

Back on course – Strategic Workforce Planning gives airline clearance to return to profit

A Hay Group case study

When a large international carrier suffered major losses, we created a model that would transform their people management and reduce costs by up to 47 per cent over 20 years.

Hit by the 2008 financial crisis, high costs and political troubles in its home country, this major international airline went into the red for the first time in 43 years. Facing a loss of over \$600m, the carrier put a plan in place to bring its financial performance back on course.

The company hired Hay Group to help transform the way it manages its people, focusing on productivity and cost control.

To make sure decisions and new policies could be agreed quickly, we ran workshops with major business unit executives and also with board members.

Our solution, developed in close partnership with them, was a modern staffing strategy that matches their workforce more closely with demand.

To make this possible in the most cost-effective way, we helped each business unit fit its manpower to the tasks it needs to deliver. We identified where it was right to shift jobs to outside companies, and then made the transfer happen. We set up a subsidiary to manage contract workers, which helped control costs and increase standards of work. And to serve the needs of specialized personnel we set up a network which sourced and managed internal and affiliated experts, improving the fit between role expectations and cost structure. Finally, we helped the airline put in place short and medium-term initiatives for reducing staff costs, including a mutual separation plan.

Over 20 years, we estimate that this program could reduce people costs by an average of 17 per cent each year, with costs down by 47 per cent after 20 years – saving the airline a projected USD1.4bn in staff costs.