years' time it will handle twice as many passengers as today. If improvements are not made in on time performance, even Sydney Airport acknowledges it will struggle to cope.

So, it's clearly now high time for a home truth: It doesn't matter which airline has 'the best on-time-performance in Australia', because they all can do much better!

Granted, these are difficult times for airlines. But that's why this is also the right time to 'clean up shop', when traffic volumes are down and operations are less frantic. Moreover, if they get it right, our airlines will emerge even stronger from the downturn.

For the sake of the beleaguered Australian passenger, it's time to focus on fixing on time performance.

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