



# Broward Community College

## Course Outline

STATUS:   A  

COMMON COURSE NUMBER:   AVM 2510  

COURSE TITLE:   Airline Management  

CREDIT HOURS:           3          

**CONTACT HOURS BREAKDOWN:**

Lecture/Discussion	<u>          48          </u>
Lab	<u>                          </u>
Other	<u>                          </u>
Contact Hours/Week	<u>          3          </u>

**CATALOG COURSE DESCRIPTION:**

Prerequisite:   None

Co requisite:   None

An introduction to the administrative aspects of airline operations, and management; Topics include structure of the airline industry in the United States including first, second, third level carriers, the annual profit plan, uniform system of accounts and reports, organizational planning, demand analysis, scheduling. The theory of pricing, fleet planning, facilities planning, airline financing, and international aviation are also covered.

General Education Requirements - Associate of Arts Degree, meets Area(s):  
 General Education Requirements - Associate in Science Degree, meets Area(s):

**UNIT TITLES**

1. Aviation: An Overview
2. Historical Perspective
3. Air Transportation: Regulators and Associations
4. The General Aviation Industry
5. The Airline Industry
6. Economic Characteristics of the Airlines
7. Airline Management and Organization
8. Forecasting Methods
9. Airline Passenger Marketing
10. Airline Pricing, Demand, and Output Determination
11. Principles of Airline Scheduling
12. Principles of Airline Advertising
13. Fleet Planning: The Aircraft Selection Process
14. Airline Labor Relations
15. Airline Financing
16. International Aviation
17. Career Planning in Aviation

## **I. Course Overview:**

Upon successful completion of this course, the students should be able to demonstrate an understanding of airline operations and management.

## **II. Units:**

### **Unit 1. Aviation: An Overview**

#### General Outcome:

- 1.0 The students should be able to recognize the important role played by all segments of the air transportation industry in the economy of the United States.

#### Specific Learning Outcomes:

Upon successful completion of this unit, the students should be able to:

- 1.1 Define aerospace industry and recognize some of the major firms that produce its output.
- 1.2 Discuss the basic characteristics of the industry and its economic magnitude.
- 1.3 Distinguish between the government market and the commercial market.
- 1.4 Define air transportation industry and distinguish between certificated air carriers and general aviation.
- 1.5 Understand the direct and indirect contribution of the air carriers and general aviation to the economy.
- 1.6 Describe how air transportation contributes to the efficient conduct of business and affects personal and pleasure travel patterns.

## Unit 2. Historical Perspective

### General Outcome:

2.0 The students should be able to appreciate how history and legislative acts have shaped the airline and general aviation industries.

### Specific Learning Outcomes:

Upon successful completion of this unit, the students should be able to:

- 2.1 Discuss some of the early attempts to provide air mail service in the United States.
- 2.2 Explain the significance of the Kelly Act and the Air Commerce Act of 1926.
- 2.3 Distinguish between the Columbia routes and the feeder-route concept.
- 2.4 Identify some of the breakthroughs in commercial aircraft development from 1918 to 1958.
- 2.5 Understand the importance of the Civil Aeronautics Act of 1938 and the factors leading up to its passage.
- 2.6 Describe the events that led to the development of commercial jet air transportation.
- 2.7 Discuss the reasons that the federal government got into the business of regulating the air carriers.
- 2.8 Understand the significance of the federal legislation leading up to deregulation in the 1970s.
- 2.9 Discuss some of the pros and cons of deregulation as enumerated by several leading proponents and opponents.
- 2.10 Describe the major provisions of the Deregulation Act of 1978.
- 2.11 Describe early aviation and how Beech, Cessna, and Piper began.

### Unit 3. Air Transportation: Regulators and Associations

#### General Outcome:

- 3.0 The students should be able to identify the major governmental agencies and industry associations that play an important role in interfacing with the industry.

#### Specific Learning Outcomes:

Upon successful completion of this unit, the students should be able to:

- 3.1 Discuss the primary role of DOT, FAA, and the NTSB.
- 3.2 Describe the major functions of the FAA, including some new developments in air traffic control and engineering.
- 3.3 Identify the steps involved in a major accident investigation by the NTSB.
- 3.4 Discuss the role of DOT in carrying out the remaining airline economic regulatory functions formerly handled by the CAB.
- 3.5 Describe the primary purpose of the various aviation associations that play a significant role in air transportation.

## Unit 4. The General Aviation Industry

### General Outcome:

- 4.0 The students should be able to understand the multi-faceted role played by all segments of the general aviation industry.

### Specific Learning Outcomes:

Upon successful completion of this unit, the students should be able to:

- 4.1 Define general aviation and describe its segments in terms of primary use.
- 4.2 Give a statistical summary of general aviation in terms of total aircraft, number of aircraft produced annually, type of aircraft, number of pilots, and number of airports.
- 4.3 Distinguish between business and executive use and between types of commercial uses.
- 4.4 Discuss the significance of commercial flying.
- 4.5 Distinguish between the various types of general aviation airports.
- 4.6 Explain several of the services provided by FAA to general aviation pilots.
- 4.7 Describe the relationship between the manufacturers, the service industry, and the users.
- 4.8 List the major functions of a medium-to-large FBO.
- 4.9 Discuss the factors causing businesses to seek the benefits of their own transportation.

## Unit 5. The Airline Industry

### General Outcome:

- 5.0 The students should be able to discuss the structure of the airline industry in the United States including trends in financial and operation statistics.

### Specific Learning Outcomes:

Upon successful completion of this unit, the students should be able to:

- 5.1 Define major, national, large regional, and medium regional carriers.
- 5.2 Give examples of carriers in each of the categories.
- 5.3 Describe how the commuter carriers got started.
- 5.4 Compare and contrast the industry at the time of deregulation with the eight years that followed in terms of expansion, consolidation, and concentration.
- 5.5 Explain the role of the regional carriers in the air transportation system.
- 5.6 Describe the airline certification process.
- 5.7 Summarize the certificated air carrier industry data with regard to leading airports, passenger and freight yields, employment, and aircraft in service.
- 5.8 Highlight the significant traffic and financial statistics during the period 1960-1986.

## Unit 6. Economic Characteristics of the Airlines

### General Outcome:

- 6.0 The students should be able to identify the economic characteristics of the oligopolistic air transportation industry.

### Specific Learning Outcomes:

Upon successful completion of this unit, the students should be able to:

- 6.1 Define the general characteristics of oligopolies and discuss those characteristics that pertain to the airlines.
- 6.2 Describe the economic characteristics unique to the airlines.
- 6.3 Explain the significance of load factors in relation to costs and services offered.

## Unit 7. Airline Management and Organization

### General Outcome:

- 7.0 The students should be able to understand management philosophy of the major air carriers including a breakdown of departments and their functions.

### Specific Learning Outcomes:

Upon successful completion of this unit, the students should be able to:

- 7.1 Define management and organization.
- 7.2 Discuss the different levels of management and explain each level's role.
- 7.3 Describe the basic functions of management.
- 7.4 Describe the principles of organization planning that are of particular significance to the air carriers.
- 7.5 Explain what is meant by a line-and-staff organization.
- 7.6 Identify the typical staff administrations in a major carrier and describe their primary responsibilities.
- 7.7 List several major departments under each administration and discuss their individual roles.
- 7.8 Identify the three line administrations found in a typical air carrier and describe their primary responsibilities.
- 7.9 List several major departments under each of the line administrations and discuss their individual roles.

## Unit 8. Forecasting Methods

### General Outcome:

- 8.0 The students should be able to understand the importance of forecasting in the planning process and identify the primary forecasting techniques.

### Specific Learning Outcomes:

Upon successful completion of this unit, the students should be able to:

- 8.1 Discuss the importance of forecasting in relation to analysis, planning, and control.
- 8.2 Compare three basic methods of forecasting.
- 8.3 Describe why causal models are considered to be the most sophisticated type of forecasting method used today.
- 8.4 Explain what is meant by trends, cyclical variations, seasonal changes, and irregular fluctuations.
- 8.5 Describe what is meant by smoothing the variations.
- 8.6 Explain why judgmental forecasts are often used in conjunction with the other methods of forecasting.

## Unit 9. Airline Passenger Marketing

### General Outcome:

- 9.0 The students should be able to describe the role of marketing within an air carrier and identify the major elements that must be considered in formulating a marketing game plan.

### Specific Learning Outcomes:

Upon successful completion of this unit, the students should be able to:

- 9.1 Define marketing and discuss its importance to the carriers in providing air transportation services.
- 9.2 Understand what is meant by the marketing concept and how it has changed over the years.
- 9.3 Describe what is meant by the controllable marketing decision variables (marketing mix) and the so-called uncontrollable variables.
- 9.4 Explain the consumer-oriented marketing concept and how it relates to market segmentation.
- 9.5 Give several examples of three different intensive growth strategies.
- 9.6 Describe what is meant by integrative growth strategy.

## Unit 10. Airline Pricing, Demand, and Output Determination

### General Outcome:

10.0 The students should be able to understand how pricing and demand affect output determination and profitability of an air carrier.

### Specific Learning Outcomes:

Upon successful completion of this unit, the students should be able to:

- 10.1 Describe the trend in domestic passenger air fares during the three decades after World War II and discuss some of the reasons for this trend.
- 10.2 List the determinants of demand and explain how each can affect the position of the demand curve.
- 10.3 Distinguish between a change in demand and a change in the quantity demanded.
- 10.4 Define elasticity coefficient, elastic demand, inelastic demand, and determinants of elasticity.
- 10.5 Describe the four basic types of airline passenger fares.
- 10.6 Define direct (variable) costs and indirect or fixed overhead costs.
- 10.7 Describe the profit-maximizing level of output.
- 10.8 Discuss the market for air freight in relation to the type of commodity carried and demand and distribution problems.
- 10.9 Discuss several types of air freight rates and factors affecting them.
- 10.10 List some of the special air freight services provided by the carriers.

## Unit 11. Principles of Airline Scheduling

### General Outcome:

11.0 The students should be able to recognize the critical role of schedule planning in allocation of that air carrier's resources.

### Specific Learning Outcomes:

Upon successful completion of this unit, the students should be able to:

11.1 Describe the major internal and external factors that affect the scheduling process.

11.2 Define and explain maintenance efficiency goals, flight operations factors in schedule planning, and facility constraints.

11.3 Understand the role of the scheduling department in developing and coordinating the schedule planning process.

11.4 Describe such unique problems facing schedulers as traffic flow, sensitivity to schedule salability, operational difficulties of adjusting schedules, and the financial leverage of load factors.

11.5 Explain the four basic schedule types, including their advantages and disadvantages.

## Unit 12. Principles of Airline Advertising

### General Outcome:

12.0 The students should be able to describe how advertising is used by the carriers as part of their marketing plan.

### Specific Learning Outcomes:

Upon successful completion of this unit, the students should be able to:

- 12.1 Compare airline advertising with the advertising of other products and services.
- 12.2 Discuss the role of advertising in the sales transaction process.
- 12.3 List six characteristics of good advertising and briefly describe each one.
- 12.4 Distinguish between product and institutional advertising, direct action and indirect action, emotional and rational appeals, and primary demand and selective demand.
- 12.5 Relate how advertising goals and objectives are made consistent with marketing goals and objectives as well as with company goals and objectives.
- 12.6 Discuss the factors that must be taken into consideration in the advertising evaluative process.
- 12.7 List six media characteristics and describe their relative importance in comparing the various media.

## Unit 13. Fleet Planning: The Aircraft Selection Process

### General Outcome:

13.0 The students should be able to describe the fleet planning process and discuss the importance of selecting the right aircraft to meet the carrier's objectives.

### Specific Learning Outcomes:

Upon successful completion of this unit, the students should be able to:

- 13.1 Understand the importance of fleet planning and describe its long-range implications.
- 13.2 Discuss the major factors an aircraft manufacturer must take into consideration in designing and developing a new jetliner.
- 13.3 Identify the four inputs in the fleet planning process and explain what each one means.
- 13.4 Define system constraints and constrained operating plan.
- 13.5 Discuss the five areas that must be considered by an individual carrier in evaluating a particular aircraft.

## Unit 14. Airline Labor Relations

### General Outcome:

14.0 The students should be able to relate the significance of labor costs to a carrier's overall operating expenses and discuss the importance of labor relations.

### Specific Learning Outcomes:

Upon successful completion of this unit, the students should be able to:

14.1 Discuss some of the reasons why labor is such an expensive resource.

14.2 Explain how airline union activity has changed over the years.

14.3 Define mutual aid pact and explain its significance over the period 1958-1978.

14.4 Describe the purpose of the Railway Labor Act of 1926 and explain the provisions of the act regarding (1) disputes over the interpretation of agreements and grievances and (2) major disputes over new agreements.

14.5 Discuss the labor relations environment since deregulation.

14.6 Discuss some of the possible solutions to labor-management conflict during the 1980s.

14.7 Describe how some of the newer nonunion air carriers have affected labor-management relations in the major and national air carriers.

## Unit 15: Airline Financing

### General Outcome:

15.0 The students should be able to discuss the major sources of revenue and expenses and primary sources of capital.

### Specific Learning Outcomes:

Upon successful completion of this unit, the students should be able to:

- 15.1 Describe the airlines' major sources of internal funds.
- 15.2 Define debt and equity financing and discuss the airlines' primary sources of external funding.
- 15.3 List the advantages and disadvantages of leasing.
- 15.4 Define venture capital and discuss its importance today in relation to many of the newer air carriers.
- 15.5 Define balance sheet and describe the major items appearing under assets and liabilities.
- 15.6 Discuss the major uses and sources of funds for the U.S. scheduled airlines during the period 1960-86 and compare the cycles of business activity during this period.
- 15.7 Define current ratio and long-term debt/equity ratio.
- 15.8 State which carriers might have the most difficult time generating funds in the money market during the 1990s.
- 15.9 Summarize the general financial climate in which the U.S. scheduled airlines find themselves during this decade

## Unit 16. International Aviation

### General Outcome:

16.0 The students should be able to understand the growing importance of international markets and the process of developing international routes.

### Specific Learning Outcomes:

Upon successful completion of this unit, the students should be able to:

- 16.1 Define sovereignty of airspace and distinguish between the two principal theories held by early international jurists.
- 16.2 Discuss the major provisions of the Paris Convention.
- 16.3 Understand the purpose of international air law.
- 16.4 Explain the importance of the Warsaw Convention.
- 16.5 Discuss the major articles of the Chicago Conference and describe the major purpose of ICAO.
- 16.6 Distinguish between the Two Freedoms and Five Freedoms agreements.
- 16.7 Define what is meant by the Chicago standard form.
- 16.8 Identify the major differences between IATA and ICAO.
- 16.9 Discuss some of the major changes in international aviation during the past three decades.
- 16.10 Explain current U.S. policy in international aviation.

## Unit 17. Career Planning in Aviation

### General Outcome:

17.0 The students should be able to understand the career planning process in aviation.

### Specific Learning Outcomes:

Upon successful completion of this unit, the students should be able to:

- 17.1 Makes a self-assessment of your talents, abilities, and preferences in preparing for career choices.
- 17.2 Identify the various aviation/aerospace industries and career paths and jobs with firms in those industries.
- 17.3 Describe the primary sources of information available in locating job openings.
- 17.4 Prepare a cover letter and resume.
- 17.5 Prepare for a successful interview with prospective employers.

### **Special Student Projects:**

1. Each student must analyze an airline case and present recommendations to the class for discussion.
2. Each student must select a major, national or regional air carrier and request detailed information from that carrier concerning their routes, growth plans and current annual report.
3. Each student must select an aircraft manufacturer and request detailed information concerning that company's aircraft including operating and economic performance.