

Listen

## Module 1 - Case

### INTRODUCTION TO DECISION MAKING

#### Assignment Overview

Like many airlines around the world, leading Australian airline Qantas is facing very difficult times in spite of having a 65% market share in its home market of Australia. Due to rising fuel costs and a slow world economy, Qantas has recently been losing money and their CEO Alan Joyce has some tough choices to make.

One difficult decision for Joyce is whether or not to sell Qantas' frequent flyer program. It may seem odd for an airline to sell its frequent flyer program, but Qantas' program is much more than just an airline reward program. Members of this program can gain points not only by flying on Qantas but also through other means such as shopping at one of Qantas' corporate partners or using one of their credit cards. Points can be redeemed not only with free flights, but also with products from numerous retailers. Over 10 million Australians belong to this rewards program, almost half of the population.

The frequent flyer program is Qantas' most valuable asset and a sale of this program would help Qantas get out of its current financial troubles. However, selling the program would also mean allowing another company to have access to Qantas most loyal customers including their business class and first class customers. In the long-run, there is potential the sale could backfire and would not be wise.

Do some research on CEO Joyce's current choice of whether or not to sell their frequent flyer program, and also thoroughly review the background materials on intuitive versus rational decision-making including Moshal (2009) and Kourdi (2011). Your assignment will be to apply the background materials concepts to Joyce's current big decision.

Some specific articles on Qantas to get you started:

Ross, K. (2014, Aug 27). Qantas CEO faces tough choices. *Wall Street Journal* [Proquest]

Ironside, R. (2014, Aug 15). Qantas warned to ground plans to sell frequent flyer program. *The Gold Coast Bulletin* [Proquest]

Gilder, P. (2014, Mar 29). Loyalty future cloudy. *The Gold Coast Bulletin* [Proquest]

Australia: Qantas frequent flyer hits 10 million member mark. (2014). *MENA Report* [Proquest]

## Case Assignment

Once you have finished reading about Qantas and reviewing the background materials including Moshal (2009) and Kourdi (2003), write a 4- to 5-page paper addressing the following questions:

1. Is the decision whether or not to sell Qantas' frequent flyer program a strategic or operational decision? Is it a programmed or non-programmed decision? Explain your answer using references to Moshal (2009) or Kourdi (2003).
2. Suppose Alan Joyce decides to take a rational approach to the decision whether or not to sell the frequent flyer program. List a step-by-step approach you would recommend, and include specifics regarding what kind of information or choices should be considered at each step. Do not just list the steps, give detail at each step and use material both from your research on Qantas and from Moshal (2009) or Kourdi (2003) to come up with these steps.
3. Joyce has been the CEO of Qantas for six years and is an experienced airline executive. Given his experience, do you recommend Joyce use a rational or intuitive approach to this decision? If there is a new CEO who comes from another industry and does not have this airline experience, would you recommend they use a rational or intuitive approach? Explain your reasoning, and make references to Moshal (2009) or Kourdi (2003) as appropriate.

## Assignment Expectations

- Follow the assignment instructions closely and follow all steps listed in the instructions
- Stay focused on the precise assignment questions, don't go off on tangents or devote a lot of space to summarizing general background materials

- Make sure to cite readings from the background materials page. Rely primarily on the required background readings as your sources of information

Include both a bibliography and in-text citations. See the [Student Guide to Writing a High-Quality Academic Paper](#), including pages 13 and 14 on in-text citations.

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