

PERFORMANCE MEASUREMENT AND AVIATION COMPETITIVENESS

Ekelem Airhihen

As aviation in Africa faces post pandemic challenges and the fall out from the invasion of Ukraine by Russia, the aviation industry will look not only to operational efficiency but also a continuing ability to attract customers to remain competitive. These will have to be made with an eye on lowering operating costs and having high load factors for airlines. They also have to get performance management right to have formidable competitive strategies.

To maintain competitiveness, management has to develop a set of performance measures that focus on key aspects of performance that will enable strategic control of the business. A balanced score card approach is relevant and useful in this regard. The balanced score card approach looks at performance measurement from business process, learning and growth, customer and financial perspectives.

The business process perspective focuses on areas the business can do well. Emphasis in aviation will have to be on safety and punctuality. Innovation and growth looks at ability of the business to maintain competitive advantage while customer and financial perspectives are hinged on success achieved in the two previous perspectives.

Strategy and performance measurement echo each other. An effective performance management acts as a dashboard that provides an early warning of potential problems. It allows managers to know when they must make adjustments to keep a business on track. Though performance measures have both leading and lagging measures for which some of the measures will point to future events that may occur, however, the key to success is future oriented. The strategy adopted and the ability to keep ahead of competitors is key to success.

Attention should be given to the innovation and growth perspective as the world today is subject to persistent change. Some of these changes could be in technology, markets or competitive environments. As a result successful business models will have to be reformulated as these changes occur. So performance measurement system adopted in an organization helps immensely to evaluate an existing strategy. It is also useful for developing mindsets within an organization to allow new strategies to be developed following a clear and concise analysis of existing strategy and organizational performance.

Measurement is key to a strong performance management. This is hinged on the simple principle that “what gets measured gets done.” So ideally what needs to be done is for a business to create metrics and targets, then cascade them from top-level strategic objectives down to daily activities of frontline employees. These metrics are continually monitored by managers and they meet and engage regularly with their teams to discuss progress in meeting targets. Where there is good performance it will be rewarded while underperformance will trigger action to address the problem.

However certain reasons can be adduced among others for failure of performance measurement systems. One of them is the metrics chosen. Chosen metrics must promote the performance the organization wants. Incorporating them into a balanced score card will be useful in this regard. Where it is not done, problems are likely to arise. The Airports Council International has six Key performance areas across the core of airport business which includes passenger, aircraft, cargo and mail/ freight

movements, safety and security, financial/ commercial, productivity and cost effectiveness, service quality and environment. However airports should also not shy away from incorporating environment, social and governance goals in performance management.

The right targets need to be selected to get performance management right. If the targets are too easy, they will not improve performance. If they are too high up, employees will not bother to try to meet them. Really, target setting is both an art and a science. They are best when attainable with healthy stretch goals incorporated into them.

Employees must believe their targets encourage meaningful achievement to get performance management right. All employees must understand the overall performance of their organization and how they contributed to it. They should see how their daily performance connects with the performance of their unit or airport or organization.

The right set of metrics should be relevant to the organization. Airports for instance, with many gates, will be tracking gate departure delays as a service quality metric. So size, location and scope of activities are among the factors that affect relevance of metrics.

Frequent, honest, open and effective communication is also important. Accountability for results should not be weak. Rewarding good performance should be viewed as more important than penalizing bad performance. Management should also understand their interactions with frontline personnel are a very powerful performance management tool.

Some other ideas that may be helpful especially for airports with large number of employees are, town hall meetings, sharing financial performance, sharing results of performance of units as baggage handling times, border control times, delays and other unit specific results, introduce new employees, celebrate work anniversaries and recognize successful teams. Where targets are missed, the senior leader or airport manager shows example by taking responsibility. Also employees should be allowed to set their own goals to have a greater sense of ownership for the goals as well as a commitment to achieving them. The result will be different if the goals are seen as imposed upon them.

Organisations seeking to reap positive business outcomes from performance management should establish a system which managers and employees perceive as fair. Performance measurement systems should not be cast in stone. Meaningful modifications to performance management systems are essential to reap its benefits.

Modifications for human resource and sectional/ unit performance management can be in areas of simplifying ratings, streamlining formal review processes and about compensation and performance. Managers must keep in mind the fact that performance measurement when done well boosts performance and the reverse is the case when done poorly. All must see where the organization is going and put in their best to achieve the stated vision and mission of the organization.

EKELEM AIRHIHEN IS A CHARTERED ACCOUNTANT AND AIRPORT CUSTOMER EXPERIENCE SPECIALIST. HE CAN BE REACHED ON +2348023125396 whatsapp only