

How the Perishable Goods Industry should Transform and Overcome the COVID-19 Crisis.

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ABSTRACT

The airline sector, hotels, theme parks, theatres, trains, and other perishable goods industry are severely impacted by the COVID-19 crisis. Several intriguing questions have emerged to manage their businesses during such pandemic situations. Some of them are: how do such organizations cope with the sudden drop in demand, what are the changes they can expect, and what is the new normal? This perspective article brings out potential models of using Business Process Reengineering (BPR) to steer out of the crisis. By harnessing the power of BPR, organizations can revamp and improve operational flexibility, in turn supporting growth and success. Organizations can be de-linked from their existing domain to a decentralized model of managing their own businesses and building its own ecosystem. Tactical alliances with competitors or suppliers as partners and logical extensions can be explored, while communicating with customers can give rise to capturing renewed voice of customers (VoCs) and building new reward and sacrifice matrix for dynamic pricing.

1. INTRODUCTION

For most of the service industry, especially Airlines, it is a long wait for the lifting of lockdowns, approvals, and for the coronavirus pandemic to end. The longer organizations wait and delay for the pandemic to end, the bigger the problem for the travel sector. Also, it is likely the problem will turn into a deepening crisis and lead to disaster. The airline industry will shrink and will reduce its costs by as much as fifty percent to survive this year and even then, it is possible that some airlines do not make it through the COVID crisis. We have seen many airlines fold and we may see more of this and longer as we go through the crisis. The perishable goods industry has gone through similar crisis but not as severe as the current COVID one. Times are very tough for airlines that they are taking dramatic steps to stay afloat and enticing the customers by altering the options, fares and changing the rewards and sacrifice matrix. This shift underscores the enormous leverage travellers now have but cannot utilize much because of the underlying fear of travel. It is here that this article tries to find alternatives and solutions to this problem.

2. Radical Process Changes

In business, we always wanted the great idea that disrupted the industry; here is the opportunity, why shy from it now? Business Process Re-engineering (BPR) involves radical changes to the company's processes and re-design is part of its function, it is connected to high risk and is the act of structurally changing

a core business process with the objective of realizing significant cost savings, increased production output, and drastically improve a product or service offering. There is a need for creative thinking; some of the options and thoughts are detailed here.

BPR is a time-tested tool that has shown a way out of many crises and to millions of businesses and its systems all over the world. It involves a complete overhaul of how things are currently working and to add creativity to the designs and flows in the business process. Traditionally, BPR is about a fundamental change in thinking and a comprehensive redesign of business processes that are used to achieve great improvements in problematic performance measures such as cost, service, quality, and speed (Dragišić & Joković, 2018). The main part of an organisation is made of its business processes and organisations are challenged with major changes in their business environment, which are either due to a crisis or a steady change in the expectations of the company's customers. The objective of re-engineering is to understand these changes, identify process gaps, and make processes group around the outcome.

What is needed during this situation is the re-evaluation of the existing processes and try and see if there are opportunities to convert from Business to Business (B2B) to Business to Customer (B2C) at various stages of operation or shift from internal customer directly to the external customer. The change

agent should find new opportunities like say the semi-built parts and sell directly instead of a full product with a long-term strategic goal. This would mean re-evaluating the existing business process units and transforming them into profit centres with reasonable levels of independence. However, there is one change that is needed if this approach is to be taken, organisations should switch from the adoption and implementation of long-term strategies to small, quick wins, and that will be a key to swim out from the crisis. It should also be noted that improving the existing process itself is not the solution here, but to realign the process to new ways adopted by the customer. Traditionally process changes and redesign make significant progress in an organization's business, yet success will not happen unless there is a link between processes with strategies and goals.

3. THE QUESTION OF DECENTRALIZATION

With these new re-engineered processes, businesses need a new optimum degree of decentralization and each of the business units should have the additional freedom to manage the situation. This will allow business unit heads to more work like entrepreneurs with some degree of controls and updates to the overall group. Once the business processes are more decentralized, the businesses will have the independence and organizational settings to find their own business opportunity and chart their own course through the crisis while still reasonably aligned with the vision.

As an example, consider the food catering group that is now part of an Airline and out of business because the travel passengers do not exist. That does not mean there are no non-air customers for this business unit, it is only that this business is set up to cater to Airline passengers now. The objective of the airline is to sell seats, yet it catered to the setup of this catering service company and which used to supply meals to the passengers. The question is why not reduce the dependency of the catering group to supply to only the airline and allow it to set out its own path of finding new customers and build new products and a la carte that suits its own business model. There is of course, the brand and quality standard of the group that shall still be maintained also guaranteed supplies to the airline when the situation improves.

Another example is the Revenue management department (mostly in the perishable goods industry). This department supports sales and protects seats by setting the right price, segmenting the market, identifying the cost-effective channel and at the appropriate days prior – all to maximize revenue. This department should be able to support any product, not just an airline seat, it should be able to support any product sales by optimal price and accurate forecast say for retailers, cargo, hotels, news media and any domain where segmentation, dynamic pricing, statistical forecasting, and mathematical optimization is feasible and leads to incremental revenue.

To achieve the above, the departments in these organizations must be de-linked from the existing domain of just Airlines to a decentralized model of managing its own business and building its own ecosystem, of course with a guarantee to support the strategic domain as and when the situation improves. Thus, the hierarchy will exist, but the decision regarding inclusion of other domains and generating additional revenue is delegated to the individual business units, empowering them to act, and manage threats and opportunities to swim through this crisis. There is some cost like the systems and IT infrastructure that is shareable across business units and should be geared to be able to quickly plug and play any kind of data and support the new kind of customers.

4. TACTICAL ALLIANCES WITH CUSTOMERS, SUPPLIERS, AND COMPETITORS

Once the change is embraced, this new approach will look for small, quick wins and multiple tactical tasks and milestones will evolve. A new vision will be available as the new business unit's work through several of these small wins leading to a broader vision. When in this phase and there are problems to be solved, there should not be competitors, instead consider them as partners who can support each other and sometimes as customer of your new product. A typical example here is the technology partner adoptions for distribution of

product offerings, which the airlines and hotels are still hesitant to adopt fully.

Similarly, the suppliers should also be a logical extension of one's business unit, thus extending the restructuring and cost reduction exercise to their business units as well. This will enable organizations to re-examine and redesign some of their processes using deep analysis eventually redefining their strategic goals. This gives leaders the ability to question every detail and rethink where and how value is delivered using a wider spectrum of tools at his or her disposal. Here the focus should also be on mutually beneficial actions, rather than just selling opportunities since all organizations will try hard to re-engineer and come out of this crisis.

5. COMMUNICATION AND CUSTOMER INSIGHTS

For the leader and its business units, communicating in this crisis is very critical this would mean sometimes talking directly to the end customer probably even multiple times. This will give insights into how the behaviours have changed, and what are their new priorities. In travel business does the customer still look for days of stay, miles, season, day of week, seats and lounge as options or is there a need to find the new "wants". It is time to re-visit and find the critical to business characteristics, features engineer and build a new reward and sacrifice matrix that supports up-sell and hence dynamic pricing.

Here are some options to be considered while communicating in BPR:

- Have regular sessions with the customers, consolidators, and agents.
- Find how do they perceive the industry now? How essential are you to them?
- Is it possible that you can sponsor for the vaccine? Does that improve your brand image?

6. THE VOICE OF THE CUSTOMER

The Voice of the Customer is the process for effectively capturing customers' requirements. It produces a comprehensive set of customer wants and needs which are organized, structured, and prioritized in terms of relative importance compared to the current alternatives (Gaskin et al., 2010). The VOC is conducted at the start of a new product initiative to understand better the customer's wants and needs. Every business needs to go through this now so that appropriate design specifications for the new product or service be developed. The reason is some needs have higher priorities for customers as compared to what was before the outbreak of COVID. These priorities need to be re-evaluated to make decisions that balance the cost of fulfilling a customer need with the desirability (to the customer) of fulfilling that need.

The customers are the same the attitudes and preferences have changed, play the coronavirus

card. BPR brings radical changes to the company's processes and its outcome is significant. There is no surprise that it is connected to risk, but there is nothing riskier than not doing anything. For the leadership team, the current crisis has given an opportunity to challenge the status quo and allow new ideas to be implemented with relative ease and this is exactly what BPR is all about.

For the Airline sector, the years of indecision and reluctance of the sales channel bypass is now abruptly over, giving the impression that only a big crisis can really drive big decisions. With reduced bookings, the high Global Distribution System (GDS) booking fees does not make sense anymore and this is speeding the change in distribution channels in the aviation. During the last one year, the industry has already seen the shift from B2B to B2C in sales channel distribution, also the customers need for rich content and full bundled product with multiple travel partners from cabs, hotels to insurances will soon be realised with the New Distribution Capability (NDC) platform. The IATA Sponsored New Distribution Capability (NDC) is a set of technical interface standards that can be adopted by airlines and distribution partners to establish a direct booking channel and without the need for intermediary (like a GDS).

The partnership between NDC Technology Partners converges the API, XML

management, and automation capabilities, with end-to-end setup and integration support from the Airlines. It also enables a wide set of industry and function-specific solutions that allow customers to elevate productivity and performance across functions and drive digital transformation. NDC is enabling enhanced product offerings and new opportunities for closer cooperation between Airlines and its key partners thus benefitting all parties in the value chain. These forged relationships provide wide scale access to the partner's content (like their access to network of agents) and connect directly with the airlines for product offerings.

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