

A VIEW TO THE FUTURE

BUILDING A LONG-TERM BUSINESS PLAN



CASE STUDY



ABOUT US

On Point Loyalty is a global consulting and investment firm focused exclusively on the airline loyalty space.

We partner with leading airlines, technology providers, financial institutions and investors to shape and realize their airline loyalty vision.

With tailormade solutions, ranging from strategy consultancy to outsourced operating models, we help our clients to define the future – and create a competitive edge.

Our suite of Financial Planning & Analysis tools puts insights at the fingertips of program managers.

AT A GLANCE

A large airline in Europe realized there was significant growth potential for its frequent flyer program. But planning for long-term growth posed a challenge, given the many different inputs and parameters.

On Point Loyalty was engaged to build a future business plan for the frequent flyer program.

The On Point Loyalty proprietary model not only articulated the various growth scenarios, it also showed the underlying sensitivities of the various inputs.

With the model, management was able to make the informed decisions in terms of capital and resource allocation – and built the foundation for a successful and sustainable future of the program.

BACKGROUND

Airline loyalty programs play an indispensable role in the airline business today. They represent a unique element in the industry, which touches many parts of the business.

Although most programs have grown significantly over time, both in terms of membership size as well as loyalty currency being earned and redeemed, trends in the industry show that there still is room for growth.

Growth can be achieved in many ways. Finding the right growth trajectory is key – as well as obtaining a validated view on what the true growth opportunity is.

Program operators always have finite resources and therefore need to make calculated decisions around where to focus on (and make investments).

With competing opportunities and finite resources, program operators are faced with complex decisions

THE APPROACH

Generally speaking, On Point Loyalty deploys project teams that are assembled specifically around the requirements of a client mandate. With our global roster of FFP experts, representing a wide range of disciplines, we are in a position to deliver the right mix of know-how and experience to our clients for each assignment. Delivery usually takes place through a combination of on-site meetings and presentations, complemented with offsite research work. Occasionally, we are in a position to link existing clients, enabling them to exchange ideas and approaches, and ensuring the maximum possible knowledge transfer.

To build a business plan for this airline, we used a small team that spent significant time with the client to collect data and insights.

Initially, On Point Loyalty came on board to do a deep-dive into the existing set-up. We reviewed how the program was structured from various angles.

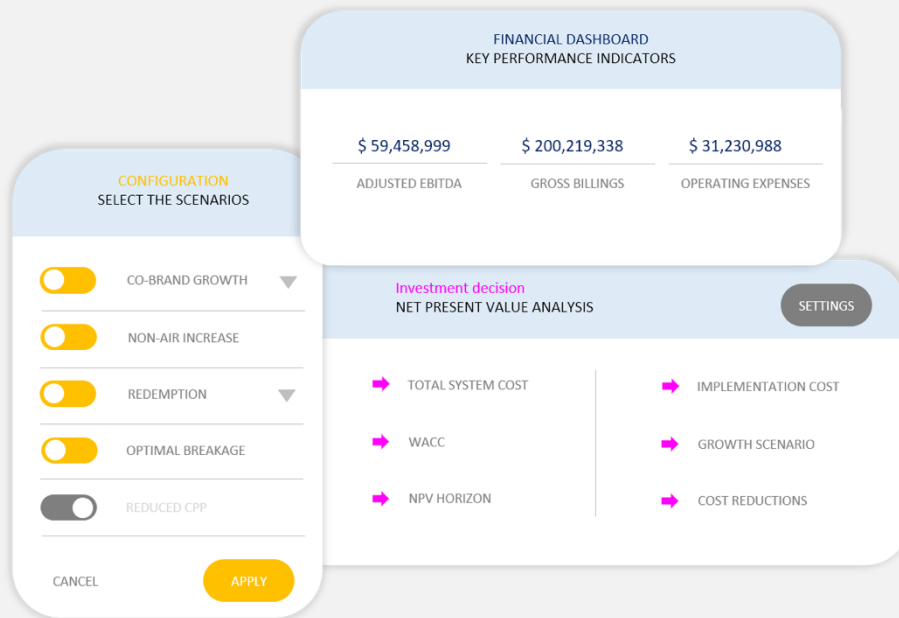
Beyond the initial review, we started laying the foundation for what would be the ultimate business plan. A key component of the business plan was the proprietary On Point Loyalty model, which is a financial planning and analysis tool used to quantify the future opportunity.

Using a reiterative process, the model was populated and presented to the client at multiple milestones. Corrections and revisions were done in a timely fashion, ensuring the support and buy-in from key stakeholders.

Any future business plan incorporates a level of uncertainty. Therefore, the model combined all key drivers of the future business and allowed users to design multiple future scenarios for each driver. By this, users were able to test different scenarios and also understood the sensitivity of each scenario.

Using On Point Loyalty's Financial Planning & Analysis Tool, a range of growth scenarios was developed and tested

On Point Loyalty Financial Planning & Analysis Tools



The On Point Loyalty Financial Planning & Analysis Tools offer a full suite of applications to optimize the performance of the loyalty program. Putting the insights at the fingertips of program managers, the tool allows for the measurement and tracking of the financial performance of the program.

RESULTS

A validated sizing of the true opportunity The reiterative process of developing and testing future scenarios involved the input and alignment of all key stakeholders. As a result, the selected business model provided a high level of conformity within the organization and established clearly what the size and direction of the future business was.

A compass for running the business With clearly set objectives, management of the day-to-day business was facilitated as the business plan became as a lens to assess new and existing initiatives. It ensured a greater focus on the important drivers, and reduced unnecessary or non-strategic developments.

A pro-active approach to managing the business A natural extension to the business plan is On Point Loyalty's suite of tracking and measuring tools which compares the actual performance of the business against the targets. Using a clear and intuitive user-interface, the business owners can quickly detect deviations from the plan, and take corrective actions in a timely fashion.

A well-established business plan delivers a clear strategic vision, reducing the chance of distractions and misaligned initiatives

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