THROUGH
THE
LOOKING
GLASS

SkyChess®

WHAT IS SKYCHESS?

- SKYCHESS is an airline business simulation game powered by up-to-date software.

- SKYCHESS includes a mix of operational as well as strategic decision making in a competitive airline environment.

- It is team-oriented, addictive, fun to play, but with serious learning objectives.

- It is suitable for anyone from non-specialist to C-level executive.

- SKYCHESS is a registered trade mark owned by Through The Looking Glass Ltd, a UK-based training and consultancy company.

What Is SkyChess?

- Participants play in teams of around 7 persons, each representing an airline.

- The game consists of up to 8 sets of decisions, each representing a quarterly period.

- Key decision areas are:
  - Marketing strategy
  - Fleet and capacity development
  - Scheduling
  - Pricing
  - Route selection

A Typical SkyChess Schedule

- SkyChess can be played either as a stand-alone exercise, or integrated into a broader learning programme.

- There are three levels of the game:
  - Club Level (a one-day taster)
  - International Master Level (two days)
  - Grandmaster Level (three days)

- Customisation to an organisation's particular needs is possible.

The Debrief

- After the simulation, the Gamemaster will review team performance, summarise the market evolution and present a series of charts that reveal the achievements – or otherwise – of the airlines.

- Team goals will be critically analysed against actual performance.

- The best performing airline will be announced.

- There is a prize for members of the winning team.

How The Teams Work

Goals

- Market share 80% by Q4/16
- Margin: 7%

- Each team, or airline, must organise themselves so that decisions can be efficient and timely. They must elect a CEO.

- Teams must set goals.

- Decisions are submitted to the Gamemaster. These cover marketing, pricing, a capacity plan and scheduling.

- Teams must be creative. This means they should manage their cash, seek out ways to reduce cost, negotiate with suppliers and anticipate actions of their competitors.

Report Distribution

- At the end of each Quarter, the following information is provided to each airline for that Quarter:
  - Traffic results by route
  - Market share
  - Load factor by flight number
  - Aircraft order status for all airlines
  - Competitor pricing and scheduling
  - Profit and Loss statement
  - Cash flow statement
- Data are transmitted to each team wirelessly and are accessible on any portable electronic device or computer.

Examples Of Negotiation

White Knight Leasing

- If an airline needs capacity quickly they can ask a leasing company for short-term capacity. Negotiation of terms is a challenging task, as the supply of leased aircraft is deliberately limited.

- The cost of fuel varies constantly during the game, but airlines may embark on a fuel hedging strategy as a way of controlling cost. They need to negotiate favourable terms and control risk.

Will There Be A Crisis?

- The Gamemaster may decide to introduce a crisis to test the teams' abilities to adjust their strategies.

- A crisis may involve the collapse of demand, a rise in the price of oil, or perhaps a problem with a particular route or type of aircraft.

- Teams may have difficult decisions to make, such as whether to return leased aircraft, ground capacity, or cut prices.

- Either way, if an airline does not understand their break-even point, they may be in trouble.

Cost Reduction

- Airlines should constantly review their costs and seek ways of implementing cost reduction.

- Teams must make their case to the Gamemaster, who must be convinced in order to allow the plan to go ahead.

- Typical strategies could involve refinancing, maintenance outsourcing, salary control, improved crew duty hours, or new ground handling contracts.
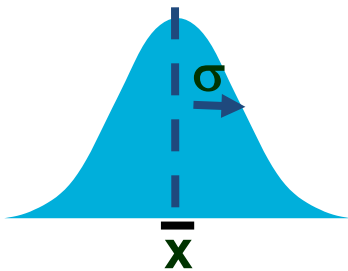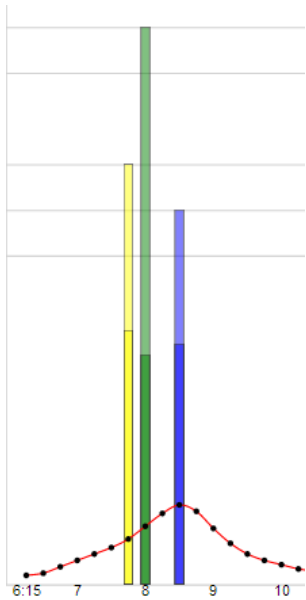
Revenue Stimulation

- Airlines can invest in a variety of marketing tools, each contributing to the stimulation of demand.

- Some tools may generate ancillary revenues.

- The teams must ensure that they only invest in marketing activities that can be supported by cash flow.

- Each investment decision should be consistent with the declared business strategy. If not, the airlines may incur penalties.

- SKYCHESS is powered by a dedicated software called the SKYCHESS Solver. The Solver includes functionality consistent with common airline planning practice such as:

  Time of day curves
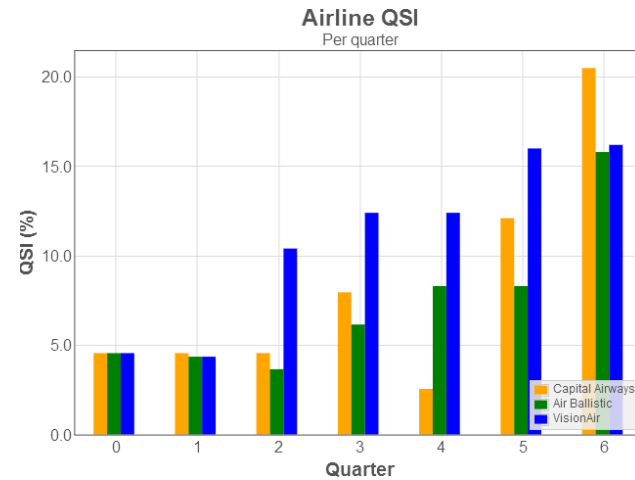 Variable demand elasticity curves
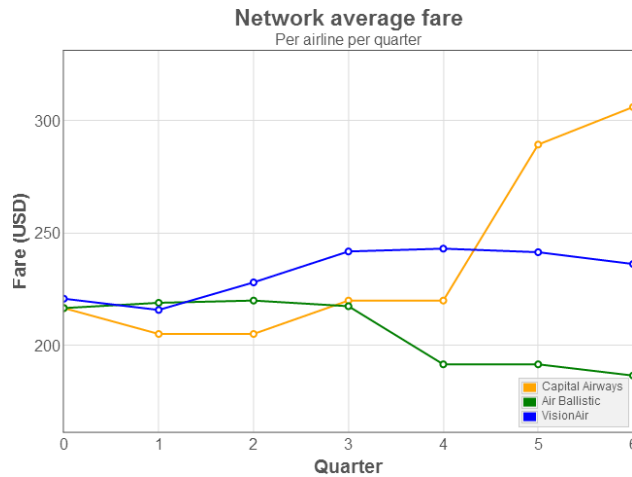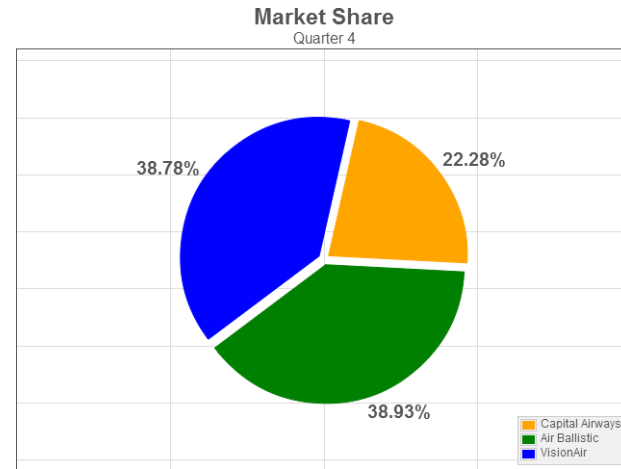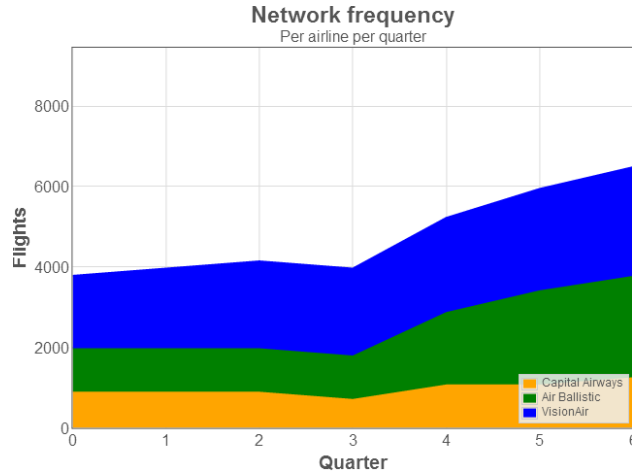 Spill modelling
  A demand transfer model
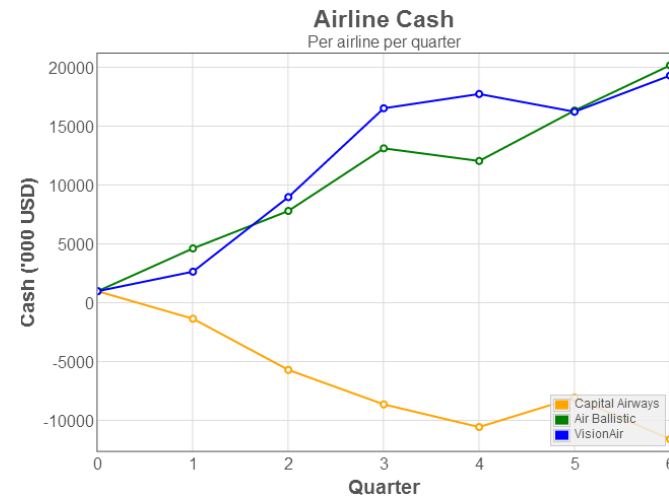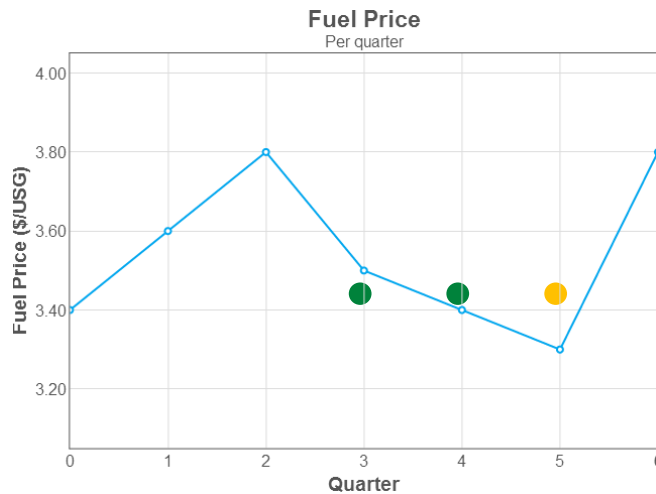 Quality of Service Index
  A fuel hedging model
  A schedule emulator

SAMPLE OUTPUTS

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Sample Outputs

Fuel Price
Per quarter

Airline Cash
Per airline per quarter

Cumulated For Game	Q1	Q2	Q3	Q4	Q5	Q6
Capital Airways						
Revenue	14602100	26966000	38436806	52882076	67469454	84202004
Expenses	19550400	38871400	55881300	72312600	85131700	100589500
Profit & losses before taxes	-4948330	-11905420	-17444530	-19430550	-17662270	-16387530
% of revenue	-25.31	-30.63	-31.22	-26.87	-20.75	-16.29
Air Ballistic						
Revenue	21579344	42693173	66301887	89944733	116989179	144198689
Expenses	20403700	40792300	61541600	81010800	104663600	129506400
Profit & losses before taxes	1175600	1900759	4760119	8933719	12325349	14692109
% of revenue	5.76	4.66	7.73	11.03	11.78	11.34
VisionAir						
Revenue	20056569	45608362	71880890	95725948	119384698	144848108
Expenses	20794100	42410600	63537200	85236000	108576600	132544000
Profit & losses before taxes	-737551	3197729	8343729	10489999	10808152	12304082
% of revenue	-3.55	7.54	13.13	12.31	9.95	9.28

A Load Factor Report Example

Market	Flight	Fare	Departure	Aircraft	Pax	Seats	Load Factor
Calypso	AB-369911	180.32	07:00	G180	104	180	58
Calypso	AB-369912	180.32	11:00	G180	32	180	18
Calypso	AB-369913	180.32	18:00	G180	107	180	59
Vanda	AB-369921	253.00	08:00	G180	89	180	49
Vanda	AB-369922	253.00	13:00	G180	47	180	26
Vanda	AB-369923	253.00	18:00	G180	108	180	60
Summary					486	1080	45

Aircraft Type	Average Daily Block Hours per aircraft
G80TP	0.00
G90	0.00
G110	0.00
G140	0.00
G180	6.96
G200	0.00