

CLEARED FOR TAKE-OFF

DESIGNING A WINNING ORGANIZATIONAL STRUCTURE



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 tailor-made 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 national carrier in Southeast Asia realized there was significant growth potential for its frequent flyer program. But at the same time, management was not sure on how to structure the organization to capture the growth potential.

On Point Loyalty was engaged to design a new organizational structure to support the future growth strategy for the frequent flyer department.

On Point Loyalty helped the airline to understand its needs, weigh the options and design a plan to build an organizational structure that met their needs, and enabled the future growth.

On Point Loyalty delivered a new structure, including the job descriptions and key performance indicators for each role, thereby setting the airline on a path to realize the full potential.

BACKGROUND

In the early days, airline loyalty programs were typically run as part of the airline's sales and marketing department. The original mandate was straightforward: defend and increase the loyalty of frequent flyers by offering them miles that could be used for flights and upgrades.

The logic of most programs was relatively simple, with accrual being based on miles flown. And with sufficient distressed inventory to meet the demand for award seats, the teams could spend most of the time creating exciting promotions and managing the elite tiers.

As a result, the airline could dip into its existing pools of resources as the staffing needs resembled those of other positions within the airline. Marketing continued to be a core source for candidates, but also revenue management and sales were typical suppliers.

But as programs grew over time, two key developments took place which had an impact on the underlying organizational structures and staffing needs.

Firstly, the programs evolved and grew their non-air partner networks. Many programs today generate the bulk of the miles accrued from partners outside of the airline network. Secondly, the programs evolved into much more complex operating systems. In part due to their financial success, the complexity of running a successful FFP increased significantly over time.

With these changes, the legacy organizational structures and staffing profiles can no longer meet the requirements of the FFP today. Successful airline loyalty programs are complex operating networks and require a mix of specialized disciplines. The combination of new types of disciplines required and an evolved operating model calls for new organizational structures.

Successful airline loyalty programs are complex operating networks, and require a mix of specialized disciplines

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, ensuring the maximum possible knowledge transfer.

Multiple operating models exist today – together with our client we determined the best fit for their business

In this case, On Point Loyalty was brought on board to help the airline understand its needs – and design an effective structure using a combination of best practices and tailor-made recommendations.

Initially, On Point Loyalty performed a deep-dive into the existing set-up. Beyond the initial review, we looked at two key dimensions. The first one was the organizational structure: what functions are required and how are the various functions interlinked? Like any other business, multiple operating structures exist today and together with our client we determined the best fit for their particular program. (*See Figure 1 for an example*).

Subsequently, with the framework of the organization in place, we defined the specific job descriptions for each of the roles. Each job description carried the detailed requirements for that position, with a specific focus on the loyalty-related elements.

Together with the client, we determined the optimal candidate profile which involved both internal and external source industries.

FFP Organizational Chart



Figure 1 - a potential organizational structure for the FFP

RESULTS

A clear understanding of the recruitment needs Our client obtained a clear understanding of the recruitment needs – both in terms of the specific skills or experience that a position requires, but also in terms of sequencing the on-boarding of the various roles. As organizations have a finite ability to bring on new candidates, we helped our client to understand the preferred order to execute the staffing needs.

An effective organization geared towards growth With the blueprint of the future organization, the airline loyalty program can now realize its future growth plan by executing the roadmap step by step. The clear future vision ensured strategic alignment within the organization, ensuring that all resources were working towards the common goals, effectively increasing the probability of success.

Opening new horizons Through the process of evaluating different structures, with different staffing needs, a value crystallization process took place. The process forced the client to consider where value generation was taking place – and where the inevitable trade-offs needed to be made.

Through the process of evaluating different structures, with different staffing needs, a value crystallization process took place

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