

Preface

This book is a much-needed, insightful synthesis of the latest knowledge and methodologies in network management. It covers a subject that is at the heart of strategy and operations at the Lufthansa Group, which today includes the networks of Swiss, Austrian, British Midland, Brussels Airlines, Air Dolomiti and Germanwings, serving more than 270 destinations and providing passengers nearly 1 million competitive and seamless transfer opportunities each month.

Deregulation in the United States and Europe replaced the traditional emphasis on nonstop routes with complex transfer origin-and-destination flows, paving the way to a new and augmented role for network management and revenue management. The concept of network management has led to an intrinsic integration of management of the portfolio of destinations and frequencies, pricing, crew and fleet management, and many other functional disciplines. Lufthansa has gone a step further, to the management of multiple networks. We devote a lot of attention to this issue, in order to keep organizational complexity at bay and unleash entrepreneurial energy.

The cyclical economic roller coaster in aviation has put many airlines in severe jeopardy in recent years. Even though most major airlines have learned to respond with early capacity cuts, each crisis creates the need to structurally realign the networks and resources of many airlines. Lufthansa itself went through this painful experience in the early 1990s, only to emerge as a much stronger airline. Swiss was able to restructure an over-sized network and fleet into a profitable airline, which is now an important part of the Lufthansa Group.

With our experience in managing and restructuring advanced networks, and in creating and expanding Star Alliance, Lufthansa is considered a global leader when it comes to modern network strategies and hub structures. Most of this expertise resides in the brains of our employees, as well as in organizational processes and procedures, and is scattered throughout thousands of documents. Yet surprisingly, there is no single monograph dedicated to modern network strategies and structures in our libraries or, to our knowledge, in any library around the world. This apparent vacuum is even more surprising when compared to the vast amount of literature on revenue management. The academic literature we find on

network management focuses mostly on sophisticated computerized scheduling and resource allocation, but not on fundamental strategy.

This book fills the vacuum. Building upon his unique experience advising airlines, airports, and regulators all over the world in the area of network strategies and structures, Dr. Philipp Goedeking has written a thorough overview of the latest knowledge in network strategies and structures, covering all relevant aspects—from basic market research to the underlying math of sophisticated bank structures. The book is easy to read and maintains a thoroughly strategic perspective. Importantly, the author offers innovative perspectives on which direction network strategies and resulting structures might evolve—in everyday practice at airlines all around the world as well as in academic research.

As such, this book should be a must-read for everyone in the aviation industry.

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Strategies and Structures

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