

MEDIA RELEASE - For Immediate Release

Strategy Implementation Factors Qantas Need To Act On To Get Themselves Out Of Trouble

Qantas - whose market share of passengers flying out of Australia has slumped to 18% - should take the lead from Air New Zealand in their [strategy implementation](#). In 2002 Air New Zealand were facing a surprisingly similar situation ... and are currently enjoying a 43% market share (equivalent).

Melbourne, Australia, 29 November 2011 - According to Strategy & Marketing Specialist, Graham Haines of Plans To Reality: "Since 2002 when the New Zealand government rescued it from virtual bankruptcy after the disastrous take-over of Ansett, Air New Zealand has re-invented its [strategic plan](#) and successfully implemented its strategy - to the extent that it was voted "Airline of the Year" in 2010 and has the largest market share on every route that it flies (with one exception)." How did Air New Zealand address its challenges? And what can Qantas learn from their example ...

How Air New Zealand did it - and what Qantas needs to do now

- **Get everyone to understand - and agree - to where Qantas is now**

In 2002, it was clear to everyone that Air New Zealand would fold without government help. In the disputes that Qantas has with its pilots, baggage handlers and engineers, the Unions and management have very different perspectives of where Qantas is now.

The Unions maintain that Qantas has remained profitable, whereas management say profits are nowhere near high enough to fund the investment required to keep the business going, with the international arm of Qantas losing \$200 million p/a.

Haines says: "The end-result is an upstairs/downstairs culture with little respect shown by either side - and a gulf between what many of Qantas' employees and its management believe the current reality to be."

"Unlike the Air New Zealand situation in 2002, there is no consensus at Qantas on the current reality - and that makes support for the new [strategy](#) virtually impossible to achieve."

- **Get everyone to understand where they're going and how they'll get there**

As in the first point, the key word is - "everyone". It would appear that the new strategy for Qantas has two major problems from its employees' perspective:

- Qantas management would not seem to have consulted with their front-line employees in the development of the off-shoring [strategic plans](#). "So the new strategy is owned by management and forced onto those who will be implementing the strategic changes", says Haines.
- Many employees feel that Qantas management has basically "given up" on developing a strategy to restore the company's fortunes on international routes. Haines maintains that "They see this as an act of surrender, and Qantas' decision to establish an offshore Asian hub as a betrayal of everything that Qantas stands for."

Air New Zealand didn't have the luxury of an off-shore option. Air New Zealand had to do much better what it already did. It had to define its target market, understand their particular needs and then satisfy them in an innovative way that differentiated the airline





from its competitors. And it did.

- **Get everyone to understand their role in getting there**

"For many years now, Qantas have pursued a policy of cost-cutting that has frequently involved out-sourcing overseas - from IT to engineering services", says Haines. "Many employees must even question whether they have a role to play under the new business model."

Organisational alignment and communication is the key

Without organisational alignment, change is hard to introduce, and for leadership to be effective, there must be clear goals - and the capacity to lead through change.

In a scenario all too familiar to Qantas, Air New Zealand were carrying out their own heavy maintenance. However, it was costing Air New Zealand \$NZ30 million per annum that it simply couldn't afford. There were two alternatives:

1. Close the heavy maintenance operation and move this function offshore, or
2. Reduce costs by 20% across the board

Negotiations went on for two years. Shortly after taking over as Air New Zealand's CEO, Rob Fyfe decided to visit the heavy maintenance hanger and talk with the engineers directly. By all accounts the exchange of views was pretty fiery, but in the end the engineers said to him. "I don't respect your decision, but I do respect you coming down here".

"So often with Qantas, one gets the impression that communication between management and Unions is largely via the media, with the emphasis on playing the blame game and justifying each others' actions."

[Strategic planning](#) is all about environments, markets, products, and processes: but [strategy implementation](#) is all about people. Air New Zealand understand that - but I don't think Qantas do.

Plans To Reality offer [facilitation and workshop services for strategic planners](#) that ensure the strategic plan turns into a reality, using its unique operational model - developed over Graham's 40 year career - and identifying over 36 barriers to [strategy implementation](#).

Read the media release online at:

www.planstoreality.com.au/strategy-implementation-factors-qantas-need-to-act-on-to-get-themselves-out-of-trouble.html

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After a career in business development with a major international chemical company, Graham Haines formed his own management and strategic marketing consultancy in 1987 - Plans To Reality (originally bpi Surveys).

Over his 40 year career, he become increasingly preoccupied with understanding the 'big picture' - the complex interaction of plans, processes and people that come together to influence the performance of an organisation.

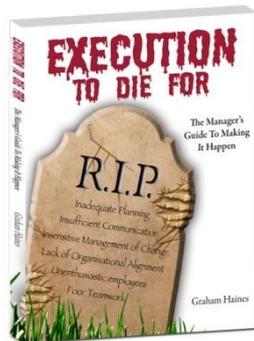
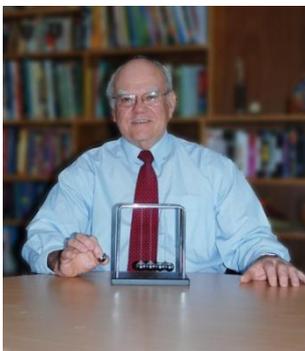
Developing a unique model that addresses the whole operation - from planning and execution, to monitoring, measuring and adapting - he identified 36 barriers to strategy implementation so that they can be better understood - and appropriate responses actioned.

Graham is a Certified Management Consultant and a Certified Practicing Marketer. He has a joint honours degree in Law & Economics from Durham University in the UK and a Graduate Diploma of Education from Melbourne University, Australia. His website contains upwards of sixty articles.

Graham's new book - "Execution To Die For - The Manager's Guide To Making It Happen" identifies the 36 reasons that things don't happen as strategic planners intended and then shows how - through the use of his unique operational model "The Wagon Wheel Way™" - how these barriers to strategic plan implementation can be overcome. This is his second book.

"Execution To Die For - The Manager's Guide To Making It Happen" is currently available from Amazon and Australian Institute of Management (AIM) Bookshops.

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