

Practice papers

Cost and revenue planning and control at Stuttgart Airport

Received: 16th July, 2007

REINER KOCH

is head of controlling and systems at Stuttgart Airport. Achieving a postgraduate degree in politics and economics at the University of Hohenheim in 1999 he started in the service centre of management accounting at Stuttgart Airport in the same year. Based on a highly-integrated approach he has migrated the profit centre accounting and the management information system from a legacy system to SAP standard software. Within this scope he implemented integrated product and customer accounting in cooperation with Wolfram Weber. With executive cooperation he has elaborated a set of rules to establish a value-based, decentralised and closed system for management control across a number of projects at Stuttgart Airport.

WOLFRAM WEBER

is a senior project manager and consultant with ISO Software Systeme, Germany. He has been working with airport billing, cost and revenue accounting and business intelligence for 15 airports worldwide since 1996. He holds a university diploma in business administration.

Abstract

Stuttgart Airport has undertaken a series of projects to enhance its cost and revenue controlling system in order to support decision making and strategy in the changing market. The system answers questions like: Where can we achieve additional efficiency? Which market segments and which customers account for profits, which add to losses, and why? What drives the degree of resource utilisation and which resources show efficient utilisation and which do not? How many passengers will there be next year? With which airlines and on which routes? What resources will be needed in order to meet the demand and what cost impact will this have? The system also responds to 'what if' scenarios, such as a new airline entering the Stuttgart market, an airline ceasing operations, a particular destination performing well or poorly etc. The system considers both airport operations as well as ground handling.

Keywords

cost, revenue, planning, controlling, simulation, scenario, software, ERP

Reiner Koch,
Head of Controlling and Systems,
Flughafen Stuttgart GmbH,
Postfach 23 04 61,
70624 Stuttgart,
Germany

Tel: +49 (0)711 948 3709
E-mail: koch@stuttgart-airport.com

Wolfram Weber,
ISO Software Systeme GmbH,
Eichendorffstr. 29,
90491 Nürnberg,
Germany

Tel: +49 (0)911 995940
Fax: +49 (0)911 99594 129
Mobile: +49 (0)172 846 1026
E-mail: wolfram.weber@isogmbh.com

INTRODUCTION

Stuttgart Airport's scope of business

With 10.1 million passengers in 2006, Stuttgart Airport successfully maintains its position in European point-to-point services supplemented by some intercontinental routes. A mix of stable network airlines with fast-growing low-cost carriers

provides for more than 100 directly served destinations.

In 2006, the airport (Flughafen Stuttgart GmbH) reached a turnover of €221.1m, of which 64 per cent came from aviation and 36 per cent from non-aviation sources. While the net operating profit was €25.6m the cash flow reached €65.3m. The City of Stuttgart and the State of