

The Airline Beat

A new idea in airline scheduling (09/18/2006)

By Andrew Compart



Airlines are known to be set in their ways, so Ira Gershkoff faces a challenge over the next few months in selling them on the idea that he has found a better way for them to schedule flights. But if he can do it when he hits the road with his prototype this month or next, he believes it could have a significant impact on the way airlines do business, increase their profit (or help them realize one) and change the range of fares available to consumers.

Gershkoff calls the proposed system Just in Time scheduling, which is why he called the company he founded JIT Airline Resources. The company is fine-tuning (and trying to patent) a system that would enable airlines to change their capacity on each route, day by day and market by market, based on how many seats they are selling.

The changes could be made as late as three days before the day of the flights.

"Airlines usually put out a fixed schedule and it's set in stone, but demand goes up and down every day," said Gershkoff, who came up with his concept after many years working in senior-level positions in scheduling, operations and information technology at American, United and Sabre.

With later adjustments to their schedules, airlines could sell more seats when demand is higher and better reduce their costs when demand is lower, he said.

Gershkoff's company has designed its system so that any customer who buys a ticket for a particular flight will get a seat on that flight. That's because, under his system, airlines would not cancel flights; instead, they would start with a base schedule that is smaller than the ones they currently offer.

When a certain percentage of seats are sold -- the tipping point to be determined by each carrier -- the airline would add flights to the route or substitute a bigger aircraft if demand were higher than expected. If demand were lower than expected, it would switch to a smaller aircraft.

"The idea is that nothing ever gets quite full," he said. "If it gets close to full, you add more capacity and choice in the marketplace."

The result, he believes, would be the end of "dirt-low" fares, since airlines would not have a bunch of empty seats they are desperate to fill at any price. But Gershkoff believes his system also would mean the end of the extremely high prices many airlines charge for their last seats because it would be more profitable for them to add more seats to the market and sell them.

"Reasonably profitable low fares will be available more often," he predicted.

Could it be this easy?

Well, not quite. The system has limitations and challenges.

Business travelers will book airlines that have high frequencies on routes, so an airline's base schedule can't go below a certain level. Gershkoff's simulations suggest that airlines need at least six flights a day for a business market. They would add flights from that base, if necessary.

Airlines would also face some limitations on how late they could add flights or substitute larger aircraft. As Gershkoff noted, "You have to do it in time to sell it."

His company figures the cutoff would be three days before departure, perhaps a week for some carriers.

Those are limitations. But what may be the biggest challenge is figuring out how to assign crews for late-changing schedules.

Currently, pilots and flight attendants bid weeks in advance on which flights they want to work. Seniority usually determines who gets first choice. But a relatively late change in the size of the aircraft could require a different crew since pilots can only maintain current training on one aircraft type. Adding flights so late in the game requires crew juggling, too.

Most union contracts would need to be changed to adjust the bidding system to allow for this. It's not known how willing pilots, attendants and their unions would be to go along with that.

Other elements of an operation based on fixed schedules and capacity, such as yield management, also would need adjustment, as would working with airports on accommodating late additions to the schedule.

And then there is the unanswered strategic question: If an airline in a competitive market switches to the new system, waiting to add flights as demand dictates, would it be able to add them and let consumers know before they book on a rival airline?

Nonetheless, Gershkoff believes he has a winner, and he's expecting to sign up his first customers within the next three to six months. He said he has approached several airlines within the past two to three years, and they told him his idea sounded interesting. But they wanted more.

"I didn't have anything but concept papers," Gershkoff said. "The feedback was, 'Come back when you have something to show.' And in a few weeks, I expect to have something to show."

Barring, of course, any last-minute changes in his schedule.

Reprinted courtesy of *Travel Weekly* (www.travelweekly.com). Copyright © 2006 Northstar Travel Media, LLC. All rights reserved.