A STRATEGIC BUSINESS TRANSFORMATION:
MALAYSIA AIRPORTS HOLDINGS BERHAD

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### LIST OF ABBREVIATION

- ASEAN – Association of Southeast Asia
- CIP – Continuous Improvement Programme
- GLC – Government Linked Company
- CFT – Cross Functional Teams
- DCA – Department of Civil Aviation, Malaysia
- KLIA – Kuala Lumpur International Airport
- LCCT – Low Cost Carrier Terminal
- LCC – Low Cost Carrier
- MAHB – Malaysia Airports Holdings Berhad
- MAS – Malaysia Airlines
- MOT – Ministry of Transport, Malaysia
- NGA – New Generation Airlines
- PCG - Putrajaya Committee on GLC High Performance
- P&L – Profit and Loss
- PPA – Passenger per annum
- STOLports - Short Take-Off Landing airports
1.1 INTRODUCTION

Given the speed with which change occurs in the global business environment, standard planning techniques and asset allocation methods have become woefully outdated. Achieving new levels of business sophistication is a never-ending process, requiring companies to rapidly reallocate assets to meet changing conditions. To effectively accomplish this reallocation the company needs a system that provides continuous evaluation and improvement, ensuring effective use of both business (hard) and organizational (soft) assets. (Sirkin, et.al, 2003)

In particular, what is required is a balance and alignment between customer, organizational and business investment. In today's market, organizations not taking such an approach run the risk of failing to meet the expectations of shareholders. Companies worldwide are faced with the challenge of transformation and the need to modernize and improve their management practices and systems which is why the term transformation has become a much used term in the business world today.

Government Linked Companies (GLC) s are legal entities created by the Malaysian Government to undertake commercial or business activities on behalf of the Malaysian Government. GLCs have played an important role in economic development especially in the developing nations. However, experience of many countries demonstrates that GLCs are usually less efficient than non GLCs as measured by their economic performance. In countries where the participation of GLCs is high, their typical low efficiency can hinder economic growth (Issham,et.al, 2008).
These inefficiencies are mainly due to ownership effects and partly to lack of competition effects. Besides, supervision by governments tends to be bureaucratic and rigid. They are more interested in seeing that regulations have been followed rather than that the opportunities have been correctly seized. In other words, unlike the non GLCs which mainly aimed to maximize profit, the objectives of GLCs are more socially and politically inclined. This is mainly the reasons why business transformation has to become part of the GLCs to ensure competitiveness and to maximise performance.

Khazanah Nasional, the government arm in charge of the transformation initiatives and which is also the main stakeholder of most GLC’s are defines GLC as companies that have a primary commercial objective and in which the Malaysian Government has a direct controlling stake. Controlling stake refers to the Government’s ability (not just percentage ownership) to appoint BOD members, senior management, make major decisions (e.g. contract awards, strategy, restructuring and financing, acquisitions and divestments etc.) for GLCs either directly or through GLICs. The Government-linked companies (GLCs) have been seen to play an important role in economic development especially in the developing nations. However, experience of many countries demonstrates that GLCs are usually less efficient than non GLCs as measured by their economic performance. (Issham, et.al, 2008).

In the light of the improving the performance and competitiveness of the GLC companies in Malaysia, the Transformation programme was launched. The transformation of GLCs into high-performing entities is critical for the future prosperity of Malaysia. To facilitate this transformation, the Putrajaya Committee on GLC High Performance (PCG) was set up. http://www.pcg.gov.my. Its principal mandate is to design and implement comprehensive national policies and guidelines to transform GLCs into high performing entities and establish
the institutional framework to program-manage and subsequently to oversee the execution of these policies and guidelines.

The transformation of Government-Linked Companies (GLCs) into high-performing entities is critical for the future prosperity of Malaysia. To facilitate this transformation, the Putrajaya Committee for GLC High Performance (PCG) has undertaken two sets of actions. First; the codification of Policy Guidelines with the objective of providing an enabling environment for GLCs to perform and Second; the translation of the Policy Guidelines into specific Initiatives that are targeted to driving and enhancing GLC performance.

1.2 OBJECTIVES OF THE STUDY

The main objective of this research is to critically analyse the effectiveness of the transformation process undertaken by Malaysia Airports Holdings Berhad (MAHB). It aims to chart and analyze the transformation process of MAHB from a more bureaucratic-silo type of an organization into a full blown commercially driven organization. This paper will provide extensive details of how the transformation process at MAHB is carried out as well as identify the problems in the transformation process and move on to provide the relevant recommendations.

The aim of this study to grasp a general understanding as to the effectiveness of the Transformation programme initiated by the Putrajaya Committee for GLC transformation, particularly the transformation programme of Malaysia Airports Holding Berhad.
This research is aimed at studying a company that is not in crisis. Transformation can take place in many folds, and most often a massive transformation takes place in a company in crisis. An illustrative example of this case is Malaysia Airlines, it a company is crisis and loss of about RM1.7 Billion the company successfully turned itself around with the leadership of Dato Sri Idris Jala within less than a year.

In contrast this research is aimed at analysing efforts taken by a company to prevent a possible crisis in the future and will its efforts be successful in preventing such crisis. Having had that in mind, alongside charting the process, this paper will critically examine the flaws and gaps in the transformation efforts carried out in the organisation and to further provide insightful suggestions and proposition to create a more robust business transformation plan MAHB and/or any other company for that matter regardless of whether it is a GLC or not.

1.3 ORGANISATION OF THE STUDY

The research is organized and divided into 5 main chapters.

The first of which is the introduction section which introduces the research, research objectives and the detailing of the research methodology. The first chapter will also introduce the reader to the airports industry and the development of it Malaysia, as well as discussions of the Open Skies Policy and its impact toward the airports business in Malaysia airports industry. Moving on is the brief description of Government Linked Companies (GLC) and lastly an overview the GLC Transformation Program mooted by the Government and its objectives and what it aims at achieving. The 2\textsuperscript{nd} Chapter of this research paper is dedicated wholly towards the background of Malaysia Airports Holding Berhad and its profile.
The reader is to note that there will be no dedicated sections to literature reviews as the literature reviews forms a big part of the writing of this research and it identified accordingly in each topic that is discussed.

The 3rd Chapter of this research is the charting of the MAHB transformation program where here the reader is given a detailed overview of the processes and strategies of transformation undertaken by MAHB.

The 4th Chapter is problem identification and the problem statement section. Here the issue and problems identified through tools such as unstructured interview and analysis on various academic and non academic literatures.

Chapter 5 is the recommendation section where it unveils the solutions to all the problems that is identified in Chapter 4. And lastly, is the conclusion where all the problems and recommendations are summarized and concluded.

1.4 METHODOLOGY

Information for this study was obtained through unstructured interviews conducted with the current employees of Malaysia Airports Holding Berhad particularly the team in charge of the transformation program, namely Mr. Randhill Singh (Manager, Transformation Management Office) and En. Rafidzi (Senior Manager, Transformation Management Office). Their inputs formed the primary source of the information used for this study.
Secondary sources of information were put together from newspaper articles, previous dissertations, reports, and academic journals. Reports and statistical figures were obtained from relevant authorities such as the Ministry of Transport Malaysia, Department of Civil Aviation, Malaysia and the Putrajaya Committee for GLC Transformation.

A consultative method is applied, an approach to enabling a more in-depth and thorough investigation method into the target company. The main focus of the research is to analyse the effectiveness of the transformation program initiated at Malaysia Airports Holdings Berhad by firstly understanding and charting the transformation programme then followed by a critical analysis of the issues and finally provide a recommendation to address the issues that were identified.

The problems were indentified through feedback and information received from the Transformation team which are in turn are detailed in this study. Recommendations are provided thorough tools and techniques from various management disciplines such as organizational design, change management and strategic management.
2.1 THE DEVELOPMENT OF AIRPORTS IN MALAYSIA

Malaysia is deemed to generally pursue a liberal, growth-oriented aviation policy. The development of air transport is viewed as an important foreign exchange earner in the services sector, while the development of a comprehensive network of airports is deemed essential for facilitating trade, tourism and to accelerate socio-economic development (Ministry of Transport, http://www.mot.gov.my, Accessed 29 April 2008). By 2007, Malaysia has 45 airports, including 6 international airports, 19 domestic airports and 20 STOLports (http://www.mot.gov.my). STOLports are Short Take-Off Landing airports, which serve communities in the less accessible areas. The six international airports are the KLIA, Penang International Airport, Langkawi International Airport, Senai International Airport (in Johor state) in Peninsular Malaysia and Kota Kinabalu International Airport in Sabah and Kuching International Airport in Sarawak in East Malaysia.

According to the former Prime Minister, Mahatir Mohamad (1995), the construction of the KLIA was needed as the Subang International Airport had experienced a growth of 14-15 per cent per annum from 1990 to 1995. This resulted in the airport reaching its designated capacity of 5,454 passenger movements per hour by the mid-1990s. Capacity at the old Subang International Airport was expanded while the KLIA was being built. With the provision of 10,500 hectares of land, the KLIA is designed to be a world-class airport and a regional hub for the Asia Pacific region. Its development spanned several phases: Its first phase was completed on 30 June 1998, after seven years of conceptualization with a capacity of 25 million passengers per annum and 1.2 million metric ton of cargo (Table 1).
During the second phase (1998-2015), a temporary Low Cost Carrier Terminal (LCCT) was constructed on a fast-track basis at the beginning of June 2005 and was fully operational on March 2006, at a cost of RM108 million (www.lcct.com.my, 7 May 2007). The LCCT is located about 20 kilometres from the KLIA Main Terminal Building and has the capacity of handling 10 million passengers a year. It is projected that this capacity will be exhausted by 2012. The current facilities will be upgraded to handle up to 15 million passengers per year by 2015, thereby increasing the total capacity at KLIA to 40 million passengers per year.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1993-98*</td>
<td>Initial capacity of 25 million passengers per annum (ppa); 1.2 million tonnes cargo; one main terminal, one satellite building</td>
</tr>
<tr>
<td>2</td>
<td>1998-2015</td>
<td>Addition of LCT, adding 10 million ppa by 2012; Includes the expansion of current LCCT up to 15 million ppa by 2015. Total capacity of main terminal and upgraded LCCT will be 40 million ppa.</td>
</tr>
<tr>
<td></td>
<td>2010-2015 (forthcoming Tenth Malaysia Plan)</td>
<td>New LCCT (permanent) will be constructed to accommodate 25 million ppa, capacity of main terminal and new LCCT will be 50 million ppa; Construction of second satellite terminal and increase in passenger capacity to possibly 75 million ppa.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>3</td>
<td>Dates not known</td>
<td>Construction of second terminal and increase in capacity to 100 million ppa.</td>
</tr>
</tbody>
</table>

**Table 1: Summary of the Development of KLIA**

Source: “ASEAN Open Skies and its implications on airport development strategy in Malaysia” by Tham Siew Yean, Institute of Malaysian and International Studies (IKMAS), National University of Malaysia- (Original source-Mahathir 1995, and interview with Ministry of Transport, 22 May 2008)
In 2008, the government announced that a new permanent LCCT will be built in three to four years time with a capacity of handling 25 million passengers a year, thereby increasing the capacity of KLIA to 50 million passengers per annum (PPA). The new terminal will be located closer to the main terminal than the existing one and an Express Rail Link service will be built to link the new LCCT with the main terminal. It is expected that this new facility will be built together with the second satellite terminal during the forthcoming Tenth Malaysia Plan (2010-2015). The new satellite terminal and new LCCT will probably increase the capacity of KLIA to 75 million PPA. There is, however, sufficient land and capacity to develop facilities to handle up to 100 million passengers and five million metric ton of cargo per annum, including four runways by 2020.

Malaysia Airports Holdings Berhad (MAHB), a privatized entity, manages and operates all the airports in the country, with the exception of the Senai Airport in Johor and the Kerteh Airport in Terengganu. MAHB was incorporated in 1991 when the Malaysian Parliament passed a bill to separate the Department of Civil Aviation into two entities with different responsibilities. DCA remains the regulatory body for the airports and aviation industry in Malaysia while MAHB focuses on the operation, management and maintenance of airports. MAHB was subsequently listed in the Kuala Lumpur Stock Exchange in November 1999. The major shareholder is Khazanah National Bhd, a government investment holding company (73%), while the foreign share amounted to 2.6 per cent in 2005 (MAHB Annual Report 2005).

In, the government designated Senai Airport in Johor (and next to Singapore) as the regional air cargo hub in an attempt to overcome the leakage of cargo from Malaysia that is being exported through Singapore. In view of this, RM100 million was approved under the Ninth
Malaysia Plan to upgrade the facilities at this airport to facilitate the export of goods that are produced from the southern part of Malaysia that have found it more efficient to export through Singapore instead of the KLIA (Tham, 2007).

2.2 ASEAN OPEN SKY POLICY AND THE IMPACT ON MALAYSIA AIRPORTS BERHAD

Open Skies is not a single, well-defined concept. Rather, it refers to packages of a number of distinct policy aspects, such as capacity deregulation and removal of price controls, which lead to less regulated airline services. It is a strategy of opening up aviation markets, which can be pursued on a bilateral, regional or multilateral basis. In particular, Open Skies gives rise to (Frost, King 2008):

- More competition between airlines;
- More scope for airlines of a third country to serve on a route between two other countries; and
- More flexibility for airlines to develop their routes and networks as they choose.

ASEAN was established in 1967 with initially five member countries, namely Indonesia, Malaysia, Philippines, Singapore and Thailand. Its membership increased over time with Brunei joining in 1984, followed by Vietnam in 1995, Laos and Myanmar in 1997 and Cambodia in 1999. ASEAN was formed to promote regional peace, prosperity and stability.

Given the importance of trade in ASEAN, member countries have recognized that transport is an important area for cooperation as it can contribute toward the reduction of trade transaction costs for member countries and the region as a whole. In this section, open skies
in ASEAN are reviewed at three levels; (i) ASEAN-wide initiatives, (ii) sub-regional initiatives within ASEAN and, (iii) unilateral initiatives.

2.3 COMPETING IN THE ASEAN REGION

Government investment in infrastructure to boost the competitiveness of their airports is a strategy that is also used by other major airports in ASEAN. Within ASEAN, dominant airports have for a long time been Bangkok and Singapore as these two airports is strategically located geographically to capture the European and Northeast Asian traffic and interregional connections. Both Singapore and Thailand have also invested heavily in the infrastructure of their respective international airports to enhance their competitiveness as hubs for the region.

Singapore, for example, completed an S$240 million upgrade of its Terminal 2 just before Thailand opened its new international airport in 2006. Subsequently, Singapore opened its S$1.75 billion Terminal 3 in January 2008, increasing its capacity to 64 million. It is reported in March 2008, that the city-state is already planning for a Terminal 4 (CNA, posted 06 March 2008 1715 hrs). This is in line with its strategy to use capacity expansion as a purposeful investment signalling strategy in order to capture new demand and to tilt the market share in the Southeast region toward Changi (Phang, 2003; KPMG, 2007). Its Budget Terminal that was opened in March 2006 with a capacity of 2.7 million passengers will also be expanded at a cost of S$10 million to be completed by early 2009. Changi also caters for the other end of the spectrum as “commercially important people” are provided five-star services in JetQuay, a facility adjacent to the main terminals with dedicated customs, immigration, personal concierge and limousine transport to the aircraft (KPMG, 2007). It has
nine cargo terminals with a total capacity of 3 million tonnes per year. Two express freight centers cater to the express cargo sector, with DHL using Singapore as its regional hub.

Thailand has also recently opened its new international airport, the Suvarnabhumi International Airport in 2006, at a cost of US$3.0 billion and with a capacity of 45 million passengers a year. A budget terminal is also planned for 2008 and it is expected that this to increase the capacity of Suvarnabhumi by another 17 million, with a final target of 100 million. Airfreight facilities at the Suvarnabhumi airport are designed to handle up to 3 million tonnes of cargo per year. Thailand’s airport sector has benefited from the large tourism sector in the country with foreign tourists accounting for over 80 per cent of visitors to Thailand (KPMG, 2007).

Changi, Suvarnabhumi and KLIA are all departing from the traditional model of airport development whereby the main revenue is derived from airlines through charges for landing and parking. Instead, all three airports have increasingly tapped on non-aeronautical businesses such as retail outlets, restaurants, entertainment etc that can also cater for non-traveling visitors. Non-aeronautical revenues accounted for, respectively 60 per cent, 35 per cent and 19 per cent of the airport revenues of Changi, Suvarnabhumi and KLIA (KMPG, 2007).

Changi has often been acknowledged as one of the best airports in the world in surveys conducted by international aviation organizations as well as academic studies. For example, (Park, 2003) used a five core-factor groups, multi-decision criteria model to analyze the competitive strengths of seven Asian airports (Park, 2003). He found Changi, together with
the new Hong Kong International Airport and Seoul Incheon International Airport to be more competitive while KLIA, Kansai and Narita to be less competitive.

Despite Changi’s long-standing competitiveness, KLIA is catching up. In 2007, the Airports Council International (ACI) Airport Service Quality Awards nominated KLIA as the best for the 15-25 million passengers’ category while Changi which handled 35 million passengers in 2006, finished second, after Incheon Airport in South Korea, in the category for 25-40 million passengers’ category.

For the overall prize – Best Airport Worldwide – Incheon finished first, Hong Kong’s Chek Lap Kok second, KLIA third while Changi finished fourth. In another poll by Smart Travel Asia, an independent online travel magazine, Hong Kong International Airport, Singapore Changi, KLIA were the top three while Suvarnabhumi finished fourth.

In terms of the competitiveness of the respective country carriers, Singapore Airlines ranked third among the top 50 carriers ranked by IATA in 2007 while Thai Airways and MAS ranked 18 and 48 respectively. MAS were awarded the Skytrax 5-Star Airline Award in 2006.

2.4 MALAYSIA AS REGIONAL HUB

(Bowen, 2000) highlighted the role of national governments in the development of airline hubs in Southeast Asia. In particular, two factors under the purview of national governments have frequently been used either to reinforce or to overcome prevailing patterns of centrality in regional airline networks and in turn, to ease the access to hub airports. These two factors are the size and quality of airport infrastructure provided at the hub as well as airline
competition policy, including the privatization of national carriers and deregulation on domestic routes. The evolution of these two factors in the case of Malaysia is examined in the following section.

The Kuala Lumpur International Airport (KLIA) was conceptualized in the early 1990s to be a world-class hub airport for the Asia Pacific region. Its development is part of the country’s national development strategies whereby sustained investment in infrastructure is made to ensure the timely and adequate supply of facilities that can meet the development requirements of the country (Malaysia, 1991; Malaysia, 2001). In turn, this sustained investment in infrastructure has enabled Malaysia to be ranked ahead of most of her ASEAN neighbours and China, with the exception of Singapore in terms of the overall quality of infrastructure in the country by the World Economic Forum (as cited in ADB, JBIC and World Bank, 2005).

From 1991 until 2005, Malaysia spent a total of RM63 billion for the development of transport infrastructure in the country. A further RM30.3 billion has been allocated for the period of the Ninth Malaysia Plan (9MP: 2006-2010). The amount spent constituted an average of 21 per cent of the total development expenditure of the country from 1991 until 2000. In the last five-year Plan, the total expenditure on transport infrastructure amounted to 28 per cent of total development expenditure while in the current Plan; the amount allocated is 15 per cent of total development expenditure.
3.1 INTRODUCTION

Malaysia Airports Berhad is a Malaysian airport company that manages most of the airports in Malaysia. The firm was recently awarded the duty to manage airports in international destinations.

Malaysia Airports Berhad was incorporated in 1991 when the Malaysian Parliament passed a bill to separate the Department of Civil Aviation (DCA) into two entities with different spheres of responsibilities. DCA remains the regulatory body for the airports and aviation industry in Malaysia whilst the newly created entity, Malaysia Airports Berhad is to focus on the operation, management and maintenance of airports. In November 1992, Malaysia Airports Berhad was duly licensed by the Minister of Transport Malaysia to carry out its function as the airport operator. The holding company, Malaysia Airports Holdings Berhad (MAHB) was incorporated as a public limited company in November 1999 and was thereafter listed on the Main Board of the Kuala Lumpur Stock Exchange, becoming the first airport operating company to be listed in Asia and the sixth in the world.

The main airport is the Kuala Lumpur International Airport (KLIA). KLIA is the result of a visionary strategy to meet the needs of new large aircraft and the traffic demand of the 21st century. KLIA has pioneered the use of state-of-the-art technology in airport management known as Total Airport Management Systems (TAMS). TAMS, managed by Malaysia Airport (Technologies) Sdn. Bhd. consists of more than 40 systems and airport functions including air traffic management, baggage handling, passenger check-in and flight information display.
3.2 ORGANISATION STRUCTURE

MAHB’s present corporate structure includes ten operating subsidiaries;

- Malaysia Airports (Niaga) Sdn. Bhd
- Malaysia Airports Management and Technical Services Sdn. Bhd
- K.L. Airport Hotel Sdn. Bhd
- MAB Agriculture-Horticulture Sdn. Bhd
- Asia Pacific Auction Centre Sdn. Bhd.

The Group has total staff strength of over 5,000 deployed across 39 offices nationwide. MAHB also provides airport management services for the Angkor International Airport and Phnom Penh International Airport in Cambodia through a joint-venture arrangement with Aéroports de Paris Management S.A. Malaysia Airports owns a Training Centre (MATC), located near Penang International Airport. It was established to cater for the training needs of all Malaysia Airports personnel. MATC has also been used as a centre for security related programs conducted by International Civil Aviation Organisation (ICAO). In addition MATC provides expertise on aviation security and safety matters to the Malaysian Government and airlines. They also have a training centre located at the Long Term Carpark in KLIA.
3.3 BUSINESS ACTIVITIES

The Group's principal activities are managing, operating and maintaining designated airports and provision of related services. Other activities include operating duty free and non duty free outlets, managing and operating motor sports and entertainment events, managing and operating hotel, cultivating and selling oil palm and other agricultural products and engaging in horticulture, providing management service in respect of food and beverage outlets at designated airports, providing operation and maintaining Information and Communication Technology business ventures, providing mechanical and electrical engineering, providing auction activities and investment holding. Operations are carried out in Malaysia.

3.4 MAHB TRANSFORMATION PROGRAM

Malaysia Airports' transformation programme started its journey in October 2005 as an effort to support the Khazanah Nasional initiated transformation programme. Key focus areas and strategic initiatives were identified, launched and monitored to ensure the success of transforming MAHB into a more strategic and performance-driven company. Malaysia Airports’, the transformation programme is aimed at enhancing the people, process and system elements across the group. This start was deemed very preliminary as business transformation in Malaysia itself was still at its infancy. Khazanah Nasional through its joint efforts with the Putrajaya Committee for GLC Transformation was key to the commencement of transformation efforts in most GLC’s in Malaysia.
The CEO of MAHB, Dato Seri Bashir Ahmad acknowledges that after a year of introducing and injecting changes following the transformation programme, the company will now focus for 2007 onwards will be on delivering results. He also stated that there will be a drastic change and a major paradigm shift in all aspects – operational and human capital. Quick wins are considered important motivational factors to employees. On another note, non-aeronautical and commercial initiatives, especially in retail optimisation, are being critically studied and implemented.

The Company is currently targeting a 50:50 aero to non-aero revenue and it is currently at 68:32. That has been the trend now in the global airport industry, to shift away from the dependency on aero revenue. The oil issue has always been a continuous concern, especially in airport-airline relationship. On the plus side, the Asian market will see a remarkable growth in passengers by 2010. The Ninth Malaysian Plan has in fact provided provision for major development in airport facilities in the long term that allows growth to effectively take place.

3.5 TRANSFORMATION - PHASE 1

The transformation process in MAHB kicked off with basic aims of cost reduction and cost savings. At this stage the transformation process was not deemed to be an all encompassing model as it lacked sight of many key business areas in MAHB itself. It was merely geared towards unlocking value through cost savings. Some of the cost savings efforts were moving into energy saving programme where basis cost cut measures was introduced in three levels. Level 1, No cost method where electrical appliances like air conditioners and lights were switched off wherever it is not used or the usage capacity is minimal. Level 2, low cost
method where the existing light bulbs were replaced with energy saving bulbs, and lastly level 3: higher cost method where energy saving devices were installed at the airports.

All these efforts resulted in a very marginal savings to the company and which forced MAHB to look at other methods of cost savings. Apart from the cost saving aims, MAHB also looked into probability of increase in revenue stream. On that line, the Passenger Security Service Charge (PSSC) was introduced. This simple exercise allowed an injection of almost RM 50 Million in the revenue stream of MAHB. The success of these small yet impactful efforts led MAHB to believe that a more detailed transformation plan would take the company leaps and bound in the airports and aviation industry.

These efforts under the transformation plan (Phase 1) as observed merely looked into the operational aspects of the business rather the business as a whole. The phase 1 was seen to be lacking in the human aspects of a transformation of a company. Many senior leader and business pundits behave as their company can be transformed or be “reset” merely by doing the same things. That is not the case. Successful turnaround stories, turnaround sustainability usually involves substantial strategic repositioning. It is important to note that even the savviest strategy will not succeed without ability and that means the management team. (Gardiet, Stan and Rogers, 2003)

The transformation process at MAHB’s 1st phase lacked the emphasis on culture and the people change and at the surface strategy put in place to transform the company was not evidently robust. MAHB is indeed a company that is not yet in crisis, which means the transformation process that is being carried out is an effort to prevent crisis. A number of GLC’s have stumbled into massive crisis due to lack in proper management processes and
other major inefficiencies. Thus a robust transformation plan is much needed to be started in any organisation be it a GLC or a non GLC to act as crisis prevention tool and simultaneously improve process and strategy to improve competitiveness in its given industry.

As such in pursuit of a better tomorrow, MAHB strived further in enhancing and maintaining its world class recognition in the airport industry by embarking on the 2\textsuperscript{nd} phase the transformation programme. This phase is seen to be the actual transformation process as it was aimed at addressing the pertinent aspects of a company’s running and management.

The focus the transformation agenda this time around is to support the GLC transformation programme, to improve the efficiency and profitability and to instil a continuous improvement working culture. The transformation agenda is also closely linked to the implementation of Coloured Books initiatives, as introduced by Khazanah Nasional. The Coloured Books that were of the core focus of the transformation is the “Yellow Book”; Initiative 10: Framework for Continuous Improvement.

### 3.6 Transformation - Phase 2

Many tangible products were delivered under the Phase 1 but it was seen to be insufficient. The transformation in Phase B was guided by few main thrusts which will be elaborated separately in the following paragraph.
3.6.1 One Page Strategy

With the vision of being a world class airport, the first thrust was the transformation guided by MAHB “One Page Strategy” and has three sub-phases. The One Page Strategy captured the company’s focus in a One Page Strategy outlined which attended to 3 main sub-phases which is people (culture), process and structure.

![Chart 1: MAHB One Page Strategy](attachment:chart_1.png)

#### 3.6.1.1 People

The first sub-phase of the strategy which is “People”, drew down to human resource matters where importance was placed into recruiting and retaining the right talent into the company. To ensure effective and efficient deployment of staff across the company, to build competence by continually develop and enhancing the staff skills and capability to meet company objectives. The thrust also focused on instilling the concept of shared values where...
it aims to consistently instill and continually the practice culture of high performance, work ethic, mutual respect and teamwork.

It also attempted to chart the connection between reward and the recognition of performance where their employees are competitively rewarded and the performance is visibly recognized. Besides that it also charted the importance of effectively communication the transformation process and to practice an open two-way communication between the management and the employees and lastly demonstrate good leadership and management capabilities at all levels with the aim of producing internationally recognized industry leaders.

3.6.1.2 Process

The second sub-phase of the strategy, which is “Process”, focused on process improvements. It aims to drive revenue and embark on the spend management aspect of the company, where revenue is strengthened and improvements to process and system and improve the cost control mechanism. In order to create an impact on the revenue improvements, MAHB tied the thrust to streamline and standardize the policies and operational procedures for shared services and line of business to ensure smooth flow of MAHB’s operation. It also focused on to build common IT Infrastructure where the structure and systems is automated and standardized throughout the business. MAHB also introduced the informed decision making process where it is basically to build business intelligence base to enable business info and insight. Apart from the thrust also focused in ensuring the service quality and to provide continued excellence in the airport services. In its effort to drive continuous improvement, the company emphasized the importance of self check and the ability to benchmark externally so the gaps that requires improvements to be immediately filled.
3.6.1.3 Structure

The third sub-phase of the strategy which is “Structure” focused on the improvement of the current structure of MAHB. In which it attempts to introduce the MECE structure (mutually exclusive, collectively exhaustive). Basically aimed to establish optimum structure and operating models of the core business and its subsidiaries. It also aims to maximize utilization of assets e.g. space, information, land, movable assets, human capital and commercial rights. This structure will also attempt to place appropriate pricing policy where it will develop prices and charges optimization strategies throughout the business. Apart from that the structure thrust attempt to align and review its review existing infrastructure to adapt to the new concepts and processes as well as develop new operational concepts. Lastly this thrust aims to enhance external relations by the effective and aggressive management of external relations.

3.6.2 “Step Change”

The One Page Strategy being the 1st thrust of the transformation captured the aspects that MAHB deemed to be essential in transforming the GLC. The 2nd thrust of the effort is when MAHB instituted a “step change” in Phase “B” using the successful Shell FRD methodology that enables effective “step change” which is basically an approach similar to the cross functional team approach. Phase “B” has delivered bankable results in the P&L, Balance Sheet and Cash Flow Statements. As part of Phase “B”, lean was introduced and used selectively in areas, namely man-power cost optimization, reducing through put time for passengers embarking at the LCCT and the main terminal and many more. In accordance
with the future plans, going forward the lean process will be instituted in Phase “C” as planned to ensure long term sustainable improvements, for which lean is best suited.

The third thrust was the Continuous Improvement process. The overall objectives of the CIP program were divided into 3 main parts. The first part was to deliver cost savings, in which it aimed at identifying, prioritize and implement key initiatives which will deliver immediate monetary benefits to boost cost savings and enhance revenue streams. The Second part was to improve processes. This was aimed to be done by reviewing and enhancing efficiency and effectiveness of business processes via Shell FRD or other techniques (e.g. LEAN) as appropriate for the function and on a case to case basis. The third part was to emphasize on transfer skill to MAHB staff in the process of initiative, implementation and developing a core team to enable process for continuous improvement within MAHB.

3.6.3 Continuous Improvement Process

On the whole the Continuous Improvement Program had its target which amongst other was to achieve a RM20 million tactical cost reduction and revenue enhanced between RM100-RM400 million contingent on investments (’07-’10). To upgrade the staff skill set and the set up of an action plan and team for immediate future delivery (2008/09) for the set targets. The cost Reduction/Revenue Enhancement goals were aimed to be achieved from the following initiatives namely;

- Budget challenge
- Low/No Added Value Activities (LAVA/NAVA) removal
- Product/Service Procurement Cost Management
- Revenue protection
- Commercial revenue enhancement
- Value Engineering on capital expense
- Improved Operations/Customer Service by reviewing Processes and Systems
- Optimal balance between service levels and cost
- Accountability of service ownership
- People
- Leadership skills
- Transformation Skill Transfer
- Planning skills

**MAHB Transformation Programme – The Big Picture**

**Chart 2: Transformation big picture**
3.6.3.1 Phased CIP Plan to initiate “Step Change”

The transformation team and MAHB with the aid of external consultants strategized and aimed at implementing a 3 phase CIP plan to initiate the “Step Change” improvements and enable long term so called sustainable transformation as depicted in the chart below.

![Chart 3: CIP Phase]

**Phase 1 (CIP)**

Under phase 1, the CIP plan aimed to analyse the current and past performance of the Company as a whole and also to look at benchmarking MAHB performance vis-à-vis other international airport operators with aims to ultimately increase competitiveness. It also aimed at mapping the current performance against what is possible. Leveraging internal know how with selective injection of external input to develop and implement a ‘SMART’ strategy for the future. To develop 2008 One Page Strategy for Malaysia Airports as I have elaborated in the earlier paragraph which comprises of the “People”, “Process” and “Culture” element. To develop 2008 Balanced Score Card (KPI) and lastly defining goals, roles and process, and prioritizing the listed action items.
Phase 2 (CIP)

Under the Phase 2 (refer chart), the CIP plan aimed at putting the structure which is the newly introduced Cross Functional Team (CFT team) and systems in place. This phase requires the BOD endorsement of CFT initiatives. Under this effort, 8 Cross Functional Teams (CFTs) have been set up.

Phase 3 (CIP)

Under Phase 3 of the CIP plan, the plan aims at refining the MAHB Strategy via various strategy alignment workshops. This phase also emphasizes on the lean study and the provision of trainings on lean methodologies. The CIP plan also puts in place a succession management plan along with the transformation roadmap for the company through 2008-2013

FOUR STRATEGIC LEVERS USED IN CIP IMPLEMENTATION

- Cost reduction
- Operational excellence
- Total reliability
- System enhancement
- Learning organisation
- Staff development
- Leadership development
- Organisation structure
- HR operations
- Traffic increase
- Commercial revenue growth
- Land development
- International airport management

Chart 4: Four Strategic Levers for CIP Implementation
3.6.4 Cross Functional Teams

A team is a group of people with high degree of interdependence geared towards achievement of a goal or completion of a task. Many groups with common goal are not teams. The key requirement is interdependence. The three best known teams today are functional teams; self directed teams and cross functional teams. Cross functional teams seems to be the most effective teams in the fast moving pace and companies that value fast adaptability, speed and intense focus on delivering customer needs. (Parker, M.Glen, 2002, Pg 2). As such the Cross functional teams approach is used at MAHB in implementing the Continuous Improvement Process, with and end goal of achieving the objectives of the program.

The chart below shows the respective CFT’s set up to manage the transformation plan.

Chart 5: CFT approach
3.6.5 Strategic Thrust of MAHB

Ultimately the MAHB transformation programme is based on 3 main thrust which is the financial restructuring, commercial growth and making KLIA as the regional hub for the NGA (New Generation Airlines) which are basically low cost carriers and other full fledge airlines.

3.6.5.1 Financial Restructuring

Under the first thrust as depicted in Chart 7, it generates focus towards revenue growth but applying measures such as placing appropriate pricing policy and improvements in commercial and other business activities. It also focuses on managing of cost effectively by attempting to accordingly adjust the airports cost structure and through spend analysis. Finally the thrust aims to improve asset utilization, basically to ensure efficient usage of the asset by deploying the right number of people at the right time.

![Chart 6: Strategic Thrust (1, 2)](chart6.png)
3.6.5.2 Commercial Growth

The second thrust is focused on commercial growth, where land development and to optimise retail at KLIA is emphasized. Land development is part of the thrust due to the land availability that KLIA and other MAHB airports and that to promote efficient use of the land. As for the retail this thrust will focus on advertising and improving the retails at the airports, as the retails line is one of the revenue generators for MAHB through its outlets.

**STRATEGIC THRUSTS AND KPIs**

**CUSTOMER PERSPECTIVE**

**STRATEGIC THRUST: KLIA AS REGIONAL HUB FOR NGAs**

- Align marketing for initiatives passengers
- Develop partnerships that deliver value
- Establish differentiated approach in airport infrastructure development

**BUSINESS PROCESS PERSPECTIVE**

**THEME: CONTINUOUS IMPROVEMENT PROGRAMME**

- Enhance process & structures
- Invest in technology
- Focus on “Passenger Experience”

Chart 7: Strategic Thrust (2)

3.6.5.3 KLIA as Regional Hub for NGAs

NGAs are basically new generation airlines which will also include the low cost carriers within and outside the country. MAHB has now to focus in increasing the importance of KLIA as the regional hub due to the emergence of Changi Airport of Singapore and Bangkok.
Under this thrust it has outlined few efforts such as to align marketing for initiative passengers through loyalty programme such as the “Frequent Connector loyalty programme”. Secondly to develop partnership that delivers value by managing the stakeholders effectively. Thirdly, MAHB focuses on establishing differentiated approach in airport infrastructure development in order to attract more airlines and passenger in effort of maintaining KLIA as the regional hub.
4. ANALYSIS OF MAHB TRANSFORMATION PROGRAM

The last chapter depicted the process flow that MAHB has charted for its phased transformation process. The phased transformation strategy was a team effort by the consultants appointed by MAHB along with the MAHB transformation team. In the analysis section below, unstructured interview is used as a tool in identifying the issues that the team is facing in addressing the transformation programme and I have detail them in this section.

4.1 BASIS OF PROBLEM IDENTIFICATION

This Chapter is derived after conducting several rounds of interview with the transformation team and upon analysing the transformation plan that is outline in the previous chapter. The findings suggest several issues and problems in the transformation programme of MAHB, but for the purpose of his paper I will only address the pressing issues related to the human and change aspects of the issues that is observed in undertaking the Continuous Improvement Process. Thus the reader is urged to note that the issues and problems that were indentified are only of the pressing issue which MAHB faces in implementing the transformation effort, although there are other minor issues which I will not address. The chart below is a snap shot of the issues that were indentified. The explanations to the issues will follow in this chapter.
Chart 8: Snapshot of Problem Statement

**Continuous Improvement Process**

- Monitoring and measurement of the Transformation efforts.
  - Lack of staff
  - Inefficient monitoring of implementation

- Commitment of staff on the Transformation effort
  - Program over and above daily duties and routines

**Limited Human Resource**
- Team limited staff to carry out the program
- Big Company - 5000 staff

**Culture issue**
- Silo mentality

**Lack of focus on P&L**
- Our of 8 CFT’s only 2 in focused on P&L
- Issues facing external competition
4.2 CONTINUOUS IMPROVEMENT PROCESS

A program of leading change and most importantly in this context of MAHB’s transformation, its main thrust lies on the continuous improvement process and it’s One Page Strategy. As stated in the previous section the Phase 2 of the transformation focuses on the Continuous Improvement Process (CIP) which is to be implemented in 3 sub phases.

To focus on continuous improvement requires a planned program to affect it. The 6 ingredients for change - management commitment, education, implementation, measurement and benchmarking, recognition, and regeneration - are a distillation of the management focus point, and the right mix by the senior manager’s team will create a continuous culture. (Bixler, 1993) The point that was highlighted here will bring us to the next problem which will be discussed next which is; measurement.

Coming back to the issue of the CIP plan, the issue that is observed here is the possible inability to ensure continuity in the transformation effort. Fundamental problem aligned to this issue is the commitment of the staff towards ensuring the success of the plan. One of the most difficult aspects of introducing and implementing a continuous improvement process is assuring its continuity (Kaizen, Japanese strategy for continuous improvement). To maintain continuity requires some major elements such as measurement and monitoring of the strategy, commitment of the staff, the motivation of the staff to focus on the plan to derive positive result, target and timeline and most importantly penalty for not meeting the targets
and timeline. This is basically the case of the carrot and stick. All that I have listed are the problem that enshrines the MAHB transformation plan. These are all the basic ingredients for the failure of much planned and strategized CIP plan in which I have separately discussed in the following paragraphs.

4.2.1 Limited Human Resource

MAHB has a head count of 5000 staff nationwide. With this number carrying out a companywide transformation effort would require much strong team. Realising the need to transform the organization is indeed an important move, more so that the management should be aware that such an impactful effort must be equipped with a strong team. The strongest and greatest of strategy will only remain in a piece of paper if the right people are not appointed to carry the effort out.

As observed there are only 4 dedicated staffs to the team and it is clearly insufficient to carry out such a mega internal project. Earlier when the effort was first launched, the team had only a person dedicated to the department. The person who started of the department is En. Rafidzi (Senior Manager).

4.2.2 Monitoring and measurement of the Transformation efforts.

A transformation plan is deemed a mega project that is carried out in an organisation. What is observed here is that there is no proper reporting medium for the transformation effort. As such it was found that a project charter is not in place for purposes of tracking and monitoring these efforts. Also as elaborated in the earlier paragraph the lack in human resources to be
dispatched to the project management efforts is a main factor for this issue. This posse a great problem in the tracking of the transformation plan.

4.2.3 Commitment of staff on the Transformation effort

When a company heads towards transformation, it means it’s headed towards change. Change is inevitable, but many companies don't handle it well. How employees are handled in any organizations during a change initiative determines how successful the change, i.e the transformation effort will be, according to management experts Connie Hritz, SVP of research and development for Omega Performance Corp, and Nancy Moore, senior consultant. While change might be inevitable, companies don't necessarily expect to succeed at it. These researchers found unsuccessful change initiatives which are marked by four traits.

1. being too linear
2. Being too top-down
3. Being too "big picture"
4. being too insular

Change must start with the individual; they have to commit to the change in order for the team to commit (Mirza, 2009). Examining the four traits identified by the researchers separately in the context of MAHB’s transformation plan will show the actual problem that lies within the commitment of the staff. Being too top down, is an issue in the context of this Company, as mentioned in my earlier paragraph, MAHB has staff strength of about 5000. The transformation plan and effort is more so centered within the senior management and the top management. These efforts are then immediately communication downwards to the bulk of the employees. Being just merely asked to implement a certain project or effort without the
awareness or without obtaining their buy in cannot ensure their commitment. Executives often relate their visions of what the end results should be, but don't give direction on how the managers should make change happen. (Mirza, 2009)

The third trait, which is being too big picture, also applies in examining the commitment issue towards the transformation effort. Most often the organization's leaders have a vision and then attempt to chart a strategy to achieve them, but have no idea of how that change will affect employees (Mizra, 2009). There is a clear lack of commitment from the majority of the staff at the company. This effort seems to be of importance to the higher management of the company and the transformation team and does seem to be translated to all layers of the company. The employee encounters a phenomenon where their everyday work load is over and above the transformation effort, leaving them with not much time or resources to be allocated to the transformation effort. This is linked to the first issue which is limited people to implement the transformation effort.

4.2.4 Cultural issue

Culture also tends to be explained in terms of how we act or the way we think. (Williams, et al, 1996). It is believed it also depends on how people feel and this has a profound influence on attempts to sustain change. It is about behaviors, attitudes, values, and beliefs and how these show themselves in the way people act (Leigh, 2007).

While certain cultures enhance performance, other cultures can be quite dysfunctional. Most companies have some dysfunctional dimensions that hurt performance and, in many cases, drive very capable people away. The role corporate culture plays can be boiled down to the
simple fact that all products, processes, patents and profits come from people. If the people are not committed, then nothing else can make up for a dysfunctional culture (Harper, 2009).

In a study conducted by Stephen.C.Harper, (Harper, 2009) more than 200 people were asked to describe factors of their organizations. The respondents were selected from diverse set of organizations and worked in various positions. The survey used a projective technique that prompted people to respond to certain questions. The outcome of the survey was that several factors contribute to dysfunctional cultures:

1. Uncertainty about the future
2. Reactive rather than proactive mindset,
3. Lack of differentiating rewards,
4. Failure to hold people accountable for performance.
5. Unwillingness to change,
6. Stifling bureaucracy,
7. Lack of leadership by example,
8. Siло mentality

In the context of MAHB, the focus is perhaps predominantly towards point no.8. As elaborated in the details of the company, Malaysia Airports Berhad was incorporated in 1991 when the Malaysian Parliament passed a bill to separate the Department of Civil Aviation (DCA) into two entities with different spheres of responsibilities. It was formerly a government department in which the culture is of complete difference from the corporate environment. Coming from an organisation that was formerly a government entity and then being made into a corporate entity brings along the baggage of the old culture which is more silo and laid back. Silo comes from the root of information silo, which is a management
system incapable of reciprocal operation with other, related management systems. (Information Silo-Wikipedia).

This brings us back to one of the issue that MAHB faces. Some of its staff and management staff are those who were with the company from the inception as a government entity right up to the separation into a corporate entity, thus the silo culture in them. These pioneers in the company have stemmed their foundations strong and created a sort of much relaxed culture. The transformation plan does not seem to give much emphasis although addressed but perhaps not robust enough to address this issue.

4.2.5 Lack of Focus on P&L (Profit & Loss)

The global economic downturn is having a dramatic impact on airline traffic, and most importantly the airports. The International Monetary Fund (IMF) has warned that, in 2009, global growth will fall to its lowest level since the Second World War. The organisation is forecasting that the global economy will expand by just 0.5% this year, down from 3.4% in 2008 and 5.2% in 2007. The IMF predicts that growth will rebound to 3% in 2010. (Special Report, Airline Technology.com; http://www.airport-technology.com/features/feature49850).

The slump in global growth is already having a marked impact on the aviation industry.

In December 2008, global international cargo traffic plummeted by 22.6% compared to December 2007, according to the International Air Transport Association (IATA), while international passenger traffic fell by 4.6%.
The above are the problems that MAHB will have to corner as it is faced with the global economic downturn which will not spare the financial statements of the company if it’s not managed well. Looking back at the Target Company (MAHB) the matter that raises a flag is that the transformation program has 8 CFT’s assigned to it, for the purpose of carrying out the transformation strategies.

The 8 CFT’s are;

1. Spend Management CFT
2. Revenue CFT
3. Procurement CFT
4. People and Change Management CFT
5. Operational Excellence CFT
6. Customer Service CFT
7. ICT CFT
8. Safety and Security CFT

Out of which only 2 CFT’s are aligned to the P&L of the company which is revenue generation and spend management which is basically implementing cost cut measures. Based on the interview, the team has expressed the need to have a bigger and a more teams aligned to the P&L to ensure sustainability and profitability.
5. RECOMMENDATIONS

Based on the problem statement and identification in Chapter 4, the analysis and recommendations are presented in the following paragraphs. The analysis and recommendation focused on the change management and the human resource aspect of the Transformation plan. Of which, literature review and the DICE framework is used as tools in the analysis and recommendation for the problems that are identified.

As a recap, the major issues that were identified are:

1. Limited Human Resource
2. Monitoring and measurement of the Transformation efforts.
3. Commitment of staff on the Transformation effort
4. Culture issue
5. Lack of focus on P&L

5.1 LIMITED HUMAN RESOURCE

Having a robust and an all encompassing transformation plan requires the right people to carry out the task and ensure successful implementation of the plan. As identified there is only 4 dedicated staff in the transformation management office. It is a ratio of 4:5000 which does seem to fit in well. For a long time, organization development pundits have maintained that improvement in business performance is directly tied to good human resources planning and closely linking this plan to strategic objectives.
**Recommendation**

The organization must see the HR role as linked to its business strategy and that HR helps foster the culture necessary to implement that strategy effectively (Macaleer and Shannon, 2003). In high performing organizations, the human resources department works in partnership with both line and staff managers. In these organizations, human resources professionals evolve into a strategic role and business partner, leaving the tactical responsibilities to others, whether they are within the HR department or outsourced (Macaleer and Shannon, 2003). In this context MAHB issue is clear. The team that it currently has in place is not sufficient to carry out all the efforts outlined for the transformation. The task is enormous and requires the right people. MAHB must have its Human Resource department clearly aligned with the objectives of the transformation programme. The Human Resource depart must ensure the right people are selected to be dedicated to the team. Hiring the right people and providing them with direction, (O’hara, 2009) is key in ensuring the success of a transformation plan. This hiring can be done through an internal selection or an external selection i.e recruiting new employee.

HR needs to be involved on a strategic level from the start of any organizational change in order to influence and promote the development of the necessary people policies to gain full value from the process. HR needs to take a bold approach in terms of encouraging a top-level focus on people policies and support, asking questions to ascertain the true requirements of the transformation, analyzing capability in the light of a changing business environment and being open and honest about any job losses or transfers (Neal, 2008).
The Management along with the Human resource department should focus on manpower planning as key to ensure that the transformation management office is able to function to carry out a robust transformation plan.

5.2 MONITORING OF TRANSFORMATION EFFORT

Measurement systems can do more than just monitor performance. They can become drivers of continuous improvement. For many companies, the measurement system is only a passive or inert monitor or gauge of performance, rather than the powerful driver of performance that it could be.

Even a perfectly designed set of measurements is only capable of monitoring or gauging performance unless it is given the power to become a driver of performance (Bixler, 1993). The source of this power is derived from a twofold approach: 1. developing a good set of measurements that have 5 key attributes, which is it should be objective, aligned, impact able, understandable, and quantifiable. Secondly, is applying 7 enhancements to the measurement system to generate the power to produce improvement, which are baselines, targets, timeliness, frequency, feedback, use of incentives, and deployment (Bixler, 1993).

Recommendation

In order to effectively manage the transformation effort, MAHB should work towards setting up a dedicated project management team for the transformation effort. To this end, Figure 1 describes the proposed structure to include the project management office.
Figure 1: Proposed Structure
As reflected by the proposed organisational structure, there will be a clear two-way reporting line between the project management office and the transformation management office. This was the TMO will act as the policy makers, i.e. the transformation plan policy makers and the project management office will function as the implementing unit for all the transformation effort. All projects should have written requirements, and each internal project should be viewed and managed just as if it is governed by a binding contract (Lombard, 2008). Having had that in mind, the transformation plan by MAHB should be cascaded down in written requirements and passed on to each team that are to implement the change initiative. Below are some proposed steps that MAHB can follow in ensuring successful project management.

These steps identified using the project management tools (Lombard, 2008).

1. **Define the Scope**

   The first, and most important, step in any project is defining the scope of the project. What is it that MAHB supposed to accomplish by managing this project?

   What is the project objective? Equally important is defining what is not included in the scope of your project.

2. **Determine Available Resources**

   MAHB will have to determine what people, equipment, and money will you have available to you to achieve the project objectives? As a project manager, you usually will not have direct control of these resources, but will have to manage them through matrix management.
3. **Check the Timeline**

When does the project have to be completed? As you develop your project plan you may have some flexibility in how you use time during the project, but deadlines usually are fixed. In the case of MAHB’s transformation plan, a tight timeline must be set to ensure continuity of the efforts to ultimately achieve a successful business transformation.

4. **Assemble the Project Team**

The right people should be identified and teamed together. A dialog should be started amongst them to increase awareness that this a major project and that it requires a team effort.

5. **Develop a Preliminary Plan**

The efforts should be assembled into a plan. What happens first? What is the next step? Which steps can go on at the same time with different resources? Who is going to do each step? How long will it take?

6. **Create Baseline Plan**

Get feedback on your preliminary plan from your team and from any other stakeholders. Adjust your timelines and work schedules to fit the project into the available time. Make any necessary adjustments to the preliminary plan to produce a baseline plan.
7. Monitor Team's Progress

Monitoring is essential in ensuring the efforts are carried out right.

8. Document everything

every effort and progress must be documented. Records must be kept for
reference purposes. Every time the baseline plan is changed, write down what the
change was and why it was necessary. Every time a new requirement is added to
the project write down where the requirement came from and how the timeline or
budget was adjusted because of it.

9. Keep Everyone Informed

Keep all the project stakeholders informed of progress all along. Let them know
of the success as each milestone is completed, but also inform them of problems
as soon as they come up. Also keep your team informed. If changes are being
considered, tell the team about them as far ahead as you can. Make sure everyone
on the team is aware of what everyone else is doing.

5.3 COMMITMENT OF STAFF ON THE TRANSFORMATION EFFORT

The MAHB transformation is undoubtedly equipped with good and workable strategies but
the question is whether it is something that the employee of MAHB is equipped to carry it
through. A transformation effort has to reflect from one end to the other end of the company.
As mentioned in my elaboration of the transformation process, the MAHB focuses on its One
Page Strategy. It is all encompassing but wide in spectrum requiring extensive use of internal
human resource to carry the efforts out. Here it’s linked it to the first issue which is insufficient human resource capacity to support the program.

Built-to-change organizations must be in close touch with market and other environmental demands to define and redefine continually a series of short-term competitive advantages. To achieve that, all employees’ not just senior managers must observe and report on market trends and identify competitive opportunities (Worley and Lawler III, 2006). They need to think constantly about potential alternative futures, creating a variety of short- and long-term scenarios (Worley and Lawler III, 2006). If organization transformations are to succeed, change can’t be thought of as a single, standardized process (Mckinsey, 2008). Successful companies are far likelier to communicate the need for a change in a positive way, encouraging employees to build on success rather than focusing exclusively on fixing the problem (Mckinsey, 2008).

**Recommendation**

As explained in the problem statement, the problem is the transformation effort is over and above their daily routine and job scope, leaving them with no motivation to undertake the transformation effort. They key this problem statement is motivation. Below are ways that are identified to address the problem;

1. Using the Organizational Development method.
2. Linking employee commitment to motivation, performance management and reward
Using Organizational Design

One of the ways to identify the need for an organisational change and to implement the change itself is by using the organisational development approach. In this approach the employees themselves formulate the change that is required and implement it, but this is most often done with a help of a facilitator or a trained consultant (Dessler, pg. 294).

Characteristics to this approach are;

1. It involves action research- which means the Transformation management office of MAHB is to collect data about a group or department and then feeding the information back to the employee so that they can analyse it and develop the hypothesis about what the problems in their unit might be.

2. This approach applies behavioural science knowledge to improve the organisations effectiveness.

3. This approach aims at changing the attitude, values and beliefs of the employee so that the employees themselves are able to identify the problem that is affecting their growth. Ultimately the employee has to see the linkages between the overall organisation change and its benefit to them in the long run.

Linking employee commitment to motivation, performance management and reward

An employee's relationship to the organization shapes his or her interpretation of its actions (Rousseau, 1995). During planned change, the quality of employment relationships plays an important role in promoting employee acceptance and involvement (Pfeffer, 1994).
Commitment is defined as the belief that a relationship warrants efforts to maintain it. Motivation is an energizing force with implications for behavior. It is believed that job motivation also influences attitudes. Specifically, it has implications for employee commitment to organizational change (Parish, et al., 2008).

Here the Vroom’s Expectancy theory is to best explain the problem and follow on to suggestion of solution. The most comprehensive explanation of employee motivation to date is Victor Vroom’s expectancy theory (Robbins, pg.495) and is supported by most researchers. The theory states that an individual tends to act in a certain way based on the expectation that the act will be followed by a given outcome and the attractiveness of that outcome to the individual. The key to this theory is understanding the individual goal and linkage between effort and performance, performance and rewards and finally between rewards and individual goal satisfaction. It emphasizes on payoffs and rewards.

These tools that this study proposes suggest that MAHB should establish a clear linkage between the performances of the employee to the reward in order to ensure full commitment of the employee to carry out the task of the transformation.

Goals direct behavior

Figure 2: Goals and behaviour linkage
As a working example; a case study conducted on British Telecommunication (BT) PLC. It critically discusses the composition and motivation of teams in British Telecom by analysing the results of a research based on company documents and interviews with experienced employees in order to provide a deep insight into the company and to find out if the theories explained in the academic literature are used and how are they implemented in the real business world. The findings ratify the importance of accuracy in the team selection process for reaching high performance. To motivate teams and to encourage performance, BT has built an extensive financial based reward system. They have recently introduced payment structure, representing the main part of the reward system and the main point of discussion, intends to provide fairness and to encourage employees’ effort by linking salary and bonuses to the external market and the achievement of pre-determined objectives. This is the core of recommendation that is put forth addressing the issue that faces MAHB.

The transformation efforts must be cascaded down into detailed objective and in turn assigned in the form of Key Performance Indicators (KPI). Each employee or teams that are assigned to a task is then assigned several KPI’s and they must be monitored periodically. The achievement of the KPI is to be linked with financial reward in turn which will boost the motivation of the team or the employee to work towards the goal.

### 5.4 CULTURAL ISSUE

As stated in the problem statement, the issue facing MAHB is predominantly the silo culture. As elaborated, MAHB was formerly a government department in which the culture is of complete difference from the corporate environment. Coming from an organisation that was formerly a government entity and then being made into a corporate entity brings along the
baggage of the old culture which is more silo and laid back. In the corporate environment, firms are required to be fast paced and always on their toes to meet the ever challenging business world.

Culture change efforts are generally more successful when there is a clear link between culture and business strategy (Barton and Walter, 1994). In practical terms, the company has to look for something so irresistible that almost everyone in the company recognizes that change has become unavoidable. Managing change is tough, but part of the problem is that there is little agreement on what factors most influence transformation initiatives.

**Recommendation**

Organizational development techniques are used to provide a solution to the problem at hand which is the culture issue. Although much of it has to do with resisting the change indirectly and directly at the organisation, these OD tools would provide a guide to overcome these resistances by firstly understanding the culture issue. One of the goals of change management is with regards to the human aspects of overcoming resistance to change in order for organizational members to buy into change and achieve the organization’s goal of an orderly and effective transformation (Basil and Cook, 1974).

**Organizational Development Technique**

The term organizational development (OD) though occasionally referring to all types of change, essentially focuses on techniques or programs to change people and the nature and quality of interpersonal relationships (Robbins, Pg.393).
The most popular OD technique is charted below. The common thread in this technique is bringing change in the organization’s people, which in this case is the target company, MAHB.

**Organizational Development Technique**

![Chart 9: OD Technique](image)

The Chart 9 depicts methods of having a more effective interpersonal work relationship. Mainly there are 5 methods which are;

1. **Sensitivity Method**
   
   This is a method of changing the behaviour of the people in the organisation through unstructured group interaction. This method suggests that MAHB should provide a conducive or an enabling environment to allow unstructured group interaction between the senior management, the middle management and the lower level staff to
promote interaction. The interaction will promote comfort between all levels which will provide a better ground for awareness creation and the need for a transformation.

2. Survey Feedback

This technique is for assessing attitudes and perceptions, identifying discrepancies in these, and resolving the differences by using survey information in feedback groups. Using this technique, it is proposed that MAHB creates a feedback form incorporating elements to assess the perception of the employee at the organization, then go on to evaluate the outcome to identify the stage that they are in and their mind set towards the change process that is being initiated by the company.

3. Team Building

This is where activities are created to help team members learn how each member thinks and works. These sorts of activities should be conducted on a frequent basis to improve the awareness of the employee and allow interaction between the management of MAHB and the rest of the employee in efforts to remove the resistance to change.

4. Intergroup Development

This method is aimed at changing the attitudes, stereotypes and perceptions that work groups have about each other.

5. Process Consultation

This is where an outside consultant helps the manager understand how interpersonal processes are affecting the way work is being done. As for this method, as noted in
the chart in yellow, has already been attempted with the aid of external consultants that have been appointed by MAHB.

5.5 FOCUS ON P&L

This has been identified as a problem, as stated there are only 2 CFT’s assigned to this effort of 8 teams. Namely, spend and revenue CFT. Through the information obtained through the interview it is observed the underlying reason to this problem is the lack of staff dedicated and assigned to these efforts.

One of the major elements outlined in the One Page Strategy is to drive revenue and embark on the spend management aspect of the company, where revenue is strengthened and improvements to process and system and improve the cost control mechanism. Having that in mind and observing the statistics above and in view of continuous improvement with the top line and bottom line, much of the focus of the company at this point should be diverted to strategies and ways to boost revenue and increase profit margins. Focus on revenue generation and cost cut measure should be at top priority taking into account the current economic crisis.

Recommendation

The basis of this recommendation of this problem is based on a success story of a business transformation not too long ago. The case in reference is the business transformation of Malaysia Airlines. The Company successfully turned itself around from losses of approximately RM1.7 billion (full year) to RM620 million in 2006, achieved a profit of
RM50 million in 2007 and a record profit of RM500 million in 2008 under the leadership of a new CEO Dato Sri Idris Jala. The Company launched its Business Transformation plan in 2006 with 5 thrust which are:

- Flying to Win Customers
- Mastering Operational Excellence
- Financing and Aligning the Business on P&L
- Unleashing Talents and Capabilities
- Winning Coalitions

Here the reader’s attention is brought to the third bullet which Financing and aligning the business on P&L. MAS with a staff strength of approximately 19,000 employees was a company that was headed to its demise in 2006. It managed to turnaround by focusing on the 5 thrust that are stated above. And as I have mentioned out of which emphasis was given towards aligning to the P&L.

Hence in MAHB’s case, the CFT’s should assign more teams towards achieving this goal to continuously improve the revenue and profitability of the company not only to ensure growth as well as long term sustainability. This problem should be addressed immediately as a crisis prevention tool. In discussing the need to have an expanded and more teams assigned to the financial strategy, I will relate the recommendation to this problem to the recommendation to the first identified problem which is insufficient employee to manage.

The first step in effective team working is to create a team that is able to function for the given task. Most academics highlight the fact that the team has to consist of the right
combination of people in order to be effective. Teams are more creative with a diverse mix of members meaning the member of social backgrounds and educational levels who can complement each other (Hackman, 2002). The right combination of skills namely technical and functional must be emphasised (Katzenbach and Smith, 1993).

In this case firstly more employees within the organization should be roped into the transformation effort. Once the sufficient teams are formed, below is a strategy recommended for the purpose of strategy formulation with the end goal of achieving improved top and bottom line.

5.6 DICE FRAMEWORK

5.6.1 Rationale for implementing the Dice Framework

Companies must pay as much attention to the hard side of change management as they do to the soft aspects. By rigorously focusing on four critical elements, they can stack the odds in favour of success. In the case of MAHB bulk of their problem that is identified revolves around issues in implementing the project due to inefficient human resource and ensuring commitment from the employee. This is covered in the DICE framework, as the 4 elements are present and needs to be addressed in resolving the problem.

The DICE framework allows companies to tap into the insight and experience of their employees. A great deal has been said about middle managers who want to block change. We find that most middle managers are prepared to support change efforts even if doing so involves additional work and uncertainty and puts their jobs at risk. However, they resist
change because they don’t have sufficient input in shaping those initiatives. Too often, they lack the tools, the language, and the forums in which to express legitimate concerns about the design and implementation of change projects. That’s where a standard, quantitative, and simple framework comes in. By enabling frank conversations at all levels within organizations, the DICE framework helps people do the right thing by change. The main usages of the DICE framework are to track projects, manage portfolios of projects and force conversation.

Moving on, the reader will be introduced to the creation and method of implementing the DICE framework.

5.6.2 Understanding the DICE Framework

The DICE framework consists of essential hard elements which are coined as; Duration, Integrity, Commitment, and Effort. By addressing each element, a major change initiative can be initiated as the potential problem areas can be identified and as such the necessary adjustments can be immediately made. DICE helps any organisation lay the foundation for successful change. Basically the DICE framework works by a set of scores, in which the each factor is graded on a scale of 1 to 4, the lower the better. Thus a score of 1 show that the factor is likely to contribute to the success of the programme and score 4 means that the factor is unlikely to contribute to the success of the programme. In the later part of this section, the reader will have a clearer view of how the DICE score is calculated.
5.6.3 The 4 Factors

1. Duration

Companies make the mistake of worrying mostly about the time taken to implement change programs. They assume that the longer an initiative carries on, the more likely it is to fail—the early impetus will peter out, windows of opportunity will close, objectives will be forgotten, key supporters will leave or lose their and problems will accumulate. However, contrary to popular perception, the studies conducted by Harvard Business School shows that a long project that is reviewed frequently is more likely to succeed than a short project that isn’t reviewed frequently. Thus, the time between reviews is more critical for success than a project’s life span. Scheduling milestones and assessing their impact are the best way by which executives can review the execution of projects, identify gaps, and spot new risks. The
most effective milestones are those that describe major actions or achievements rather than day-to-day activities. It should be a formal occasion during which senior-management sponsors and the project team evaluate the latter’s performance on all the dimensions that have a bearing on success and failure. The team must provide a concise report of its progress, and members and sponsors must check if the team is on track to complete, or has finished all the tasks to deliver, the milestone. They should also determine whether achieving the milestone has had the desired effect on the company; discuss the problems the team faced in reaching the milestone; and determine how that accomplishment will affect the next phase of the project. Sponsors and team members must have the power to address weaknesses.

2. Integrity
This performance integrity and what is meant here is the extent to which companies can rely on teams of managers, supervisors, and staff to execute change projects successfully. Since the success of change programs depends on the quality of teams, companies must free up the best staff while making sure that day-to-day operations don’t falter. In companies that have succeeded in implementing change programs, studies by Harvard Business School find that employees go the extra mile to ensure their day-to-day work gets done. Since project teams handle a wide range of activities, resources, pressures, external stimuli, and unforeseen obstacles, they must be cohesive and well led. Senior executives must clarify members’ roles, commitments, and accountability. They must choose the team leader and, most important, work out the team’s composition.

3. Commitment
Companies must boost the commitment of two different groups of people if they want change projects to take root: They must get visible backing from the most influential
executives (C1), who are not necessarily those with the top titles. And they must take into account the enthusiasm—or often, lack thereof—of the people who must deal with the new systems, processes, or ways of working. Here the reference is made to the lower level and the middle management employees (C2). Top-level commitment is vital to engendering commitment from those at the coal face. If employees don’t see that the company’s leadership is backing a project, they’re unlikely to change.

4. **Effort**

When companies launch transformation efforts, they frequently don’t realize, or know how to deal with the fact, that employees are already busy with their day-to-day responsibilities. According to staffing tables, people in many businesses work 80-plus hour weeks. If, on top of existing responsibilities, line managers and staff have to deal with changes to their work or to the systems they use, they will resist as evident in the case of MAHB.

Project teams must calculate how much work employees will have to do beyond their existing responsibilities to change over to new processes. Ideally, no one’s workload should increase more than 10%. Go beyond that, and the initiative will probably run into trouble. Resources will become overstretched and compromise either the change program or normal operations. Employee morale will fall, and conflict may arise between teams and line staff. To minimize the dangers, this Framework recommends that project managers should use a simple metric like the percentage increase in effort the employees who must cope with the new ways feel they must contribute. They should also check if the additional effort they have demanded comes on top of heavy workloads and if employees are likely to resist the project because it will demand more of their scarce time.
Here the Companies must decide whether to take away some of the regular work of employees who will play key roles in the transformation project. And the key here is to link it with financial reward as recommended in the second problem to boost the motivation of the employee. Companies can start by ridding these employees of discretionary or nonessential responsibilities.

### 5.6.4 Applying DICE Framework and Calculating DICE Scores

MAHB can determine if their change programs will succeed by asking executives to calculate scores for each of the four factors of the DICE framework—duration, integrity, commitment, and effort. It’s a scoring system based on the variables that affect each factor. Executives can assign scores to the DICE factors and combine them to arrive at a project score.

They must grade each factor on a scale from 1 to 4 (using fractions, if necessary); the lower the score, the better. Thus, a score of 1 suggests that the factor is highly likely to contribute to the program’s success, and a score of 4 means that it is highly unlikely to contribute to success. The following are potential questions and scoring guidelines allow executives to rate transformation initiatives effectively:

**Duration [D]**

**Ask:** Do formal project reviews occur regularly? If the project will take more than two months to complete, what is the average time between reviews?

**Score:** If the time between project reviews is less than two months, 1 point should be given to the project. If the time is between two and four months, 2 points should be awarded to the
project; between four and eight months, 3 points; and if reviews are more than eight months apart, 4 points to be given.

**Integrity of Performance [I]**

**Ask:** Is the team leader capable? How strong are team members’ skills and motivations? Do they have sufficient time to spend on the change initiative?

**Score:** If the project team is led by a highly capable leader who is respected by peers, if the members have the skills and motivation to complete the project in the stipulated time frame, and if the company has assigned at least 50% of the team members’ time to the project, 1 point should be given. If the team is lacking on all those dimensions, 4 points should be given to the project. If the team’s capabilities are somewhere in between, assign the project 2 or 3 points.

**Commitment [C]**

**Senior Management Commitment [C1]**

**Ask:** Do senior executives regularly communicate the reason for the change and the importance of its success? Is the message convincing? Is the message consistent, both across the top management team and over time? Has top management devoted enough resources to the change program?

**Score:** If senior management has, through actions and words, clearly communicated the need for change, 1 point should be given. If senior executives appear to be neutral, it gets 2 or 3 points. If managers perceive senior executives to be reluctant to support the change, award the project 4 points.

**Local-Level Commitment [C2]**
**Ask:** Do the employees most affected by the change understand the reason for it and believe it’s worthwhile? Are they enthusiastic and supportive or worried and obstructive?

**Score:** If employees are eager to take on the change initiative, 1 point, and if they are just willing, 2 points. If they’re reluctant or strongly reluctant, project should be awarded 3 or 4 points.

**Effort [E]**

**Ask:** What is the percentage of increased effort that employees must make to implement the change effort? Does the incremental effort come on top of a heavy workload? Have people strongly resisted the increased demands on them?

**Score:** If the project requires less than 10% extra work by employees, you can give it 1 point. If it’s 10% to 20% extra, it should get 2 points. If it’s 20% to 40%, it must be 3 points. And if it’s more than 40% additional work, you should give the project 4 points. Executives can combine the four elements into a project score. When a regression analysis of the database of change efforts, it’s found that the combination that correlates most closely with actual outcomes doubles the weight given to team performance (I) and senior management commitment (C1). That translates into the following formula:

\[
\text{DICE Score} = D + (2 \times I) + (2 \times C_1) + C_2 + E
\]

In the 1-to-4 scoring system, the formula generates overall scores that range from 7 to 28. Companies can compare a project’s score with those of past projects and their outcomes to assess if the project is slated for success or failure.

- **Scores between 7 and 14:** The project is very likely to succeed. We call this the *Win Zone.*
- **Scores higher than 14 but lower than 17:** Risks to the project’s success are rising, particularly as the score approaches 17. This is the *Worry Zone*.

- **Scores over 17:** The project is extremely risky. If a project scores over 17 and under 19 points, the risks to success are very high. Beyond 19, the project is unlikely to succeed. It is called the *Woe Zone*.

![Diagram](image-url)

**Figure 3: Sample layout of charting the Dice Score**

In summary, MAHB can implement this scoring system looking at the four elements on groups regardless whether it’s small or big. It can also be implemented on individuals working on an effort. In a nutshell this framework gives the company an alert if the undertaken effort is going as planned and the stage it in.
5.7 SUMMARY

As explained in the introduction of this Chapter, the main problems that were identified and that I have chosen to discuss in this paper are mainly issues of human resource management, project management, and change management. In previous paragraphs, for each of the identified problems solutions were formulated based on organizational development methods and tools relevant to address the issue as well as strategies used by companies that have successfully carried out the transformation programme and managed to address the human side of the problem effectively. As seen bulk of the problem facing MAHB’s transformation program is the human aspects of it, basically getting the right people to get the show running and to ensure the implementation. It is also an issue of effective project management.

Aside from the separate recommendation provided for each identified problem, this study proposes a framework to address the 5 mains problems through the DICE Framework which are as a recap;

1. Limited Human Resource
2. Monitoring and measurement of the Transformation efforts.
3. Commitment of staff on the Transformation effort
4. Culture issue
5. Lack of focus on P&L
6. CONCLUSION

Based on the interviews, observation and internalization of various literature reviews and working materials, the following is a summary of the problems that were identified in the Malaysia Airports Holdings Berhad Transformation program and the proposed practical solutions.

<table>
<thead>
<tr>
<th>No</th>
<th>Problems and Issues</th>
<th>Recommendation &amp; Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Limited Human Resource</td>
<td>Linking HR role to the business strategy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hiring the right people for the team internally or externally</td>
</tr>
<tr>
<td>2</td>
<td>Monitoring and Measurement of Transformation Effort</td>
<td>Proposed a Project Management unit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Identification of project management tools</td>
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<tr>
<td></td>
<td></td>
<td>DICE framework</td>
</tr>
<tr>
<td>3</td>
<td>Commitment of Staff</td>
<td>Using the Organizational Development Method</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Linking employee motivation, performance management and reward</td>
</tr>
<tr>
<td>4</td>
<td>Culture Issue</td>
<td>Organizational Development technique used to counter resistance of change and to promote</td>
</tr>
<tr>
<td></td>
<td></td>
<td>communication and interpersonal relationship between all levels</td>
</tr>
<tr>
<td>5</td>
<td>Lack of Focus on P&amp;L</td>
<td>Method adopted from a previous transformation success story- financing and aligning the</td>
</tr>
<tr>
<td></td>
<td></td>
<td>business on P&amp;L (Malaysia Airlines- 5 Thrust under the Business Turnaround Plan)</td>
</tr>
</tbody>
</table>

Table 2: Summary of problem statement and recommendation
In efforts of linking this entire problem and looking at it under one cap, another framework introduced as a solution to the problem which is the DICE framework. This is a framework that was developed by a group of consultants from Boston Consulting Group and published in the Harvard Business Review. Basis of the proposal of implementation of this framework is to track projects, manage portfolios of projects and force conversation.

**Summary of DICE Framework**

- Four main themes is identified which is Duration, Integrity (Performance), Commitment and Effort
- The teams and its member are guided by a set of scores to measure their performance using set of questions as tool.
- Works by a set of scores, in which the each factor is graded on a scale of 1 to 4, the lower the better.
- Score of 1 show that the factor is likely to contribute to the success of the programme and score 4 means that the factor is unlikely to contribute to the success of the programme
- **Scores between 7 and 14:** The project is very likely to succeed. We call this the *Win Zone*.
- **Scores higher than 14 but lower than 17:** Risks to the project’s success are rising, particularly as the score approaches 17. This is the *Worry Zone*.
- **Scores over 17:** The project is extremely risky. If a project scores over 17 and under 19 points, the risks to success are very high. Beyond 19, the project is unlikely to succeed. That’s why we call this the *Woe Zone*. 
Malaysia Airports Holdings Berhad has taken up a big step in embarking in the transformation process. The challenge moving forward is to ensure that the transformation program is an overall success and it is able to achieve its mission and vision of becoming a world class airport. It is indeed a big task and an extraordinary effort from all layers of the company is necessary to ensure its success.

Looking back at the objective of undertaking this research which is to critically examine the transformation program of the Company and identify problems and moving on to recommend solution. Having had that in mind, this research has looked at all angles of the transformation and after thorough analysis and interpreting the information obtained through the research methodology is it found that the company has some issues and problem that they have to encounter in undertaking this program.

Some of which I have highlighted in this research. As observed the ambit of the problems that were identified revolves in the area of change aspect, human resource management and human aspect of the project management. The strategy laid out by the Company for the transformation program is undoubtedly robust and covers most of the angle needed in the company. As such only certain areas of concern were identified. These areas are pertinent areas to be addressed to ensure continuity of the effort and the success of the program.

The transformation of Malaysia Airports Holding Berhad (MAHB) is an effort towards crisis management and to boost overall performance and profitability of the company. Placed as the top-20 GLC has put MAHB in the limelight and added the pressure to perform and deliver outstanding results. Competition has heightened for MAHB with the emergence to carrier and potential airports in the country such as Air Asia being a company rapidly expanding its
wings recording exponential growth. Aside from competition within the country, the ASEAN region is seeing other potential cities as the regional hub such as Bangkok and Singapore. It is only timely that the transformation challenge was pursued by MAHB lead by its current CEO, Dato Seri Bashir Ahmad.

In implementing such enormous change efforts MAHB may face certain limitation and hiccups along the way due to its positioning as a GLC. Political and social obligations may present the most overwhelming and significant constraints to the ability to transform the business. As a largely state controlled company in a regulated industry, MAHB may not always have the freedom to act according to pure market principles. It is not able to act autonomously on its discretion as many big private entities are able to. MAHB is constrained from freely designing its business strategy and planning its international expansion. Although there are no explicit constraints, but MAHB might not have the full flexibility to decide on matters such as international expansion plans, strategic partnership or collaboration, top management remuneration.

These are some limitations that MAHB is currently facing and may continue to face. As such it is only prudent to note that the transformation process charted is excellent and definitely more applicable on theory, but the reality that must be accepted with an open mind is that the actual implementation is not always able to go as planned.
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