



Launching Avios

Square Peg's support for the transition of Airmiles to Avios

Square Peg Support

Working with the MD and executive team Square Peg supported the development, planning, and change implementation to make Avios successful. Working under tight timelines that spanned three years Our brief was to ensure that Avios leaders, employees, and contractors were 'ready willing and able to successfully switch to the new operating environment'.

The work fell into three main categories:

1. Defining the future, crafting the strategy and building the plans
2. Preparing the organisation for change
3. Implementing the change

This document presents a number of brief case studies outlining elements of Square Peg's support of Project 2020

The Challenge

Since 1988 Airmiles had existed as a loyalty coalition scheme providing a channel for unsold BA airline seats.

The mandate for the new MD, Andrew Swaffield, was clear: create enhanced and sustainable value from this asset in light of the changing market.

The challenge was to transformation the organisation from a single market, BA owned business to an global loyalty reward currency, available for BA, Iberia and IAG's strategic partners for frequent flyers and frequent buyers.

Known as 2020 this high impact project involved a complete rethinking of all aspects of the business resulting in the launch of a new brand and the re-platforming of all core functions. Square Peg was change consulting partners throughout all stages of the transformation process.

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Executive Overview

The context:

- The formation of International Airlines Group (IAG) with Willie Walsh at the helm and a mandate to create a multinational multi-brand airline group focused on high growth provided the old owners of Airmiles (The Mileage Company, TMC) an opportunity to completely rethink their strategy.
- In late 2010 MD Andrew Swaffield received funding to implement a new high-risk, high-impact strategy that would position TMC to become the reward platform powering the world's leading travel based loyalty programmes.
- The merger of the first airlines into the group (Iberia & BA) demanded that TMC accelerate implementation of the new single multinational loyalty reward currency, available for BA, Iberia and IAG's strategic partners' frequent flyers and frequent buyers.

Scope & Scale

- Andrew's challenge was to develop and launch the new Avios currency between January 2011 and November 16th 2011, an almost impossible timeframe.
- Given all the complexities of a typical merger involving two large, independent, culturally diverse organisations, trilateral Change Boards were formed, a Business Readiness Team composed of 15 functional areas was convened, and 54 technology related projects were established to ensure a successful launch.
- In addition, a broad array of partners and 3rd party suppliers, using different project management approaches (i.e. waterfall vs agile), needed to be quickly coordinated and aligned, and business as usual had to run seamlessly while an entirely new business was being built in the background to meet the launch date.
- Incident management and crisis resolution was critical to the launch and was fully engaged during a backlash by customers using social media, threatening to derail the launch and overall proposition.
- The project integrated all aspects of the new business from marketing through to partner management, to IT and challenged the entire organisation to recreate itself.

Results

- Against all odds Avios was launched at 0600 on November 16th 2011 providing IAG with a credible global proposition while rebranding, revaluing, and reinventing Iberia Points, BA Miles and Airmiles into a single currency and programme – Avios.
- The employees continue to be part of something very special – the launch of a new market offering, recognising changing trends within the industry, exploiting the first-mover advantage and growing as quickly as possible to establish itself as a confirmed leader before its competitors start imitating the Avios business model.
- The launch also met the requirement of providing a scalable currency and platform from which multiple airlines can generate increased profits by leveraging synergies and economies of scale. In addition to the current purchase of BMI, IAG is linked in the press with potential bids for Portuguese carrier TAP and Indian carrier Kingfisher, adding the prospect of future stress tests to the success of this project.
- Swaffield commented: ***"Square Peg's support was fundamental to our success. The team's brilliant grasp of the huge complexity, their strategic insight, flexible, can-do attitude and practical hands-on support were absolutely world-class."***

The theme:

Anything can fly. Launching Avios. Avios replaces Airmiles and is the new combined multi-partner reward currency for BA and Iberia Airlines.

The clients:

Andrew Swaffield, MD
TMC Executive team

The Pegs:

Square Peg was the Avios consulting partner supporting the organisation at all stages of development and change.

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Defining the potential future for The Mileage Company

Square Peg Support

Working directly for the Managing Director, Square Peg developed a fast paced highly focused process that lasted only 60 days to guide the metamorphosis from Airmiles to The Mileage Company. The strategy clarification methodology engaged the senior team to identify and review the implications and opportunities related to a variety of potential future growth strategies. Our approach included:

1) Information collection and synthesis

Input from both the executive and management ranks was sought through extensive 1:1 interviews to provide contributions on the strategic issues and opportunities related to the accelerated growth demanded by the MD. Desk research and document reviews provided additional input.

2) Drafting the future manifesto for growth and change

The information collected was synthesised and a draft overview of potential future strategies was developed by Square Peg. Strategies considered included leveraging loyalty expertise, providing back office and “white branded” services, and expanding its reach beyond the UK through both M&A and organic growth.

3) Testing and adjusting the plan

These alternatives were then tested in a series of meetings and workshops with the firm’s executive. This resulted in the development of a strategic road map for the future, a mandate for change, and a collective view of what the potential future would look like in terms of both the mechanics of changing the business but also identifying the dynamics of the new organisation needed to achieve the significant stretch goals that were set.

4) Drafting the strategy and identifying an agenda for change

The team identified a preferred strategy that was then made explicit in a strategy document outlining the future evolution of the organisation. To bring this strategy to life a change plan was also mapped out guiding the migration from a business unit of a large corporation to an independently operating, entrepreneurial, organisation able to compete on its own.

The Result

All Executives and Senior Managers were engaged in the development of the new strategy thereby gaining additional traction and buy-in. As a result of this process participants had thought through and developed an overview of their desired mission, vision, values, key strategy components, desired culture, key metrics and the new skills and competencies that would be needed to successfully change. MD, Andrew Swaffield said ***“We have been particularly impressed by the dynamism and can-do attitude brought to our project and by the level of strategic insight and challenge we have received from Square Peg”.***

The Challenge

Airmiles UK and BA Miles rebranded as The Mileage Company to reflect the desire to maximise the potential inherent in its value proposition for its shareholder (BA). As a vast array of opportunities existed to drive success it was critical for the new Mileage Company to clarify its strategy and understand well the related implications.

The Mileage Company’s leadership team needed to explore opportunities for growth and knew that external support would help clarify a collective view of the future and kick start their strategic journey.

The challenge was to design and facilitate a “fast” but robust process that engaged the leaders to develop a manifesto for growth and a multi-year strategic plan for The Mileage Company for presentation to the CEO of British Airways.



Crafting a strategy for the future – 2020 was conceived

Square Peg Support

Square Peg designed and ran a 5 month process to allow the management of The Mileage Company to do a “deep-dive” investigation into the component parts of the 10 year strategy that had been identified by the executive.

Project S3 reflected the core change strategies of The Mileage Company and 8 separate Workstreams were established (each with their own Champions and mandates) to advance this project.

As part of this process Square Peg provided project management, facilitation, overview insight, coaching where needed, and generally ensured that the project moved at pace and met its desired objectives. Consulting activities included but were not limited to:

- Developing and facilitating mini-workshops
- Scoping the project including identifying Strategy 3 goals, timelines (key activities & delivery dates), and project governance (roles, responsibilities, charters, and processes)
- Identifying and supporting the development of cross-programme dependencies and overlaps throughout the project
- Supporting all aspects of programme governance, on-going project planning, and issues escalation.
- Preparation, facilitation, and follow-up of key project alignment and reporting meetings
- Providing on-going communications and change management support
- Providing on-going briefings and coaching with executives and managers as needed
- Working with stream leaders to develop final presentations

The Result

None of the executives or managers would have imagined at the start of this deep-dive the degree to which they would be challenging the status-quo, radically exploring new ground, and creatively exploring future customer needs. At the final alignment and reporting meeting the concept of a single currency and an integrating strategy named the “Propeller Strategy” emerged that would shake the industry and eventually lead to the birth of Avios.

However ***“The idea behind the propeller strategy was so radical that it carried huge risks and implications which could potentially put the reputation of both the executive sponsors and the company at risk. It was important to have Square Peg’s disciplined, objective and calming support in such a crazy time”*** commented Andrew Swaffield, MD.

The Challenge

BA, The Mileage Company’s parent organisation agreed to the long term vision presented by the executive but wanted to ensure that before any money was invested that it was validated by those who would be called upon to implement the change – the managers.

The challenge was to “stress test” the draft strategies given several major questions around its uniqueness in a fierce and continuously diversifying market.

In addition, the process needed to engage the “hearts and minds” of managers and key employees while at the same time be highly focused, disciplined, and deliver a clear result.



Developing a plan to kick-start a new business – S3 was born

Square Peg Support

Square Peg designed and supported a functional planning process providing an integrating force to align the various components of the Propeller Strategy. In order to ensure that the organisation was poised to effectively advance and deliver on the recommendations from S3 we facilitated TMC to initiate a plan to guide this development.

A Disciplined but Flexible Process

A further 12 work streams were set up and replicated the S3 process to identify the implementation strategies. However within 3 weeks these had broken down and it became clear that in order to organise the work we needed to refocus on areas that crossed functions not just on the functions themselves. To ensure a disciplined approach to manage the significant out-put and work being generated a Programme Management Office (PMO) was established to coordinate the development process and capture emerging risks and opportunities that crossed work stream areas.

Family Dinners

One of the many creative ideas we implemented was the facilitation of meetings called “family dinners” where senior leaders would get together to air opinions and discuss topics that would have significant implications for the status quo of each work stream. Being open and somewhat unstructured allowed conversations to go anywhere, but still captured decisions and principles, and leveraged the huge level of buy-in and knowledge that was needed to make decisions outside of the room.

Reaching out beyond the core organisation

Our next step was to successfully engage with partners outside of the organisation and clarify the implementation plans, to ensure they could meet the timescales set and were on board with the changes that were going to be made.

The Result

Supported by Square Peg, throughout this planning process, TMC continued to operate ‘business as usual’ delivering on its promises to shareholders and customers. The process pulled together the ideas from S3 and set out a clear 10 year plan linking all key elements of the new business.

“We were redesigning and rebuilding the plane at the same time as flying our current customers whilst remaining invisible to our competitors but engaging our partners from outside of the organisation – thanks to Square Peg support all of these risks were managed and our planning was able to continue,” commented Andrew Swaffield, MD.

The Challenge

Although The Mileage Company now had a clear strategy that was well developed in principle, it still lacked joined-up change strategies for each of the functional areas.

The challenge was to engage a still broader team, test concepts at functional levels, and engage with external partners to introduce the strategic concepts being worked on.

In addition, disciplined change management support was needed with central coordination of activities and plans to challenging the status quo.

All of this work had to be undertaken in a highly secretive environment ensuring that no competitively sensitive information was leaked to the market.

And none of this could impact business as usual since customer, financial, and partner success metrics had to be met at the same time as we developed the new organisation.



Preparing TMC for change

Square Peg Support

Square Peg designed and supported a functional planning process providing an integrating force to align the various components of the Propeller Strategy. In order to ensure that the organisation was poised to effectively advance and deliver on the recommendations from S3 we facilitated TMC to initiate a plan to guide this development.

A Top To Bottom Review Followed by Deep Tactical Implementation Planning

Square Peg undertook a comprehensive review of all activity to date, identified additional areas of risk and opportunity and highlighted key areas of learning that could help the project as we moved into implementation. Leveraging what we had learned and assisted by a platoon of contract planners TMC across all functions developed deep tactical implementation plans that were reviewed and further refined to ensure that a comprehensive joined-up plan was in place to guide the launch.

Cross cultural training - "No means no, yes means maybe!"

The Avios strategy involved the merger of the loyalty schemes from Airmiles, British Airways and Spanish airline Iberia into one global loyalty program. Given this new reality for the businesses our challenge was to ensure that working relationships were maximised and cross cultural divides were broken down resulting in effective working partnerships.

Calling on our Square Peg associate consultants from Spain (People Matters) we provided cross-cultural training to ensure that the teams could work together and find common ground between the various vastly different cultures and working practices. Not only did we have country, corporate and functional differences all of this work needed to be completed under very tight time constraints and unclear power structures. This process resulted in leaders identifying concrete ways to maximise the potential of working in a cross-cultural environment.

Organisation Design

One of the critical areas where Square Peg provided support was investigating alternatives for TMC's future organisational design. The new activities required to implement the new strategy were aligned with existing leadership and functional support. As the old structure was adjusted the challenge was to manage the white space in the emerging organisational chart.

Engaging the wider stakeholder group

As TMC engaged with external partners we supported the organisation to identify and plan for cross-programme dependencies and overlaps.

The Result

Eight months prior to launch day the TMC organisation was psychologically primed and mechanically prepared to engage in the massive program of change that would be required to achieve the launch of Avios.

The Challenge

With functional strategies in place the challenge for TMC leaders was to develop deep, detailed, implementation plans.

Part of this challenge was that its implementation would significantly change the organisation, the work of the employees, and would demand that managers play a significant leadership role.

The challenge was to coordinate all the various activities and plans across the organisation, proactively identify and plan for risk and all the time ensuring 'business as usual'.



Implementing the change

Square Peg Support

Square Peg consultants provided hands-on interim management and advisory support throughout the months of pre-launch, launch, and hyper-care. Highlights of this support are described below and on the following pages and include but are not limited to:

- Subject matter expertise support to IT
- Change leadership support to IT
- Executive coaching across the organisation
- Development and support of the PMO and on-going change initiatives
- Development of a disciplined approach to risk management (IMCR)
- Cutover and launch support

Subject matter expertise support to IT

Square Peg associate consultants undertook a review of the TMC new systems solution proposed to advance TMC's service to meet the long term strategic aspirations. They accomplished this by reviewing the proposed long term architecture, the individual program plans and structure for delivery, and provided an external review of the plans. They then provided on-going briefings, reviews, consultancy, and IT coaching as needed.

Change leadership support to IT

Square Peg consultants provided on-site, hands-on, full-time, support to the IT leadership as they prepared, launched, and stabilised the new IT platforms – in short, the IT Director described the value we brought to the table was one of “beating the drum to get things done”. This significant work demanded that 54 separate IT projects be completed to design, build, test, integrate, and be released into the core platform in time for launch.

Executive coaching across the organisation

Throughout the project at all stages Square Peg consultants provided executive coaching to the TMC's leaders. Some on a formal basis and some as part of the change work that was being undertaken. The coaching process followed was informed by Square Peg's key beliefs about executive coaching:

- Personal change must be put in the context of the company's strategic direction.
- Leadership is an observable, learnable set of practices and behaviours.
- Participants must understand what is expected of them, how they are perceived by others and how they perceive themselves.

With support from Square Peg the participants came face to face with some pretty tough feedback. *“It was uncomfortable to hear but Phoebe helped me take it on the chin and build a plan of action that would result in some real changes. She tapped into my natural strengths in project management and encouraged me to start ‘Project Me’ of which I was both project manager, senior sponsor and content! This approach really paid off. Only 3 months into our work together I started to get great feedback from colleagues.”*

The Challenge

2011 brought one of the biggest and most talked about changes to the ever growing world of loyalty programs. With pressure from traditional media and the increasingly fierce social media, there was no room for error as TMC launched Avios.

At this critical stage the challenge was clear, assist TMC wherever and whenever was needed to ensure the successful launch of Avios at 0600 on November 16th 2011.

The Programme Management Office and the Business Readiness Team



Square Peg Support

Moving from S3 to 2020 to cut-over allowed TMC to test and shift from a technical PMO approach to a business change process approach requiring strong central coordination to launch Avios across multiple businesses, multiple countries, and multiple functions. It demanded disciplined and coordinated project planning and management with accurate, consistent and timely communications and change protocols in a centralised office. The Square Peg team played an instrumental role in establishing and supporting this group – the Programme Management Office (PMO).

From establishing a dynamic “war room” through to supporting individuals and their teams the PMO became the epi-centre of the launch. A month before the launch the business readiness team (BRT) was established to quicken the decision making process and take a cross-function view on all decisions that needed to be made related to the launch thus, effectively linking “business as usual” with “Avios”, the future business.

An example of the command and control provided by the PMO was their communications protocols during cut-over when the PMO hosted hourly conference calls between the three partners involved to ensure all teams were aligned and on track for launch. These calls increased in frequency as and when any team needed advice or guidance – allowing them to tap in to all expertise. This was a great way for The UK based implementation team and the Spain based implementation team to stay in touch and immediately (in real time) be made aware of any trilateral or bilateral issues that were emerging.

The Result

With the combined powers of the Business Readiness team and the Programme Management Office the monumental change to the brand new multi-national loyalty programme, Avios went as smoothly as possible. Some comments heard as a result of the change process include:

“The disciplines are starting to become part of “just what we do” on a day-to-day basis”

“Our people came up to speed when challenged and grasped change as a positive thing”

“The process has driven a lot of both organisational and individual growth”

“The stress and disruption of the process allowed people to think outside of the box”

The Challenge

It was clear from the very beginning of this project that there needed to be a central port of call for all decisions and processes.

The Programme Management Office (PMO) was established for the soul purpose of bringing order to what was going to be a very disruptive time.

The business also identified a gap in the decision-making process between project teams and BAU teams. As a result of this finding a Business Readiness Team (BRT) was formed where all key members of the business would meet daily for an hour to discuss and make final decisions on everything that would affect launch. (Everything from communications to implementation schedule).

A disciplined approach to risk management, incident management, and crisis resolution (IMCR)

Square Peg Support

Square Peg supported the Project Management Office (PMO) in developing a robust central incident and problem management process used to escalate and manage difficulties using four principles:

- 1) Be ready – scenario planning and early warning indicators helped to prepare the executive and leadership teams
- 2) Minimize bureaucracy and maximize clarity of responsibility.
- 3) Have incidents managed by specialized teams with specific knowledge to the individual incident to make the process as efficient as possible.
- 4) Once identified and prioritised, close the incident down as quickly as possible. A 3-phased approach was initiated when an IMCR event occurred: hyper care, intensive care and business as usual.

To implement the process, a central team was appointed, a newly recruited Incident Manager was assigned responsibility for timely reports, effective risk meetings, and accurate incident logs, especially the core incident register that was a dynamic report available for every member of staff to see at any time. Throughout the cutover, teams were planned in shifts by location to ensure the right skills were always available and were equipped in the 'War Room' where appropriate technology and information was displayed.

Protocols were quickly established including daily and weekly executive risk reviews, a risk register, daily metrics dashboard for early warning, and incident management software for the IT function in the form of JIRA was secured. The software ensured that each technical problem would be methodically tracked and resolved – avoiding anything "slipping through the gaps" as we got close to cutover. Working with the 2020 team Square Peg consultants helped ensure their plans are aligned to the goals of 2020 and that their impediments and RAID processes were linked to the IMCR process of the PMO

Result

During the cutover the Incident Management and Crisis Resolution process swung into action, allowing the organisation to successfully manage problems and incidents during pre and post launch when the TV commercials were released, the program rebranded, the currency revalued, and the technology was 'live'.

Potential and actual incidents were identified early, the time taken to resolve problems was minimised, serious problems were quickly and effectively escalated and communications was timely and accurate as a result of the implementation of this process early on in the program.

Airmiles customers to be charged up to £600 for free flights

Millions of air passengers face being charged hundreds of pounds for so-called 'free flights' in a new loyalty scheme overhaul.
(Sept 1st, 2011)

The Challenge

As part of the business continuity risk management approach, the business readiness team and the Programme Management Office were engaged in preparing, testing and rehearsing contingency plans for use in the event of disruption arising from Avios.

In parallel a process was required centrally to co-ordinate, prioritise and oversee the management of incidents and problems. For this an incident register was implemented – a high level document containing detailed information about each issue and risk.

This process was robust enough to withstand the diverse issues that arose on a project of this magnitude.

Cutover and launch

Avios has arrived



Square Peg Support

Square Peg took a central role in planning and implementing the cutover of systems and launch of Avios which followed a 24 hour complete shut down of the business. After in depth discussions with the business and weighing up all risks, the decision was taken to close the business for an entire day and night to ensure as little disruption as possible and a smooth cutover.

Each step of the cutover and launch implementation was documented to a highly detailed level ensuring that the numerous rounds of discussion and debate concluded with clear, agreed, and realistic actions. In addition, full trilateral (The Mileage Company, British Airways and Iberia) dress rehearsals were held and at all stages Square Peg consultants played a central role in refining the processes until the final plan was set in stone.

Square Peg supported the managers in coordinating with each of the participating companies and with each of the local teams to ensure that not only were local plans as thorough as possible, but that they were as fully integrated with the requirements of the centre.

Once the countdown had started, Square Peg focused on supporting the teams to ensure that the IT component of the cutover was on track by monitoring, prioritising, coaching and doing what ever was needed to ensure that acceptance criteria for moving to each next step had been met and the pre-planned tasks were completed in line with the schedule.

During the cutover Square Peg consultants facilitated the provision of email updates, trilateral phone calls and message alerts to all teams members and Executive members. Brief messages detailing progress against the planned schedule and any problems incurred were sent hourly ensuring that the core teams from each trilateral working group were not distracted from their tasks by responding to calls from well-wishers!

Result

The Iberia/BA Miles/Airmiles to Avios cutover was universally acknowledged to have gone extremely well, and under intense scrutiny from the media. The business opened on time at 6am on 16th November 2011.

The Challenge

The implementation planning and actual cutover required detailed planning and close co-ordination of all the parties involved, including all areas of The Mileage Company (now Avios) IT teams, Iberia Airlines IT teams, British Airways IT teams and multiple third parties (supplies, customers, logistics providers etc.)

The cutover would be the point of no return for Airmiles and as such its successful execution was essential to The Mileage Company's driving value for its parent organisation, British Airways.