
SYLLABUS COURSE AIRLINE MANAGEMENT AND ECONOMICS

5 ECTS

LECTURERS

Lecturers: Mirko Tatalović, PhD (course leader, lectures, exercises)
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Office:

Office hours:

CLASS HOURS

Lectures	36 hours
Exercises	12 hours
Total	48 hours

GENERAL AND SPECIFIC GOALS OF THE COURSE

The main goal of the course is to provide specific knowledge of airline management decision processes with a focus on profit objectives in competitive environments. Besides economic issues and their relationship to chosen airline business model this course enables students to recognize specific economic models of demand, pricing, costs, and supply for airline markets and networks. It is especially important to adopt industry practice and emerging methods for fleet planning, route planning, network design, scheduling, pricing and revenue management. Air travel demand continues to outpace economic growth and in that context airline future market positioning should take into account technological changes, innovativeness and e-commerce trends.

	General course goals	Specific course goals
1.	Students will gain solid knowledge in airline management and economics	Capability to recognize, understand and value: airline traffic and financial structure, importance of productivity, planning, quality performance, commercial cooperation modes, marketing and strategic factors including organizational human resources and education importance, airline route profitability modelling, financial management and forecasting metrics.
2.	Students will develop skills in critical and analytical thinking	Group and individual presentation sessions including discussions would contribute student skills improvement.

If AOL measurements will be taking place during this course, students will be introduced with the measuring rubrics and the results of the measurement afterwards. All the rubrics will be available on the course Blackboard.

COURSE CONTENT¹ (TOPICS AND CLASS HOURS)

1.	<i>Course Introduction</i>	4
1.1.	<i>Content, Criteria, Conditions, Literature</i>	
1.2.	<i>Initial test, discussion and comments</i>	
1.3.	<i>Global airlines economic performance 2000-2016</i>	
1.4.	<i>Regional airline performances (World Regions, Europe, Southeast Europe, Croatia)</i>	
2.	<i>Airlines business model</i>	4
2.1.	<i>Scheduled air carriers - domestic / international</i>	
2.2.	<i>Full service network carriers, low-cost carriers, regional, charter, cargo...</i>	
2.3.	<i>Evaluation of specific financial results of business model</i>	
2.4.	<i>Transport Research Laboratory (TRL) analysis</i>	
3.	<i>Airlines Traffic and Financial indicators</i>	4
3.1.	<i>Methodology of air traffic performance indicators</i>	
3.2.	<i>Airline financial performance indicators</i>	
3.3.	<i>Selected analysis (WACC, ROIC, financial ratings, correlation metrics)</i>	
3.4.	<i>Airline e-commerce and ancillary revenues</i>	
4.	<i>Productivity of an airline</i>	4
4.1.	<i>Aircraft productivity</i>	
4.2.	<i>Labour productivity</i>	
4.3.	<i>Fuel productivity</i>	
4.4.	<i>Total Factor Productivity (TFP)</i>	

¹ Nota bene: Course lecturer retains the right to change parts of the basic topics, as well as other parts of this document. It is lecturer's obligation to inform all the students in due time and in written of all possible changes and it is students' obligation to stay informed and respect the changes.

5.	<i>Evaluation of Presented Lectures (1-4) – Group and Individual Presentations I</i>	4
	<i>Case studies – (1) Optimal choice of business model</i>	
	<i>(2) Performance Indicators Comparison</i>	
	<i>Group and individual discussion</i>	
6.	<i>Airlines planning and quality performance processes (indicators)</i>	4
6.1.	<i>Fleet optimization</i>	
6.2.	<i>Schedule optimization</i>	
6.3.	<i>Crew and fuel planning</i>	
6.4.	<i>Irregularities, punctuality, disruptions</i>	
7.	<i>Airlines management factors</i>	4
7.1.	<i>Mission, vision, goals, controlling, moral, ethics, corporate sustainability, leadership...</i>	
7.2.	<i>Organizational structure of an airline</i>	
7.3.	<i>Human resources management of an airline</i>	
7.4.	<i>Education and learning in aviation</i>	
8.	<i>Strategic, marketing, commercial cooperation and forecasting metrics in air transport</i>	4
8.1.	<i>Market segmentation and competition on the air transport market</i>	
8.2.	<i>Special Prorate Agreements (SPA), code sharing and joint venture cooperation</i>	
8.3.	<i>Airline alliances</i>	
8.4.	<i>PESTE & SWOT analyses and forecasting metrics in aviation</i>	
9.	<i>Evaluation of Presented Lectures (6-8) – Group and Individual Presentations II</i>	4
	<i>Case studies – (1) Competition on air transport market</i>	
	<i>(2) SWOT analyses</i>	
	<i>Group and individual discussion</i>	
10.	<i>Airline Network Management Process</i>	4
10.1.	<i>Network strategy and market driving forces</i>	
10.2.	<i>Route and network planning</i>	
10.3.	<i>Pricing, yield and revenue management</i>	
10.4.	<i>Network Controlling</i>	
11.	<i>Airline route profitability and financial management modelling</i>	4
11.1.	<i>Break even metrics</i>	
11.2.	<i>Restructuring vs bankruptcy</i>	
11.3.	<i>Airline hedging and leasing practice</i>	
11.4.	<i>Airline cash-flow and risk management practise</i>	
12.	<i>Evaluation of Presented Lectures (10-11) – Group and Individual Presentations III</i>	4
	<i>Case studies – (1) Restructuring of an airline</i>	
	<i>(2) Examples of different risk/ hedging/ break-even metrics practice</i>	
	<i>Group and individual discussion</i>	
	<i>Final exam</i>	4
	<i>Written exam (numeric test, Q & A)</i>	
	<i>Oral exam</i>	
	<i>Results</i>	

GRADING SYSTEM

We strongly advise the students to attend classes regularly and complete their tasks in order to finish the course.

Grade elements:

- Final exam: 60%
- Group and Individual Presentations I: 10%
- Group and Individual Presentations II: 10%
- Group and Individual Presentations III: 10%
- Participation: 10%

Final grade is determined according to the scale:

Grade	Proportion
Excellent (5)	91% - 100%
Very good (4)	81% - 90%
Good (3)	66% - 80%
Sufficient(2)	50% - 65%

STUDENTS' OBLIGATIONS DURING THE SEMESTER

- Read the SYLLABUS in detail.
- The students are expected to actively participate in the classes as well as to be ready to answer questions and participate in working out particular examples during the classes. A collegial approach to classes is understood for all students including tolerance to opinions of other colleague students and an academic level of all discussions.
- Participation on group and individual presentations – case studies.

LITERATURE

Obligatory literature:

1. Lecture presentations

Additional literature:

- Wensveen, J.G. (2015), *Air Transportation: A Management Perspective*, Routledge, Abingdon.
Vasigh, B. Fleming, K., Humphreys, B. (2015), *Foundations of Airline Finance*, Routledge, Abingdon.
Doganis, R. (2010), *Flying off Course Airline Economics and Marketing*, 4th edition, Routledge, Abingdon.
Clark, P. (2008), *Bying the Big Jets*, Ashgate, Aldershot.
- For Croatian students:
Tatalović, M., Mišetić, I., Bajić, J. (2012), *Menadžment zrakoplovne kompanije*, Mate d.o.o., Zagreb.
Tatalović, M., Mišetić, I., Bajić, J. (2017) *Planiranje zračnog prijevoza*, Fakultet prometnih znanosti, Zagreb.