



Photo by [Alex Azabache](#) on [Unsplash](#)

Changing the Culture at British Airways

MGMT4419

Group 7

Cassandra Morin, Zobiah Khaliq, Kelsey Simmons,
Lindsay Neal, Adam Addison, Luke Barry

Pillars of Strength



- ❖ Leadership - Sir John King lead BA to a new culture and through a challenge of the government
- ❖ Infrastructure - 15 years after WWII they single handedly opened air travel in Europe (Jick &Peiperl, 2011,p. 26)
- ❖ Brand - Putting People First (PPF) changed BA to be customer focused (Jick &Peiperl, 2011, p. 26)



Business Model - Value Proposition



- ❖ Corporate culture with a focus on customer service drives higher staff morale and market image (Jick & Peiperl, 2011, p. 25)
- ❖ Global reach through acquisitions of British Caledonian and a stake of Sabena World Airlines (Jick & Peiperl, 2011, p. 34)
- ❖ Cost cutting measures and privatization makes them one of the most profitable airlines (Jick & Peiperl, 2011, p. 25)



Primary Problem

Financial

- ❖ Decrease in passenger volume
- ❖ Low productivity
- ❖ Overstaffed
- ❖ Nearing Bankruptcy
- ❖ Excessive costs

Secondary Problem

Poor company culture

- ❖ Low morale
- ❖ Division amongst employees
- ❖ Organizational conflicts





PEST

Political

British airways must comply with government laws and regulations of British and Europe in order to continue its operations (Jick &Peiperl, 2011, p. 33).

United States flight regulations concerns and due to increase threat of terrorism British Airways had to stop fights (Jick & Peiperl, 2011, p. 33).

The Civil Aviation Authority wanted to force BA and British Caledonia to swap air routes (Jick &Peiperl, 2011, p. 33).

Social

British Airways improved customer services and customer satisfaction by introducing the People First program in December 1983 (Jick &Peiperl, 2011, p. 31).

Advertisement campaigns like “The World’s Favourite Airline” were introduced to change corporate image (Jick &Peiperl, 2011, p. 30).

British Airways started to focus on globalization; they bought new aircrafts and introduced new routes (Jick &Peiperl, 2011, p. 33-34).

Economic

Due to British economic crisis British Airways had to sell their aircrafts (Explore our past, March 1981).

Exchange rate difference between pounds and euros .

Due to increased fuel prices and British recession British Airways had to cut staff, drop unprofitable routes and had to early retire older aircrafts (Jick &Peiperl, 2011, p. 29).

Technological

Investing in new technology to cut costs and find new opportunities like introduction of first-class services (Explore our past, March 1989).

Enhanced satellite and internet marketing.

Online booking



5 Forces

Threat of new Entrants

- ❖ Threat Level: Low (1)
- ❖ High Barrier to Entry
- ❖ High Start up Cost
- ❖ Regulatory Factors

Supplier Power

- ❖ Threat Level: High (8)
- ❖ Limited # of Manufacturers
- ❖ Boeing, Airbus, &Embraer
*(BA.com, 2020)

Competition

- ❖ Threat Level: High (8)
- ❖ Swissair, United, KLM Dutch airlines, Scandinavian Airline system
- ❖ British Caledonian
- ❖ Merger of BEA and BOAC

Threat of Substitution

- ❖ Threat Level: Medium (5)
- ❖ No Substitution for Overseas
- ❖ Bus, Train, Ferry
- ❖ Different Customers
*(Back, V., paras 13, 2016)

Buyer Power

- ❖ Threat Level: Low (3)
- ❖ Limited buyer options
- ❖ BA stronghold on travel destinations
- ❖ Superior choice



SWOT

Strengths

- Large route network
- Brand name and customer loyalty
- Focused on providing high level customer services and customer experience
- Skilled and highly qualified labour force

Weakness

- Poor customer services
- Airline image in the marketplace
- Management issues
- Cost structure
- Market competition
- Financial problems

Opportunities

- Provide training to management and staff
- Improve customer services and customer experience
- Increase marketing and advertising
- Increase research and development

Threats

- Increasing competition within the market and new entries
- Rising fuel prices
- Exchange rates have devalued
- Government laws and legislation

Financial Analysis

September, 1981: Watts and King launched their Survival Plan

❖ staff ↓ by 9,000

June, 1982: Amendment to the Survival Plan staff

❖ staff ↓ by 7,000

Impact on Operating Profit:

	1981	1982
Revenues	2.06 Billion	2.24 Billion
Expenses	2.162 Million	2.235 Billion
Operating Profit	(1.02) Million	5 Million



Bank of England: Polymer Notes



Key Success Factors of the Airline Industry

Structure

- ❖ Organizational structure that fits how the business operates
- ❖ A structure that is clearly laid out and communicates
- ❖ Unifies the company and its market

Branding

- ❖ Deliver on service excellence by determining what the customer wants before they know
- ❖ Focus on the customer- what are they willing to pay and what is a competitive price.
- ❖ Differentiation

Technology

- ❖ Airlines need to be leaders in using technology for bookings, customer tracking, loyalty, in flight entertainment, and maintenance
- ❖ Lead the way to gain a competitive advantage



Culture

- ❖ A unification and team building of all employees at all levels will produce a culture of acceptance.
- ❖ Managing employee expectations with strategic outcomes.
- ❖ “With an effective culture in place, employee commitment can translate to tangible results and even reflect on financial statements” (Riwo-Abudho, Njanja, Ochieng, 2013)





GAP Analysis

Structure

- ❖ “People were operating effectively, not necessarily efficiently”
- ❖ Staff decreased in the 80s, resulted in organizational realignment
- ❖ Management was “walking the talk”
- ❖ A clear chain of command lacking
- ❖ Feeling that too many managers

Branding

- ❖ Improvement from “bloody awful to bloody awesome”
- ❖ Customers felt the changes and began to believe in BA again.
- ❖ “Strong commitment to service, higher morale, better market image” (Jick & Peiperl, 2011)
- ❖ New advertising campaign. “World’s most respected airline”

Technology

- ❖ In 1987, BA purchased a stake in Galileo, an advanced computer system
- ❖ Continuous need to find the most effective and efficient technology for cost savings
- ❖ Get the newest before your competition does

Culture

- ❖ During the PPF training, BA managers and employees felt they were being “treated equally and interacted freely”.
- ❖ Increase in morale, commitment to better service and increased market image
- ❖ Still a need to continue to shift culture
- ❖ Need all employees engaged or lags in customer service will continue to happen.





Alternatives

Primary - HIGH OPERATIONAL COSTS

- ❖ Overstaffed - Organizational structure review
- ❖ Decreased passengers - Utilize strategic alliances with other airlines
- ❖ Technology - Cut costs by utilizing newer technology

Secondary - CULTURE

- ❖ Continuous customer feedback
- ❖ Evaluation and feedback with all staff to keep on top of morale
- ❖ Progression towards all employees believing in the positive changes
- ❖ Open communication between employees and within the organization

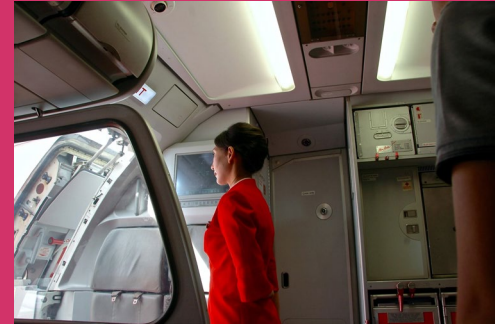


Photo by [Jacky Watt](#) on [Unsplash](#)



Develop Decision Criteria

Key
Success
Factors

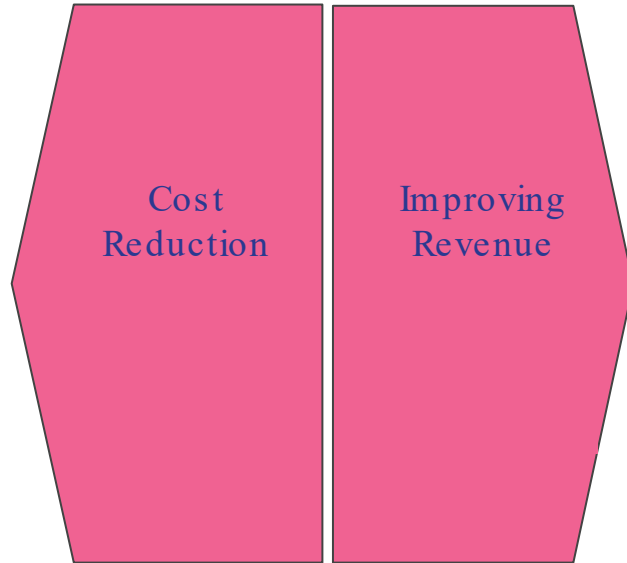
Alternatives

	Technological advances	Cut Costs/staff	Strategic Alliances	CRM
Structure	3	5	3	1
Branding	3	1	4	5
Technology	5	1	3	2
Culture	4	3	3	5
Total	15	11	13	13





Select Strategy



Improving Revenue:

- ❖ Invest in New Technology
- ❖ Provide Unrivalled Customer Services
- ❖ Be the Low Cost Provider
- ❖ Use more Hub Connectivity

Cost Reduction:

- ❖ Optimization
 - ❖ Benchmarking
-

Pillars of Strength - New Model

- ❖ British Airways Brand - World class brand, signalling world class customer service and world wide reach of air routes
- ❖ Technology - Acquiring reservation system, advancing internal technology to leverage new efficiencies
- ❖ Customer service - Putting customers and staff first unifies the company to maintain world class status



Business Model - New Model

- ❖ Improve the use and integration of technology - Keeping up to date on new technological advances in booking and route scheduling.
- ❖ Continued focus on customer service - It is necessary to keep customer service top of mind amid growing competition among airlines.
- ❖ Maintain the BA brand - Mover of the most passengers, and award winning airline for customer service.
- ❖ Structure - Lean and mean, ensure management is not bloated. Lead by example through managers stepping in as needed, maintaining communication to all front line staff.

Implementation Plan

- ❖ 3 Months - Consolidation and review
- ❖ 6 Months - Upgrade and seek opportunities
- ❖ 12 Months - Rinse and repeat for constant innovation

Source and review new systems for scheduling and booking. Conduct internal staffing review. Consolidate route gains from acquisitions.

Purchase and upgrade systems to increase efficiencies. Re-organize staff, and streamline as necessary to reduce costs. Review route offerings and find growth opportunities.

Ongoing systems review to continue efficiencies. Maintain customer service culture. Find and grow route offerings to increase reach.



Risks

- ❖ Poor customer service
- ❖ Management Issues
- ❖ Increasing Competition
- ❖ Degraded Airline Image
- ❖ Financial problems



[This Photo](#) by Unknown Author is licensed under [CC BY-SA-NC](#)





Mitigation

Risk	Strength
Poor customer service	Putting people first campaign
Degraded Airline Image	Brand name and customer loyalty
Management Issues	Colin Marsh
Financial problems	Privatization
Increasing Competition	A determined leader who will defend the company against competitors

References

BA.com. (2020). *Fleet Facts*. British Airways.com. Retrieved From: <https://www.britishairways.com/en-gb/information/about-ba/fleet-facts>

Back, V. (2016). *Getting To Belgium From London: Plane, Train Or Bus?* Pommie Travels. Retrieved From: <https://www.pommietravels.com/getting-to-belgium-from-london-plane-train-or-bus/>

Explore our past: 1980 - 1989: About BA: British Airways. (n.d.). Retrieved from <https://www.britishairways.com/en-ca/information/about-ba/history-and-heritage/explore-our-past/1980-1989>

Jick, T. D., & Peiperl, M. A. (2011). *Managing change: cases and concepts* (Third ed.). Paul Ducham.

Riwo-Abudho, M., Njanja, L., & Ochieng, I. (2013). Key Success Factors in Airlines: Overcoming the Challenges.

