

Case Study

British Airways Engineering – Charts, supply chain change



Challenge

Systems, processes, and people: British Airways Engineering supplies aircraft maintenance and repair services to British Airways. The company directly supports over 300 British Airways and alliance aircraft and provides turnaround support and other services for over 100 customer airlines. With continuing pressure to reduce cost and spending, slow component repair turnaround times were resulting in artificially elevated inventory levels and inconsistent service.

Managers at British Airways Engineering recognised a clear need to better understand the repair cycle. The costly area of avionic repair was chosen as a pilot project touching both British Airways Engineering (BAE) at Heathrow and British Airways Avionics Engineering (BAAE) in South Wales. It's challenging enough to implement lasting change, but it becomes that much more complicated – and that much more critical – when different locations, functional levels, and departments are involved.

The SONIC (Sustainable Organisations Need to Implement Change) team, comprised of members from BAE, BAAE and Celerant Consulting (Celerant), was challenged to deliver a repair cycle with visible operational improvements and financial benefits.

Success with this pilot would then be rolled out to other repair commodity cycles within BAE to undergo a similar process. The objectives of the project design were to build on current strengths; install an achievement - based culture across the supply chain with proactive supplier management; and deliver a repair cycle with sustainable high performance driven by robust systems and processes.

Approach

The team developed an improved supply chain solution that focused on a number of key areas in Heathrow and South Wales– forecasting and planning, logistics, inventory management, supplier development, management systems, and training and communications.

First, the SONIC team developed and improved a master production and logistics schedule that tracked the repairs from when aircraft engineers initially removed parts. The schedule gives the workshop clear advance information on what is needed most urgently and how they can best prepare. Not only does this streamline the repair cycle, but also as more accurate information flows across the organisation, forecasting and inventory planning become more efficient.

The team also implemented better management control systems that facilitate faster decision-making and provide greater visibility into how well the supply chain is functioning. At the same time, a series of key performance indicators were developed that enabled both Heathrow and South Wales to identify operational issues and take accountability for resolving them.

Focusing on interpersonal communication: British Airways Engineering managers recognised that the key to improvement was getting people to work together and helping them understand how – and why – to do things differently. The team established clear goals and common data, and implemented a process that instilled clear and transparent decision-making across the repair cycle. This common data helped to build the trust that was essential to good collaboration among peers, across levels and departments. The SONIC team worked hard to build this trust thereby enabling collaborative behaviour to become the norm.

Celerant initiated regular, organisation wide communication sessions where employees were encouraged to be open about the shortcomings of existing processes. These sessions also served to keep employees and managers up-to-date and enthusiastic about the short- and long-term progress of both their efforts and the SONIC project as a whole.

Results

After working with Celerant, British Airways Engineering's people are much clearer on what they need to do to improve and – more importantly they feel equipped and willing to change.

- Vital component service levels significantly higher than 1998 performance, even though 1999 demands are well in excess of those seen in 1998
- New ways of managing the repair cycle delivering real performance improvements from suppliers
- €21.6 Million (\$19 million) inventory reduction
- Reduction of inventory storage costs of greater than €1.2 Million (\$1 million) per annum
- Identification of significant warranty opportunities

Client Comments

“Our existing processes were just too expensive and cumbersome. The SONIC project not only began the process of change, it did it in a way that sustained that improvement. The level of knowledge transfer into our organisation was a key factor in this.”

David Richardson,
General Manager Engineering Supply Chain.