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PRELIMINARY BUSINESS REPORT

Enterprise Airways Pty Ltd

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Executive Summary

The following report fulfils the purpose of providing preliminary recommendations to Enterprise Airways Pty. Ltd on various measures that could be implemented to bring into control the deterioration the company has experienced in its financial performance.

The present report has been divide into 5 main components. The first component deals with an introduction of what is Business Process Management and its various advantages to the company. The second and third component together aim to analyse all the problems that current faced by the company and provide a proposed solution. The fourth and the fifth component provide the things the considerations that need to be borne in mind before implementing the proposed solution and the overall recommendations to the company respectively.

Taking into perusal all the information that has been provided, the first and foremost step that should be undertaken to restore the company to its original profitability and sort out the various operational challenges is to incorporate into the business model a Business Process Management approach. BPM will act as the catalyst in piloting the company out of the current turbulences it is going through.

The company current is dependent on non-electronic means for several of its processes such as keeping track of plane maintenance records, keeping track of maintenance records in physical form, accounting department having to rely on receiving paper invoices in the mail, etc. The direct result of which is decreasing the efficiency of the employees, impacting overall communication between employees and this in turn results in flight information not being timely available to the customers and thus customer dissatisfaction.

The report advices the implementation and installation of an Enterprise Resource Planning system so as to be able integrate various processes of the business on one electronic platform and also incorporate electronic administration of functions rather than the current paper based administration.

BPM and Strategy

According to the financial performance of Airways Pty Ltd, it shows that the company profit has been significantly declining since 2015 until 2017. Therefore, the company needs to be provided consultants to help make sense of the current issues and advice to redesign process to satisfy customers.

Business Process Management is a management approach that focuses on enhancing all the department of the organisation with what the customers need and want (IT knowledge portal, 2017). Also, BPM is a system approaches to help the workflow better and accomplish a specific company goal. The error and miscommunication can be reduced by using BPM (Margaret, 2011). There are 5 phases of BPM to align processes and activities to business' strategies such as process design, business modelling, execution, monitoring, and optimizing of business process management life-cycle, to make continual and incremental improvements to the process (IT knowledge portal, 2017).
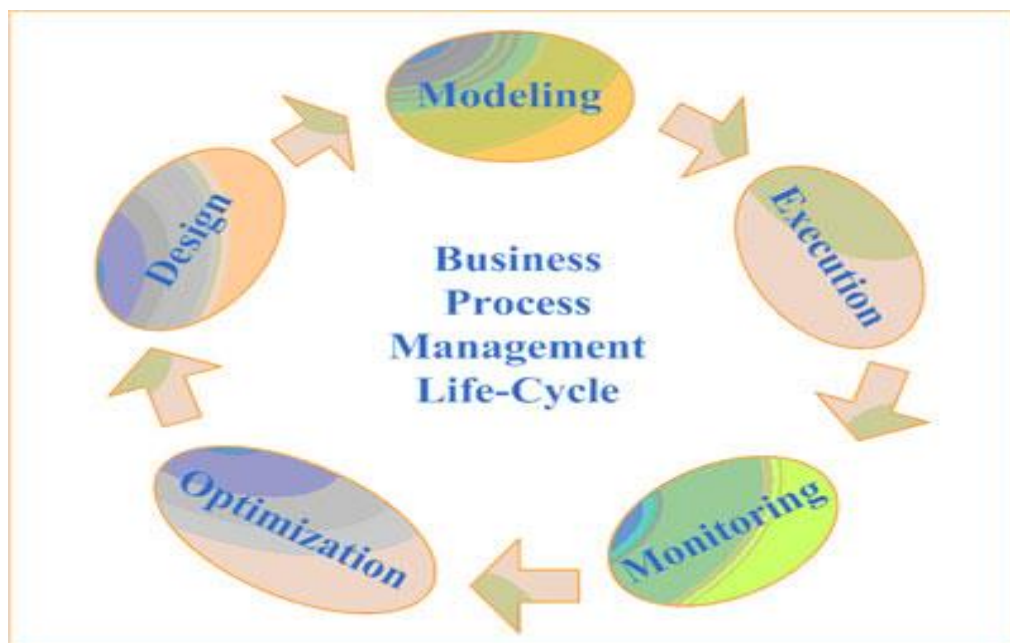
Source: IT knowledge portal (2017)

Amanda should use BPM system to enhance the controlling specific activities, behaviour relative to his goals, and to make decision. There are two types of perspectives that an organisation should consider. The internal perspective refers to how the business

management, relationship leaders, processes or culture is. The external perspective relates to external environment such as customers, suppliers, competitors, and market conditions (Vince, 2003)

Value proposition can be defined as the set of benefit or value that the Airline Company promises to receive booking of the customers as fast as possible, and provide a good service to satisfy the customer needs. The value proposition of airline is to provide the customers with the low cost, responsiveness, and completeness (Andrew, 2017).

In term of BPM, it is related to value chain (VC). Value chain (VC) can be defined as a set of activities that are included design, produce, market, delivery, and support for a product line (Harmon, 2014). The Value chain can enhance airline to align the process from the booking stage until the providing the service to the customers.

Problem Analysis

Base on the provided information, there are several issues found in the process of the business across different department, which could be cause of the problem that result as poor financial performance. The issues including:

- Overflow of information

- Paper based administration

- Staff shortage

- Delayed/incorrect invoice

- Manual filing system

- Lack of training

- Low coverage of IT facilities

- No confirmation to customer

- Slow reply

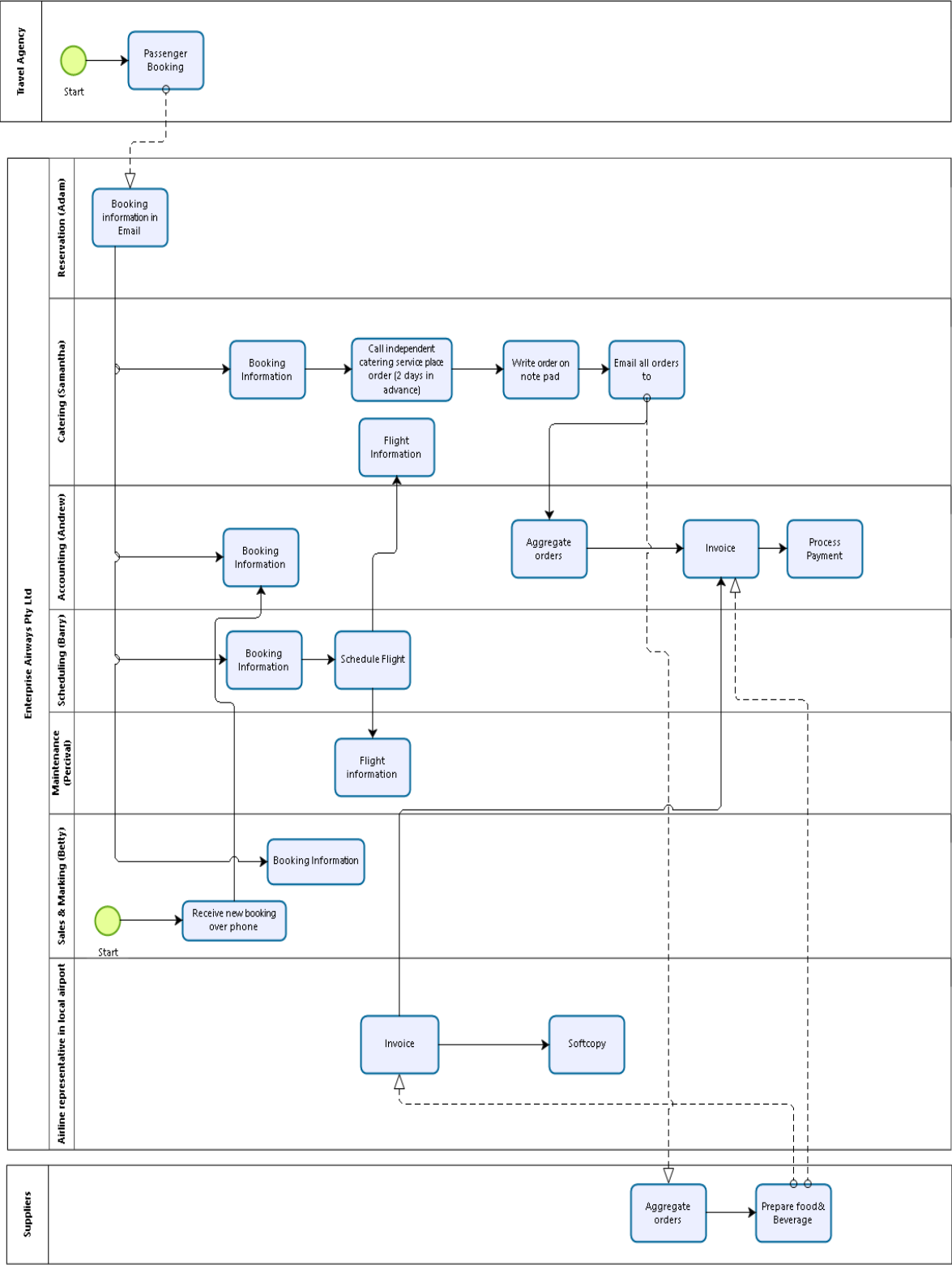- supervision missing

- duplicated work

Graph 1 shows the relationship among the cause, problem and consequences of the issues that occur in the business. According the income statement that provided, the expenses of the Enterprise Airway is steady over the past three years, but the revenue has significantly dropped since 2016. The main reason of the poor finance performance could be the decrease of the sales. There is a high volume of customer complaints in relation to booking information, charges and flight delay. So, we decide the most urgent problem is flight details are not clear to passengers.
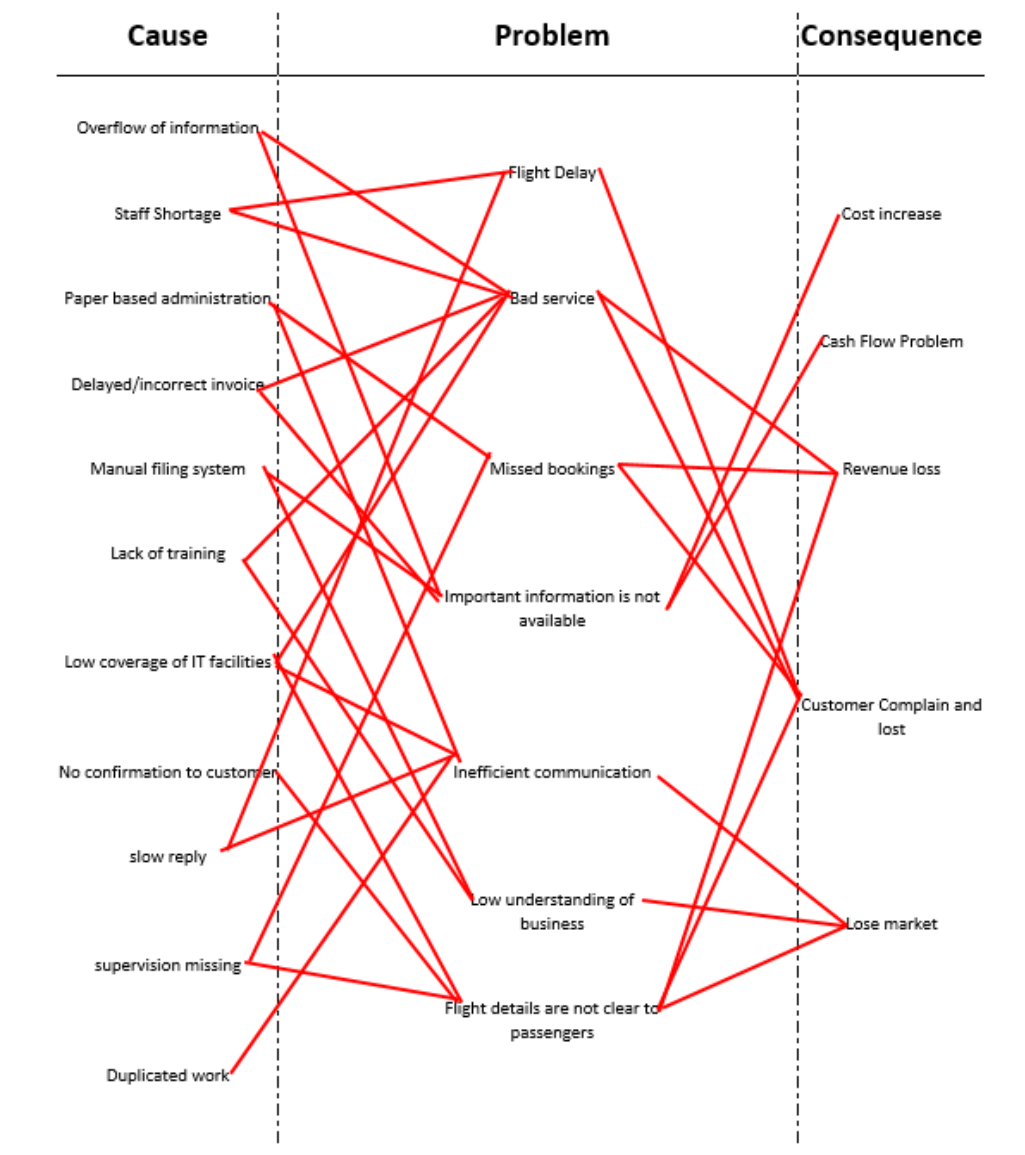
**Graph 1. Cause – Problem – Consequence Diagram**

To gain a better view of the business and to identify the problems in the flight booking process, Graph 2 is created to show the current (as is) flight booking processing mapping based on the information that provided in this case.

- When Adam from Reservation received the booking information from travel agent, he forward this information to all the other departments even this booking information is not confirmed and there's no further action directly required from them, such as sales & marketing.
- These overflows of information directly increased the work load for Andrew in accounting who has already occupied with the information received from all different departments and need to ask for sick leave to balance the stress.
- Samantha in Catering department closely corporate with third party supplier for the food and beverages that provide on the short distance flight. Her orders over the phone, keep record on the note pad and send aggregate orders through email to supplier and accounting. This manual filing method also been adopted by the mountainous department. It is unreliable and not well communicated.
- Maintenance is essential to decide if Enterprise airway to have airplane available, it is reporting to Scheduling department but the current process is not well scheduled and monitored base on the fact of flight delayed is increasing and manpower shortage is also need to be concerned.
- Betty from Sales & Marketing seems lack of training, even the booking only take by travel agency, she still receives phone calls of booking but forward to accounting and no further action taking base on her assumption. The strategy of marketing that only wait until company overcome the poor performance to be placed is a generic mistake.
- Low coverage of the IT facilities is also a concern that would lead to inefficient communication and delayed responses.
- The confirmation process with passengers is not implemented.

Travel Agency

Start → Passenger Booking

Enterprise Airways Pty Ltd

Reservation (Adam)

Booking information in Email

Catering (Samantha)

Booking Information → Call independent catering service place order (2 days in advance) → Write order on note pad → Email all orders to

Flight Information

Accounting (Andrew)

Booking Information

Aggregate orders → Invoice → Process Payment

Scheduling (Barry)

Booking Information → Schedule Flight

Maintenance (Percival)

Flight information

Sales & Marking (Betty)

Booking Information

Start → Receive new booking over phone

Airline representative in local airport

Invoice → Softcopy

Suppliers

Aggregate orders → Prepare food & Beverage

Graph 2. 'AS IS' Process Mapping

The inputs and outputs of the current process is clearly provided in the project scoping diagram Graph 3.
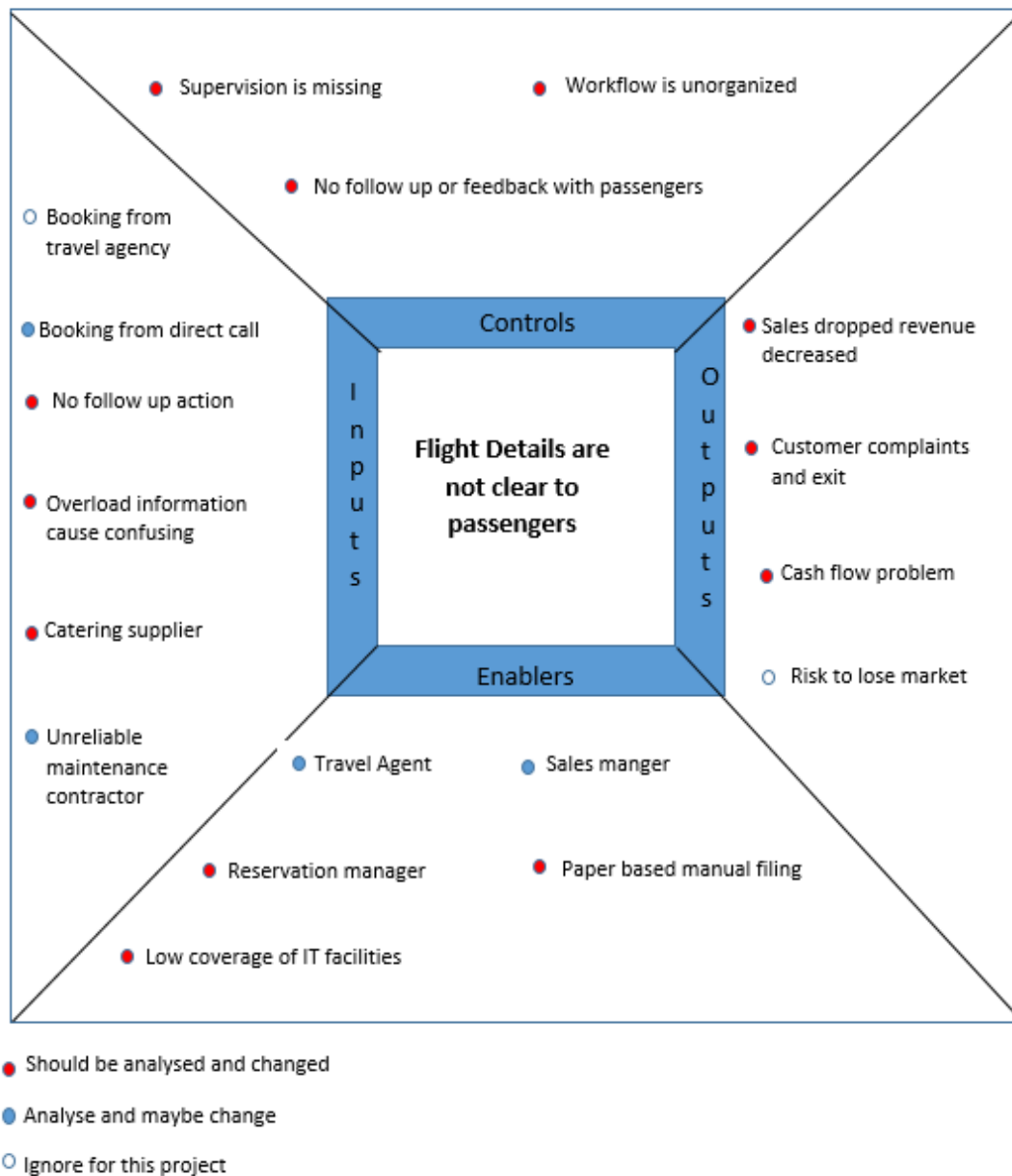
Graph 3. Process scoping diagram of Enterprise Airways Pty Ltd.

Proposed Solution

In today's times, it is a necessity for businesses to invest in Business Process Architecture. The aforementioned tool acts as one of the most efficient aid to businesses by assisting them in organizing their operating processes in the form of value chains and additionally in organizing the management processes in accordance with their respective characteristics. Lastly, but most importantly it greatly aids in implementation of various initiatives towards improving process management.

Business Process Architecture can help Enterprise airlines in the following:

- Aids in Stipulating the strategy of the company

- Aids in Streamlining or reorganizing the different business processes

- Aids in Defining the roles/responsibilities of the different business processes

- Acts as guiding tool for the various employees of the organization to understand the scope of their specific role and tasks manner (Dijkman, Vanderfeesten and Reijers, 2014)

In the instant case before us, implementing a Business Process Architecture would greatly aid Enterprise Airways in overcoming the turbulence that the company is facing in the form of loss of profitability. As can be inferred from the report provided in the prior section, there is an urgent need for the employees to gain a clear understanding of the different business operation processes of the company and to understand the scope and extent of their role in the same. Based on the aforementioned knowledge that would be gained by the employees on the basis of the implementation of Business Process Architecture, they would then be able to fulfill their roles and duties in a more effective manner.

Some of the proposed solution that need to implemented to tide over the turbulence faced Enterprise Airways are enumerated below :

- There is an urgent need to start developing an internet presence of the company so as to increase accessibility of the company to the customers, develop a medium of communication with their customers and also promote a general awareness about the company with its target customer base. Simultaneously an internet presence

could also act as another medium for ticket bookings without undertaking large overhauls of the current system.

- On similar technological lines, there is dire need to develop an intranet network so as to enable efficient communication between the employees and provide the staff with access to all the relevant information required to undertake theirs jobs without relying upon a paper based administration.

- ERP systems are systems which assist in integrating the various functional & cross functional business processes. It also assists in integrating software applications along the lines of different business processes so as to induce efficiency in usage of the various resources of the company (Seddon, Shanks and Willocks, 2003). There is a requirement to bring into use an ERP system which is configured using Business Process Architecture methodology. Such a system would help Enterprise airways in addressing its various functions such as reservation, accounting, scheduling, marketing and maintenance on one singular platform. The ERP system will integrate a master storage database for "reservation information" & "maintenance information" so as to make possible central access of the desired information for different departments of enterprise rather than to rely upon the current form of administration which leads to overflow of information to some departments and a paper based filing system, the direct consequence of which gives rise to the most import problem of 'booking and flight details not being clearly and efficiently communicated with the passengers'. The utilization of an ERP system would lead to addressing the aforementioned problem.

- It is also recommended to utilize a Customer Relation Management (CRM) system to address the issue of customer dissatisfaction and simultaneously maintain good customer relationships. A good CRM system can also aid in predicting future market demand trends. (Kumar and Reinartz, 2001)

- Lastly, it is recommended to discontinue the older system of relying on third party catering services for refreshments since Enterprise airways cater to a niche segment of Victorian regional destinations and for such short durations of flight, there is not a

requirement of elaborate provisions of refreshments. Rather the catering
department should procure tertiary processed food and drinks. The direct
consequence of removing the third-party catering food procurement process would
be lesser reliance on external factors which previously have led to customer
dissatisfaction & delay in operation of flights.

The To be process of Enterprise airways on the lines of the solution discussed above is
shown as below:
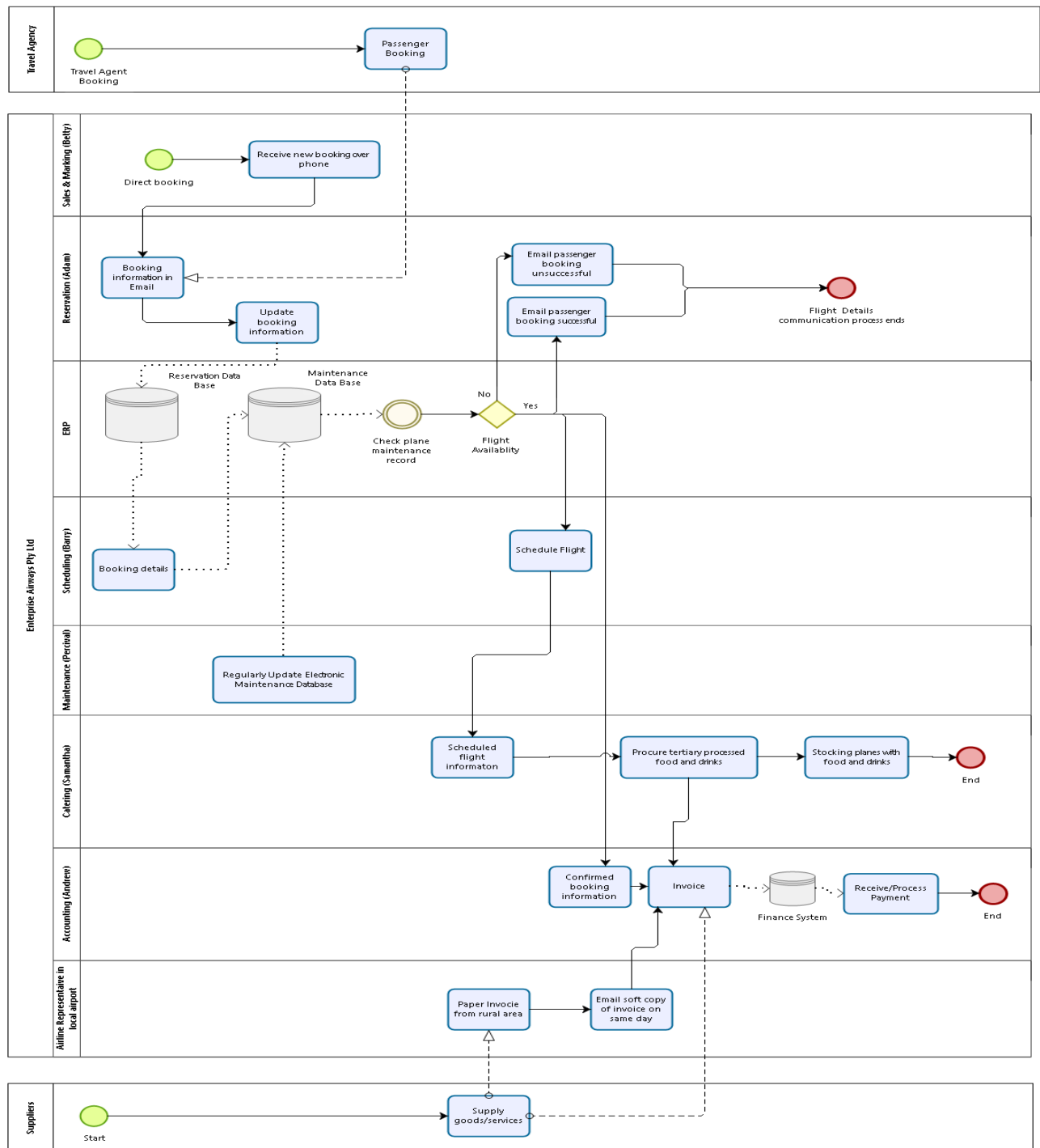
Graph 4. 'TO BE' Process Mapping

Solution Consideration

Business process management can bring many benefits to the organisation. However, it should be also consideration on the possible issues that can occur during the rebuild development stage and upon implementation of the proposed solution. Therefore, the change management is necessary to consider, and including the following.

- The number of the staffs might be reduced when the implementation of the BPM is applied to the company. Also, all staffs need to be aware that what will occur, how it may impact to them, and when.
- The airline company should have the management plan from the start time to know how to avoid the possible risks which should be ranked from the low risks up to high risks.
- The senior management and the subordinators need to have the same target. The same opinion in the company (internal politics) is a significant that can make the company achieves the goal.
- To use the ERP implementation, the company needs to spend between $50,000 to $200,000 which included the estimated cost of buying the software, and upgrading the existing new versions. Normally, the ERP or BPM will take 8 to 10 months, but sometime it can be delayed because of the complexity of system and lack of the resources (BPM Resource Centre, 2005).
- The technology system is a bit complicated for customers who do not know how to use it. Some customers cannot use the technology to book the ticket by themselves. It can slightly reduce the customers currently exceeds customers.

Recommendation

- Amanda should arrange the BPM training for relevant staffs in Human Resources department.
- Ensure the business process is improving in order to achieve the highest profit from the BPM implementation.
- The company should hire professional IT engineering staffs to assist the ERP system.
- The BPM software system should be updated monthly as the existing new versions.

- New technology equipment should be purchased to assist the ERP system when they are needed.

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