Case Study

- What you will get
 - Case study
 - 6 pages of text
 - 14 pages of attachments
 - E.g., list of airport codes
 - Traffic on routes

Gass Handy

Marchan Allians

grans written by

learn E. Houling

The same written by

learn E. Houling

It is July 3 and American Altitume' schedules department in finalizing

the levels of savrice for the Segmenter lith schedule. Perhaps with years

presenting town Enting Managing Distorter Valuer and is due to do shown the
grows of Highes completing the new 110s (Discomplete at the Balanyie.

Worth (2007) July.

The 11th complete-a complete (or bond) is a growy of Highes servicing at a

hob, resalizing on the ground plant long enough for passargers to make

commentum, and the despering-one started to the Agent Del students. At 25

Highes, 13 new and 11 retimed (see Habbit 17), It is a constronally smaller

complete them the lither of wompletes, which synisally smaller of twentow 70

and 80 Hights. The 11th respect acts in any morey directional and thus is

not an atrung in terms of connecting opportunities.

The 11th complete an adequate an tempelope Highes that were admirected

into the worthword Ilid complete, and Highes (noth as in Nagas, Romeis and

fan Diego) within that are connecting opportunities. Since the April 1 of

schedule, more Highes had been soled to the 11th complete to atrunghes it

[see Edukit 21], the mover, there is little data available on the performance

of these Higher.

The rew trigs added to april are all "added utilization" trips or

"variable (Litage, So see simplants had to be allocated to fift in order to

XLS files with the information of the detailed

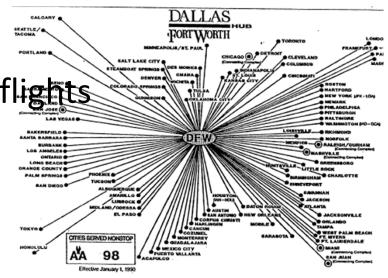
attachments

A	A	В	C	D	E	F	G	H	1	J	K	L	M	N	0	P
1								Exhibit 6								
2							12th complex									
3							Financial Results									
4							March-May									
5																
6						PER		OPERATION_(\$)			(%)					
7														FULLY	VAR. W/	
8							TOTAL			FULLY	VAR. W/					UP/DOWN
9						AVERAGE							CONTRIB	CONTRIB	CONTRIB	CONTRIB
10		ORIG/DES	FLT.#	DPTRS	YIELD	PAX/OPN	REVENUE	REVENUE	CONTRIB	CONTRIB	CONTRIB	CONTRIB	MARGIN	MARGIN	MARGIN	MARGIN
11								********								
12	MARCH, 1	988														
13																
14	12TH COMPLEX TRIPS															
15	Inbound															
16		ABQ DFW													17.98057	
17		ELP DFW	358									-519.552			21.90574	-7.61048
18		LAS DFW	1044									-2934.58			6.644617	-40.7853
19		LAX DFW	306						-	14283			52.56599	-	54.65683	
20		ORD DFW													56.36744	
21		PHX DFW	920									-587.925			30.18105	-4.47064
22		SAN DFW	210							-84.24			28.51286		29.14026	
23		SFO DFW	264					3115.2			18818.28		52.24516			
24		SNA DFW	1188	24	13.974	84	16684.8	2889.6	8433.239	4760.063	10763.77	7090.598	50.54444	28.52934	54,98903	36.22383
25																
26	Outboun															
27		DFW CRP	309				7896						46.94252			
28		DFW ORD	518	31	12.648	62	7428	3746.4	2266.76	-403.668	5251.88	2580.263	30.51642	-5.43441	46.99921	23.09084
29																
	SYSTEM				11.628	96	12708	6174	4526.619	1228.136	9414.77	6116.286	35.62023	9.664271	49.86108	32.39215
31																

Case Study

- A real problem
 - Old but still relevant
- American Airlines
 - DFW hub
 - Last bank of flights in the day
 - Internal company dispute
 about what to do with these flights
 - Keep?
 - Cancel?
 - Re-time?





The challenge

President Robert Crandall is aware of the disagreement surrounding the 12th complex and will be looking for some sort of resolution or explanation at the July 14 Officers Planning Meeting, when the schedule objectives for the September 12th schedule will be presented to upper management. Develop an analysis, with recommendations for schedule action, for presentation to Crandall.

Added utilisation trips

- An aircraft that would have spent the night at Dallas, is now used for a flight, and overnights at that point, returning to Dallas very early in the morning
- The return flight the next morning is a "balance trip"

New business

 When a flight is added, the additional passengers that will fly. The flight will have passengers diverted from other flights and new passengers

Variable contribution

- Flight revenue minus variable expenses
 - VE = fuel, labour, etc.

Fully allocated contribution

 Flight revenue minus variable expenses and minus a portion of the airline's fixed expenses such as depreciation.

Onboard revenue

- Revenue from local customers
- Plus a portion of the revenue from through and connecting customers
 - Suppose a connecting passenger's ticket is \$800.
 - Ticket has 2 segments:
 - Segment 1: 750 miles
 - Segment 2: 250 miles
 - Allocate \$600 to segment 1
 - -\$600 = 800 * 750 / (750+250)

- Upline/downline revenue
 - Revenue from the connecting flight segments for through and connecting customers
 - Suppose a connecting passenger's ticket is \$800.
 - Ticket has 2 segments:
 - Segment 1: 750 miles
 - Segment 2: 250 miles
 - Allocate \$600 to segment 1 (onboard revenue)
 - -\$600 = 800 * 750 / (750+250)
 - \$200 is upline/downline revenue
 - The other revenue we get from this ticket
 - This revenue might be lost if the flight is cancelled

The case has something for everyone

No hints are provided