

SUPPLY CHAIN MANAGMENT OF PRIVATE AIRLINE IN PAKISTAN

This Private Airline is the leading operator in Pakistan launched its operation in 2017 and successfully completed 5 years of domestic operation. They have their head office situated in Islamabad and operational base in Karachi. Currently have 7 aircrafts in their fleet consisting of 2 variants Boeing 737 and Airbus 330. Their main objective is to provide premium Air services in Pakistan. The first airline in Pakistan to launch brand new aircrafts to its fleet promoting the competitors to enhance the Pakistani aviation industry after the history of crashes in this region.

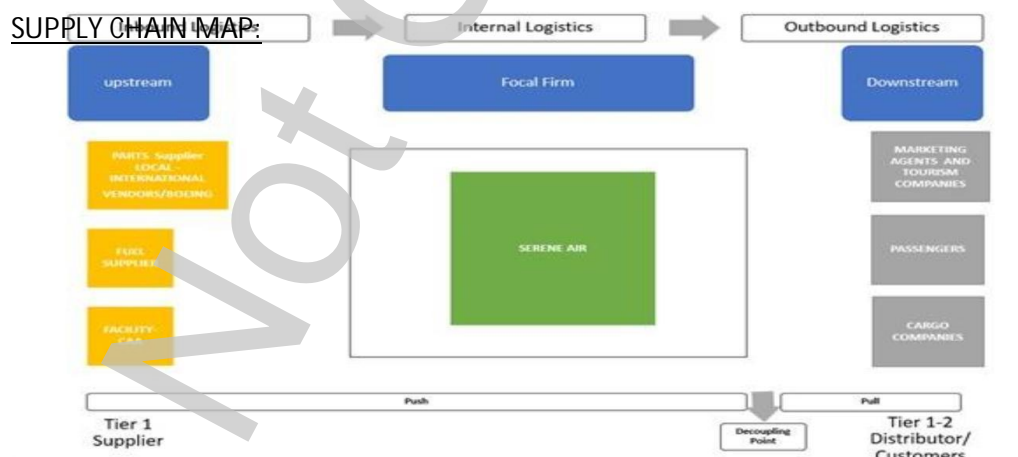
A. COMPETITIVE STRATEGY:

This Airline has an aggressive growth plan and is committed to promote long term development of Pakistan. The strategy is also to maximize the profit but also ensure the passengers are given maximum safety and best quality. Also this gives the suppliers to grow as a factor of social economic development of the country.

In the years to come this Airline plans to do the following:

- Expand the business to international market. Open new routes (UK,KSA,UAE,CHINA)
- Compete with international airlines
- Open aerospace and Avionics school and college for trainee Program.
- Open Pilots training school for future.
- Induct wide body aircrafts to target far east and far-west. Direct flights (USA/MALAYSIA)
- Increase quality service and better customer experience.
- Develop own MRO and inventory to support all airlines with Over hauling and pool support in south Asian region.
- Type registered courses for all aircrafts (B777-737-A330-320-380) to ensure maximum input from all over the world.

B. SUPPLY CHAIN MAP:



C - MAJOR PLAYERS IN THE SUPPLY CHAIN

The major players in the supply chain of Airline are following:

- ▮ Procurement – Replenishment of material
- ▮ Logistics- Transportation of material demanded
- ▮ Ground staff – Handling customer and the ground support
- ▮ Engineering Support: provide Engineering and fuel support aircraft.
- ▮ Agents – Freight and Custom agents supporting SC.
- ▮ Warehousing – supports and manage the inventory.
- ▮ Suppliers – supplying material consumable local and international.
- ▮ Retailers – ticket agents and official Counters helping market the service.
- ▮ Customer – Passengers.

D. SCM STRATEGY:

The Airline SCM strategy is push strategy as the airline is always promoting the customer to travel and giving discounts. The aircraft is always to give its service to customers even when they need the ticket on priority. It is not make to order hence the decoupling point is shifted towards the customer. Even the material is always in stock to keep the aircraft airworthy. Airline is selling directly to the customer hence this is a Push strategy. They have a direct approach to customers.

E. SUPPLY CHAIN STRATEGY & COMPETITIVE STRATEGY:

SCM strategy supports Business strategy as both have the same objective.

1. Quality: Safety is first in both cases
2. Lead Time: Keeping Airworthy is prioritized over the cost.
3. Cost: Cost is not the objective but service.

For the Airline Both SCM and Business Strategy are aligned with each other as it supports the stance. Serene Air supplies efficient supply chain.

F. PUSH PULL BOUNDRY:



The Decoupling point of the airline is diverted towards the customers as explained. This is push strategy as airline business is always ready to supply its services with not process time. All the Supply chain model is ready to go.

G. SCM ISSUES & CHALLENGES:

- || 90 % Import of aviation goods as no local manufactured product can be installed on the aircraft. High risk of flight delays and no timely replenishment or order fulfillment.
- || At times there are forecasting errors.
- || Management focus on lean inventory which risks that no support on AOG (Aircraft On Ground) situations.
- || Covid effecting the lead time form manufacturing risks the supply.
- || Covid causes transit time form the airlines.

H - SUPPLY CHAIN INITIATIVES AND IMPACT:

- || Contract with Turkish technic for pool support 24/7 in nearby area. Turkey being near than any European or USA source helps in avoiding long transit time but grounding can be reduced.
- || Airline introduced business class as a cause for different treatment for different customer.
- || Creating own repair facility of wheels and brakes helps in reducing the export bill for international repairs.

I – DIFFERENTIATING FACTORS:

- || This Airline is offering online payment methods and accepting credit cards which are not accept by other private airlines which makes them superior over others.
- || This Airline have an international Oracle approved inventory management software which other airlines are managing manually or through local software which gives them edge over other airlines.
- || This Airline have own shops and MRO which other airlines doesn't and they have to export everything or outsource which increases their service cost.