

South African Airways (SAA) is one of the world's oldest airlines, having been founded in February 1934. Today SAA employs more than 9,500 employees, carries more than 9.2 million passengers per year, has a route network that serves 155 countries and flies to more than 845 destinations. SAA has a fleet of 54 aircraft, including the new Airbus A340 and A319 as part of its fleet renewal program. SAA also has the largest maintenance facility in Africa, performs maintenance work for more than 40 major airlines and has just been awarded the maintenance contract with Comair worth R500 million. For more information, visit flysaa.com.

South African Airways Heads for Excellence in Their Performance with QPR ScoreCard

CUSTOMER CASE:



"Compared to several other systems we explored, QPR provided the end-to-end solution we were looking for to measure organizational and employee performance."
Martie Daniels, Manager, Performance Management, Human Resources, SAA

South African Airways' vision is to be the "carrier of choice in the markets we serve".

South African Airways was one of only three African airlines to pass IATA's Operational Safety Audit (IOSA) in 2005. The recent blacklisting from European skies of some 85 African carriers that the EU considers unsafe further underscores the importance of SAA's services to Africans.

2005 was a turbulent year for the airline industry everywhere. Record-high fuel prices conspired with continued overcapacity to push more carriers into the red, while a change in customer behavior globally meant low-cost carriers kept expanding their share of the market. SAA's financial results did not meet the expectations of the Board or the shareholders.

Actions impacting performance in the short and long term needed deeper management attention. Therefore SAA started to search for a robust performance-management tool that would provide management with timely, accurate and relevant information about the factors that influence organizational and employee performance.

SAA's values strive for good performance management

Excellence in performance and accountability are important values for SAA. They set goals beyond the best and reinforce high quality performance standards and achieve excellence through implementing best practices. They also take responsibility for individual and team actions, decisions and results by establishing clear plans and goals and measuring their progress against them, while discerning a deeper purpose in one's everyday job.

The business need

One of SAA's strategic objectives is to inculcate a culture of performance. SAA already had a no-frills, manual performance-management tool implemented, but it was not effective. It required a lot of paperwork, and did not provide any real information on growth. It was also incentive driven,

which limited the scope to a great extent compared with the measuring possibilities provided by an actual performance-management solution. Stronger emphasis on acquiring professional performance management became an imperative investment issue. Therefore SAA decided to implement a Performance Management system that will facilitate the increase in productivity, quality, and customer service, improve operational efficiencies, reduce cost and in turn increase profitability.

The above-mentioned objective has become even more important during the current restructuring exercise, to ensure that progress on the restructuring initiatives is tracked and monitored and that employees are held accountable.

"We went out on a public tender to source a world-class software vendor that could assist in the design and implementation of an automated and integrated Performance Management system for us," explains Martie Daniels, Manager for Performance Management at SAA.

"We received 11 bids, but none of the other systems could compare to QPR in terms of ease of use and integration, cost-effectiveness and turnaround time for implementation."

The implementation phase covered around 500 models

QPR ScoreCard was implemented to help the management attend to financial problems impacting performance in the short term, as well as in stepping up its cost-cutting drive to ensure the long-term sustainability and profitability of the airline. QPR thus plays a pivotal role in SAA's current restructuring process from a strategic as well as a human-resource-performance and skills-development perspective.

One of QPR's local partners in South Africa, Executive Business Solutions (EBS), was appointed to design the performance-management framework, policy and models. The first phase took almost a year, as it included the development and building of all the actual performance contracts (about 300 for management and 200 or so for junior staff). The output of the contracts is measured, while all HR processes, policies and procedures are modeled in QPR ProcessGuide.

"We could not have asked for a better partner than EBS: they are customer-focused, professional and true to their word."

The system went live on April 1, 2006 for the management level. SAA has flattened the group's structure, making executives more accessible, in touch and accountable. The group has also stepped up its labor-relations initiatives to ensure better communication with all staff everywhere. Because South African labor regulations require consultation with unions in order to implement a performance-management system for staff members, SAA is still in the process of rolling out the system to junior staff.

This nonetheless is the aim of performance management, i.e. to have every individual performance scorecard implemented and communicated as per SAA's strategy.

Why? – "QPR is world-class"

As SAA already found out during the evaluation period, QPR provides them with many benefits and makes their daily life a lot simpler and easier. Some of the other reasons why SAA chose QPR ScoreCard include:

- Its user-friendliness, ease of integration and customization
- It enables real-time performance tracking and monitoring through the dashboard functionality
- It is cost-effective and quick to implement

- It simplifies follow-up on initiatives and action plans
- Additional value-added knowledge is available

"In every end-user training session, staff expressed their total amazement with its functionality and ease of use and could not wait to start using the system."

Achieved benefits with QPR

QPR ScoreCard was completely customized and rebranded "Infinity Peak Performance", with a hyperlink on SAA's intranet for ease of reference. Today QPR ScoreCard enables real-time measurement, which assists management in making informed decisions much more quickly. QPR also enables Management by Exception, as managers can focus on the poorly-performing areas of their business, to which QPR alerts them systematically. They can then raise the necessary actions for their people and assist when implementing such actions. QPR Portal has also cut down on reporting time, as information is already available in the required format at the click of a button.

Future actions – rolling out QPR ScoreCard to 7,000 users

Within the next financial year SAA plans to start automating measures as well as rolling out QPR to 7,000 workers in total. In order to achieve the latter SAA will provide more end-user training, continuous education and awareness sessions. "We are positive that QPR will help us perform better and achieve our company objectives set for the future," concludes Martie Daniels.

