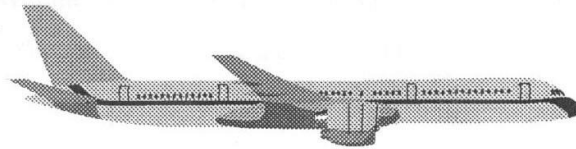


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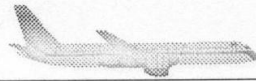
## **College of Business Administration and Management**



### **FINAL REPORT**

- Project Name:* Operational Plan for Passenger Services at the Airport Zvartnots.
- Client:* Vagharshak Mnatsakanian, General Director of the Airport Zvartnots
- Professor:* Dr. Farouk Heiba, Ph. D
- Project Group:* Lusine Janoian  
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**Yerevan 1995**



## I. Executive Summary.

In the Civil Aviation practices passenger handling encompasses a whole series of extremely complex operations which are vital to the efficient functioning of civil aviation, covering a wide range of activities from passenger check-in to the loading of baggage.

However, the existing chaos in Armenian civil aviation prevents providing passenger handling services in accordance with international standards. In fact, on one hand passenger handling services are provided by Armenian Airlines which is not so enthusiastic about providing high quality services. On the other hand, Yerevan Airport Zvartnots serves as a “runway” for aircraft’s landing and take-off. Due to this ineffective division, there are a lot of problems in Armenian Aviation system, particularly in providing passenger services.

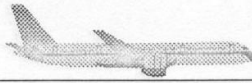
Being in a monopolistic position Armenian Airlines intentionally creates artificial barriers for other airlines. This activity destroys the economic growth of Armenian Aviation and causes low quality service and high prices. As a result of this discrimination many international airlines are reluctant to make flights to Armenia. This fact negatively affects the activity of the Airport Zvartnots cutting its profit.

Another problem which is not less important is the low qualified personnel. In order to provide high quality service it is very important to train personnel and to educate them according to international standards.

The Airport Zvartnots has a poor infrastructure and lacks necessary equipment to support high level of services. It, particularly, does not have hotels, luggage handling facilities, communication network, etc.

The airport also lacks sufficient financial resources which are very important for future development of passenger services.

To solve the above-mentioned problems the administration of the airport Zvartnots needs to undertake several steps:



- To establish passenger handling services .
- To eliminate the dominant position of Armenian Airlines and improve the quality and lower the prices of the services through establishing private organization for the passenger handling services.
- This will enable the airport to generate sound financial resources to expand the scope of provided services.

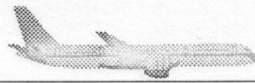
Our project team which consists of four MBA students at AUA proposed an operational plan and undertook several steps to suggest effective ways of developing passenger handling services at the Airport Zvartnots.

- We studied the overall activities of the Armenian Airlines and the Airport Zvartnots:
- We gathered and analyzed data on passenger services.
- We also conducted several surveys on passenger services.
- We did a marketing research and prepared a marketing plan.
- We prepared an operational plan for developing passenger services.
- We developed financial statements for these services.
- We recommended several actions to improve the services.

Unfortunately there are a lot of work to do in the airport Zvartnots in order to improve the passenger handling services in accordance with the international standards. However, recently there are good signs of improvements in services. The authorities of the airport are very enthusiastic about the success in this area. In addition, the General Department of Civil Aviation allowed the airport to establish its own Ground handling services (Appendix A).

Based on our research we recommended the following important things:

- To establish a private company that will undertake the passenger services in the airport Zvartnots.
- To give no more than 49% of the company's profit to the investor (Armenia-1, Ltd.).
- To train the personnel in abroad.

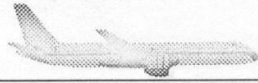


Following all these recommendations, the airport can develop high quality passenger services and maintain international standards. This also will increase the passenger turnover in the airport which will be beneficial for both the airport and Armenian economy.

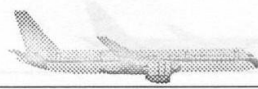
1. The airport Zvartnots should develop its own passenger services because in the world practice no airline is allowed to provide these services. Passenger handling services must be undertaken by the airport. This is the new approach of Airport Council International (ACI).

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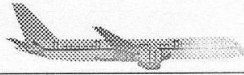




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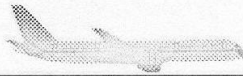
### III. Introduction.

Until the declaration of the independence of Armenia in 1991, Yerevan Airport Zvartnots was one of the busiest airports of the former Soviet Union. With the collapse of the former Soviet Union “Aeroflot” was not able to work as one challenges for Armenian branch of “Aeroflot.” As a result of this division ground handling is done by Armenian Airlines and landing is provided by the Airport Zvartnots. In this respect Armenian Airlines is the monopolist in ground handling services which causes low quality and high prices.

The overall activity of the Airport Zvartnots has tremendously declined due to latest changes: economic hardship, energy crisis, bad financial situation, etc. In 1987 the number of passengers served by the airport Zvartnots was 1.3 million and in 1994 it served only 700,000 passengers. There is an almost 50% reduction in passenger turnover. The turnover of cargo in 1994 was 40,000 tons. Currently the airport is building a new cargo terminal that will increase cargo turnover up to 120,000 tons a year.

The Airport Zvartnots is located in South-Western part of Yerevan, almost 10 km far from it. The airport occupies 360 hectares of land. It has two terminals. The new one which was built in 1974-1975 provides only passenger services. These services account for about 80% of the overall activities of the airport. The old terminal is being used for different purposes: part of it is being used by the administration of customs services, another part of it is being used as cargo terminal, and the third part soon will provide high quality services for very important persons and for those who will pay extra amount of money for the services. These services account for about 20% of the overall activities of the airport.

Airports are no longer runways for air transport. Since the 1940 they have developed from runways to a complex of infrastructures, activities and services, aimed at intermodal exchange, for the benefit of air carriers, passengers, freight shippers &



forwarders, the general public and the regions which they serve. In the evolving world of civil aviation airports are chosen by their customers not only for the runways/apron system, but more and more for the range and the quality of the services offered not only to air carriers, but also to all final consumers.

Consumers are much more interested in safe, smooth, and efficient airport operation and they are far less concerned with who is providing the services. However, in many respect consumers consider airport more than airlines as being responsible for the quality of services provided, regardless who actually provides the services.

Having opportunity to provide all kinds of ground handling services Armenian Airlines intentionally creates artificial barriers for other airlines in order to capture the total market and restrict their flights to Armenia. This kind of destructive activity of Armenian Airlines destroys the economic growth of Armenian Aviation. If to evaluate the activity of Armenian Aviation system in general, we would say that it sacrifices the effectiveness in favor of efficiency.

Armenian Airlines provides four types of passenger services to four groups of passengers.

- Service for CIS passengers.
- Service for VIP passengers.
- Service for international passengers.
- High quality service for those passengers who pay extra \$15.

Such diversified services are very unreasonable and create a lot of barriers for overall service improvement. That is why it is very important to coordinate all activities in order to provide high quality service in accordance with international standards for all passengers.

In most cases, where there is a monopoly provision, whether by an airline or an airport, standards fail to be achieved and costs are too high. Competition is the only way to redress the balance.



Taking all these considerations into account, it sounds reasonable for the Airport Zvartnots to undertake and establish passenger handling services. Direct competition with Armenian Airlines will cause both Airport Zvartnots and Armenian Airlines to improve the services which will bring the improvement of overall activity of Armenian Aviation.

Our project group has projected that the overall improvement of the airport Zvartnots can be finished in 1997. We also estimated that the improvement will require from 3 to 5 million USD.<sup>1</sup>

#### IV. MARKETING PLAN

##### SITUATION ANALYSES.

###### 1. Current Situation.

Currently the situation in Armenian Aviation System and especially in the Airport Zvartnots is stable but dynamic. The things are changing sometimes very fast and sometimes slowly. The airport Zvartnots is an International Airport and it tries to act in accordance with international aviation rules and laws set by ICAO and ACI.

Nowadays, the airport's authorities work hard to help the airport to become a passenger handler, to compete with AAL and Arax Airways, and CIS airlines. They try to improve the passenger services in accordance with the international standards. They believe that the foreigners get the first impression about the country in the airport.

Recently, in the Armenian aviation system has emerged a very interesting "struggle" between the Airport Zvartnots and AAL. The former tries to become passenger handler and the latter tries to prevent the airport to capture its market share.

AAL sometimes creates artificial barriers for the airport like not providing necessary information about the flights or delaying the flights. However, it tries to

<sup>1</sup> Based on previous investigation in the airport Zvartnots.





compete fairly and tries to make changes to improve the services and satisfy the customers' needs.

## 2. Forecasting.

The situation in Armenian aviation system is steadily improving and it will be good enough in the near future. Our project team based on its research and analyses and also on the foreign specialists' research predicts that the overall improvement will be over by the year 2002.

The airport will become a powerful competitor for AAL in providing passenger handling services. Moreover, working hard toward improvement passenger services the airport can "kick" out AAL from this area. But, this will hurt the airport itself because it will become a monopolist and the things will get worse in the long run.

The above-mentioned prediction can come true in two ways:

- a) the airport may generate money from the inside the airport, i.e. establishing shareholding company for improving services
- b) the airport may invite a foreign company to undertake the overall improvement of the services.

## 3. SWOT Analyses.

### Strengths

- The Airport "Zvartnots" authorities are very enthusiastic about improving passenger handling services and they support this idea both financially and morally.
- The Airport "Zvartnots" authorities prefer western style of management and deeply believe that only in this case the things can be improved.
- The infrastructure wholly belongs to the airport and the airport has a priority to use it for its needs.
- The quality and the charges at the airport are controlled by the airport authorities.
- The safety regulations are controlled by the airport authorities.



### Weaknesses

- Lack of qualified personnel
- Poor infrastructure
- Poor financial resources
- Lack of strategic management and planning
- Lack of necessary equipment
- Lack of legal basis
- Lack of willingness to make drastic changes

### Opportunities

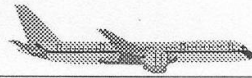
- The airport can become a powerful competitor for AAL and capture even a big market share and make a good profit.
- Compared with other airport revenues, those out of the passenger handling services have a high percentage.
- The airport can attract foreign airlines to come to Armenia which will boost tourism and overall economic improvement.
- The airport has a unique chance to prepare a thorough business plan and attract foreign investors to finance the overall improvement in the airport.

### Threats

- AAL is a national carrier and it is monopolist in providing passenger handling services. In this respect, AAL tries to prevent the airport to successfully implement its idea of becoming a passenger handler.
- Customs Office is an independent state organization and has special duties. Unfortunately, it is not interested in providing fast and polite services and creates nervous and unpleasant environment.

The base of this business marketing philosophy is: „Customer is always right”. This is a challenging corner stone of the business.





## MARKETING OBJECTIVES & GOALS.

### 1. Consumer Objectives and Goals.

Widely accepted segmentation of passengers is not practiced by AAL. There is no variety of services for the passengers according to their preferences. The passengers have no opportunity to pay more for better and more services. The consumer objective for the airport as a passenger handler should be based on the passengers' differentiation according to their price sensitivity, purchasing power, safety consciousness and a number of other characterizing criteria.

The airport has to have different strategies for different segments of its consumers. Particularly, the Armenian Diaspora is a rather big segment, and deserves a special attention. Many of them are willing to fly to Armenia in spite of poor services provided in the airport. This statement is based on the results of questionnaires and personal interviews of passengers at the airport "Zvartnots".

Additionally, the main objective of the company is not only to attract new passengers but also maintain good image in their minds. In a way toward this objective dividing customers into separate groups and finding different and the best approaches to each is the necessary condition.

The main goals are:

- To improve the passenger services at the airport Zvartnots and try to create a good image in the minds of the passengers. This we projected has to be done in 1995.
- To maintain the good image of the services and to increase the passenger turnover (now it is up to 700,000 per year) by 50%. This we projected has to be reached in 1996.
- In 1997 we projected to have sound good services and to increase the passenger turnover by 100%.



## 2. Profit Objectives and Goals.

Profit maximization ought to be in the focus of the company's management because the prosperity after all directly related to available financial resources. At least in order to survive in competition and have enough resources while fighting in the market with its competitors the airport must support its activities by sound financial base. This will also protect the airport from the price wars. Profit maximization will also encourage the airport to reinvest into other departments' improvement and to establish other supplementary services.

The main goals are:

- By the middle of the year 1996 to reach a break even.
- By the end of the year 1996 to have 40% return on investment.
- By the end of the year 1997 to have 60% return on investment.

## 3. Segmentation.

The spectrum of the airport customers is very wide and diversified. The recent economic and political changes in Armenia enlarged the potential for business development and created attractive market perspectives for foreign business person. It causes the increased flow of foreigners to Armenia. Also this gave a greater opportunity to locals for traveling abroad both for business and personal purposes.

We choose the airport Zvartnots as a place of our research because it is the main "bridge" that connects Armenia with the rest of the world. Through this airport are passing all visitors and it is very important to improve services just in this airport.

## 4. Target Market.

At the airport Zvartnots the market can be divided into two major groups:

- a) All people that may come and use the services provided in the airport.
- b) Those that are willing to pay extra money to get some additional services.



## 5. Positioning.

The passenger handling services at the airport Zvartnots requires the following positioning methods:

- a) The most efficient and inevitable way of service positioning is to provide high quality services in accordance with the international standards. The customers do not care who will provide services. The only thing that they want is a good service.
- b) The customers also are worry about the prices of the services. the prices should be set very thoughtfully in order not to frustrate the people. For example, the prices of the services can be included in the ticket price.

## 6. Service Marketing Mix

Service marketing mix has 7 components:

- Product
- Price
- Place
- Promotion
- People
- Process
- Physical Equipment

A) Product.

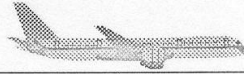
The product of this business is its services. The services that may provide the company are:

- a) Fax Service
- b) Reliable international phone lines. Possible addition of dedicated modem line.
- c) Car Rental. Preferred drop-off and pickup.
- d) Information Services. Phone Books and directions.



- e) Current and accurate flight information, personal shuttle coordination and international clocks.
- f) Hotel/accommodation assistance. Hotel and restaurant guide coupled with personal recommendations.
- g) VIP Restaurant/cafe. Fast and fresh food. Local products should be featured.
- h) VIP Bar. Very similar to HSH bar setup.
- i) Meeting and conference facilities. With marketing this area could grow and become it's own profit center.
- j) Currency exchange. Located within the VIP Center.
- k) Preferred parking for VIP customers.
- l) Expeditious customs clearing.
- m) Duty free shop. International magazines, newspapers and local products.
- n) Entertainment services. Music, international television/news.
- o) Message/paging service. Great communications link.
- p) Taxi service. Quick and easy access.
- q) E-mail/internet access. More and more business is conducted on-line.
- r) Car/driver rental service.
- s) Translation services. English, German, French, Japanese.
- t) Postal Services.
- u) Locker facilities. Mostly for lay-overs. Most Western airports have these.
- v) Sleeping facilities. Again for in-transit customers.
- w) Shoe shine facilities.
- x) Housing locator service. Both temporary and long term.
- y) Group tours and tourism packages. This should be a focus for future growth.
- z) Special diplomatic and dignitary service. Government officials and foreign embassy staff should be accommodated. Possible contractual arrangement.





- aa) Non-smoking sections.
- bb) Guaranteed Pre-Customs Baggage Safekeeping.

In developing the service strategy the company has to think about the two main directions: improving and enlarging the spectrum of the provided services on the whole chain.

#### B) Place.

The airport, for launching private business, is a very profitable place. Many state and private organizations dream to have at least their ads in the airport in order to let others know about them. The management of the airport can take advantage of this fact and open bars, cafes, duty free shops near the registration places and waiting halls. Besides, the company has priority to use any facility in the airport for its needs.

In the selection of a channel of distribution for this service business the following key factors must be considered:<sup>1</sup>

- Consumer
  - Characteristics (number, concentration, average purchase size)
  - Needs
  - Segments (size, purchase behavior).

These factors are critical to the airport in order to know how to provide the services to the customers.

#### C) Price.

In the area of pricing many of the concepts and approaches developed for goods are equally applicable to services. At the airport Zvartnots we suggested to use One-Price policy and Flexible pricing methods for the providing services.

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<sup>1</sup> Evans/Berman, Marketing, Macmillan, Third Edition, 1987, pp. 328



With a one-price policy the airport will charge the same price to all customers who wants to be served. This is applicable for all people that will be willing to use the airport's services.

Flexible pricing allows the marketer to adjust prices based on the customer's ability to pay<sup>2</sup>. This will fit the lounge services at the airport. The people that are willing to pay extra money will be charged according to their preferences.

The operational characteristic of services means that service firms' capacity is time dependent. This creates the opportunity to plan price discrimination strategies over time- to set prices based on the time of use. To successfully price discriminate the following criteria need to be met:

- Different groups of customers have different responses to price, they must value the service differently.
- Different segments must be identifiable and a mechanism must exist to set different prices to them.
- There should be no opportunity for individuals in one segment who has paid a low price to pass or sell their right to use the service to another segment. Thus if there are tickets to use the service, there must not be transferable.
- The segment should be large enough to make the exercise worthwhile.
- The cost of using the price discrimination strategy should not exceed the incremental revenues attained.
- The customers should not become confused by the use of different prices<sup>3</sup>.

Different prices at different times of day are feasible because demand is also time dependent. The company can thus charge different fares for popular early morning or late afternoon commuter flights, knowing that those passengers can not fly to late morning or early afternoon flights. Actually, the pricing strategy that our group

<sup>2</sup> John E. G. Bateson, *Managing Services Marketing*, The Dryden Press, 1989, pp. 538

<sup>3</sup> John E. G. Bateson, *Managing Services Marketing*, The Dryden Press, 1989, pp. 363



suggests allows the company to easily compete with AAL and Arax Airways. These companies have uniform pricing policy and do not use price discrimination.

Additionally, to make pricing policy more flexible the company should think about the usage of different types of discounts. Discounts for weekends passengers can be offered. Besides, the company may consider the possibility to introduce frequent flier program that would be based on the traveled mileage.

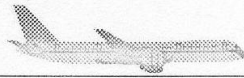
#### D) Promotion.

In order to successfully operate and have a good reputation in consumers' minds the company should undertake promotional campaign. The corner stone of this activity will be advertisement. The origin of the promotion campaign can be sensitivity of the company to the passengers wants and needs, loyalty to the provision of the high quality service, willingness to be surprising and innovative entity. In short, something unique and special!

Creation of image of a reliable and safe service provider, satisfaction of needs of even the most exacting customers are the main objectives of promotion strategy. The company's activities should be widely advertised. While making advertisement, the company should choose the right media. For domestic market the best one can be considered the TV, because of its ability to create impressive image and the large segment of its audience. Very important point is the selection of a right program and time. Generally, it can be news, sport, show programs or business programs in the evening. Despite the shortage of electricity in Armenia, TV advertisement is still one of the most efficient ways to reach its target market.

Also, TV advertisements makes it possible to reach large number of audiences. The other advertising media is a radio. It is very efficient and inexpensive. Newspapers can be considered as the next possible media means. It has a high degree of market coverage or penetration.





For setting a total promotion budget we chose *all you can afford* technique. This is caused by the current financial situation which is not so good. That is why we proposed the following budget:

- For the beginning the services should be heavily advertised by TV, on the radio, in the newspapers and the financial requirement is \$2000.
- After getting started the services should be advertised periodically, particularly in case of opening new services and the financial requirement will be \$1000.

#### E) People.

Passenger services are all activities starting from the ticket booking and finishing by taking the luggage. The personnel is considered to provide the above-mentioned services. So they are interrelated but the more important is the personnel. The better is personnel the better are services. For the personnel the most important thing to remember is: "The consumer is always right". Every member of the staff should make sure to meet this statement. The management of these services recognizes the importance of the service provider.

Successful service companies should first sell the jobs to their employees before they try to sell their services to customers. In this respect, the management is trained to manage the service properly. However, in order to successfully run the business, management members should be sent abroad to learn aviation business administration.

Moreover, some of the employees should be trained in abroad too. Only in this case the success will come in. The company has to include teaching foreign languages to those employees who have a direct contact with foreign passengers.

#### F) Process.

Passengers, getting into the building, are served by the skycaps who take the luggage near to the registration place. Then a registrar check the passport and the ticket of a passenger and weigh the luggage. If the passenger has extra luggage, the cashier gives to him a receipt and charges the fee for the extra luggage (1% of the ticket price).



After this procedure the passengers have to pass customs checking, passport checking, and special aviation control. Before boarding the passengers have an opportunity to buy whatever they like from bar/cafe and from a duty-free shop. Finally, they will be taken to the aircraft by a special car or a bus.

The same process for the services will exist in the VIP section. But, in addition to the above-mentioned services there is a comfortable waiting-room which has \$15 entrance fee.

### G) Physical Equipment

For the successful passenger handling services the airport will need the following equipment:

- Ramp and luggage handling
- Computers for passport and ticket checking
- Imported cars and minibuses
- Trailers for the passengers' uses
- Customs checking device
- Flight information device

## **7. Findings & Research Analyses.**

In order to deeply understand the current situation in the Airport Zvartnots we prepared a questionnaires (see Appendices B & C) and conduct surveys in the Airport. The results were very interesting. Almost 60% of passengers were complaining of customs services they found it strongly unsatisfactory, 24% found it moderately unsatisfactory, 11% found it moderately satisfactory, and only 7% found customs service satisfactory. It was also interesting that almost all people who considered customs service satisfactory were governmental officials, members of Supreme Council.



To the question: express your general impression of the Airport facility almost 35% found it satisfactory, 27% moderately satisfactory, 23% moderately unsatisfactory, and 15% found that Airport facilities were unsatisfactory. Our survey shows that clarity of rules and regulations in immigration service also was in a very poor condition. Especially foreigners were complaining about the forms which were given to them to fill. All the forms were in Armenian and it was very difficult to find the person to ask

them to fill these forms. Almost 40% were very unsatisfied, 31% moderately unsatisfied, 17% were moderately satisfied, and almost 12% were satisfied. (For more detail see Exhibit 1)

In the questionnaire there was a special place for passengers to express their opinions, to suggest their recommendations and to propose ideas which could be very helpful to enhance overall service level in Airport Zvartnots. We as a project group also were very enthusiastic to listen to customers advice, to take notes of their recommendations and to suggest the most reasonable ones to be implemented. For example, one of the passengers suggested us to handle the declaration forms directly in airplane during the flight and every passenger with pleasure would fill them and thus they could save much of their time and there will not be gridlock in the customs office.

The other passenger kindly told us how to cut the time in the passport checking department. He said that almost in all international airports there was computerized system in passport checking booths, you don't have to wait in a long queue in order to pass the passport checking, one or two computers are enough in order to prevent people from long frustrating queues and boring negotiations with passport checking personnel.

In order to compare the service level in Moscow Airport Vnukovo and Yerevan Airport Zvartnots we prepared a questionnaire (see Appendix B) and conducted a survey. Survey results are rather interesting. One looking at the (Exhibit 2) can easily



judge that in order Airport Zvartnots to reach the service level as it is in Airport Vnukovo it has to improve its service level almost in every segment of its operation. Just looking the trend of the graphs we can easily see that there are almost reverse in their trend, for more detail see (Exhibit 2).

During our research and investigations we found several new for us things and came to some interesting conclusions.

### A) Customer

#### a) *Domestic and International.*

The customers can be divided into two major groups according to which the geographical origin of passengers. The first group consists of people that live in Armenia for different purposes. The last one may be divided into 3 major subgroups Europeans, Asians and Americans.

The results of marketing survey showed that about 40 % of passengers are the residents of Armenia. The other 60 % are from abroad whose distribution is approximately the following;

|         |    |         |   |             |   |
|---------|----|---------|---|-------------|---|
| Armenia | 40 | Russia  | 4 | Belgium     | 1 |
| US      | 19 | Holland | 3 | England     | 1 |
| Iran    | 11 | Greece  | 2 | Switzerland | 1 |
| France  | 10 | Lebanon | 2 | Canada      | 1 |
| Germany | 4  | Syria   | 1 |             |   |

#### b) *Purpose of Trip.*

The purposes of trip are the following:

- Business
- Tourism
- Private
- Visiting relatives



- Other

The largest group from above mentioned ones are people who make business 84,5%.

The second largest are consists of those who travel as a tourist 24%. The next group consists of those who visit their relatives is rather close to the second one 23,5%. The trips on private purposes are 16,5%. The remaining 1,5% are the people traveling on other purposes.

c) Decision Making Process.

In deciding whether to use provided passenger services, the customers rely on such factors as;

- The safety of the flight
- Timeliness
- Price
- Service Quality

According to the survey results 65,14% of customers did not have other alternative to choose from 14,28% made their final decision based on the price factor. The service level now satisfies only about 6,29% customers. Those who value their time are only 10,29%. The remaining 4% of passengers made their decision based on some other reasons.

The safety factor is very important especially for the foreigners.

d) Demographics.

The demographics pattern of passengers according to their ages is the following; the passengers that belong to the 25-44 age group are the heaviest users of the airport services and constitute 49,75%. The next largest group of passengers is the 45-60, which constitutes 25,62%. Those aged groups below 18 and above 60 are considerably smaller, 4,43% and 3,45% respectively.





## **B) Competition.**

### **a) Competition with AAL**

AAL is a national carrier and has a government support. This support puts AAL in an advantageous position against the airport. However, the fact that the AAL is widely owned by the government does not allow the management of AAL to be flexible enough in the decision-making process. This fact also causes low service quality. Fortunately, the new approach in providing passenger handling services by the airport allows it to provide high quality services, to capture market share from AAL, and to compete successfully against AAL.

### **b) Competition with VIP**

The new passenger landing services that are developed by the airport include a VIP section. Through this section may pass and be served government officials, diplomats, and those who will pay an extra amount of money. So the big part of market share in this niche belongs to the new VIP section which definitely provides better services.

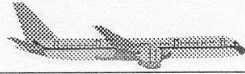
## **V. MANAGEMENT & ORGANIZATION**

### **1. Status of the Service Provider.**

It is well-known that the airports' main function is to provide pure aviation services and an infrastructure for those services. Also it has to be clear to everybody that commercial businesses like cafe, bar, restaurant, duty-free shop, etc. have to be provided on a private basis. This means, an outside company or an investor should be invited to undertake these commercial businesses.

Hence, we proposed the authorities of the airport to establish a small company with limited liabilities with a private company.

Today the company is established. The founders of this company are the airport Zvartnots and "Armenia-1" Ltd. The company's name is "Avia-Service" Ltd.



## 2. Management Structure.

This company is going to have a simple management structure (see Exhibit 1).

The Board of Directors (BD) will include the General Director of the airport Zvartnots, the investor, and the CEO of the company. They will oversee the whole activity of the company.

The core business will be closely supervised by the CEO of the company. He will have a maximum freedom to make changes, to hire and to fire employees, etc. He will be accountable to the BD.

The company will have three shifts and, therefore, it will have three supervisors of each shift. The supervisors will be accountable to the CEO.

There will be an accounting department, a marketing department, and a security service. All these departments will be accountable to the CEO of the company.

There are also two specific services: Aviation Security Control (ASC) and Customs Checking. These services will be independent and accountable to their authorities that will be in close touch with the BD of the company.

The CEO of the company will be assigned and fired by the BD. The supervisors of the shifts, accountant, and marketing manager will be assigned and fired by the BD based on the CEO's recommendations.

## 3. Board of Directors

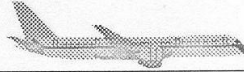
The board of directors consists of three members: General Director of the airport Zvartnots, Director of "Armenia-1" Ltd., the CEO of "Avia-Service" Ltd. The chairman of the board is CEO of the "Avia-Service" Ltd.

The general Director of the airport Zvartnots has great management and working experience and he is very enthusiastic about success of this company.

The Director of the "Armenia-1" Ltd. has also great management and working experience and he is a man of vision. He likes challenging and interesting businesses.

The CEO of the company has two-year working experience in the airport Zvartnots and also he forecasts great future for this company.





#### 4. Investors.

The only investor is the "Armenia-1" Ltd. which will have 40% of the company's profit. It will provide a working capital for the company's operations.

The other investor and the founder of this company is the airport Zvartnots. It provides space and equipment for the company's operations. It will have 60% of the company's profit.

### VI. OPERATIONS PLAN.

A service business may require particular attention to:

- Geographic Location
- Facilities and Improvements
- Regulatory and Legal Issues

#### 1. Geographic Location.

The location of this business has only advantages. For the core aviation services there is no other place except the airport. However, the airport is a very profitable place for commercial businesses. The only thing that must be taken into consideration is private business like cafe, bar, etc. have to be established close to those places where the passengers are most likely to be.

#### 2. Facilities and Improvements.

Since the airport Zvartnots is the main founder of this company it can provide any space and facilities that are important for conducting the company's business. The airport especially can provide rooms and offices for the personnel, warehouses for the materials and equipment, parking place for machines, cars, trucks.



#### A) Process.

##### *4th quarter of 1995:*

- For the start-up there must be acquired an office for the management and rest-room for the personnel.
- To rent spaces for the commercial businesses (cafe, duty-free shop) in the 7th section of the passenger terminal.
- To rent a space for business centre establishment.
- To set agreement between the airport and the company for the rented spaces.
- The above-mentioned spaces have to be repaired.

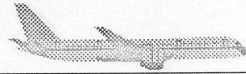
- To get licenses for selling alcohol and food.
- To hire employees and fill all available job positions.
- To buy trucks for the management team and a minibus for taking passengers to the aircraft.
- To buy uniforms for the personnel.
- To train personnel in the airport.

##### *1st quarter of 1996:*

- To buy luggage handling equipment.
- To buy computers to computerize registration process and check in.
- To buy a truck for luggage handling.
- To set an agreement with Arax Airways to serve their flights.
- To hang signs for each service.

##### *2nd quarter of 1996:*

- To set an agreement with AAL to serve some of their flights.
- To buy a truck and a trailer for baggage handling.
- To begin to computerize passport checking, to buy two computers.
- To establish a “red” and a “green” lines for customs checking.
- To rent a space for a bar and a duty-free shop in the 6th section of the terminal



- To serve arriving passengers that are willing to pay extra money for additional services.
- To buy a trailer.

#### *3rd quarter of 1996:*

- To establish a taxi stand
  - To establish a hotel representation booth.
  - To provide pick up from home services.
- To improve parking places.

#### *4th quarter of 1996:*

- To import baggage handling equipment.
- To buy a bus and a truck.
- To buy electronic tables for the flights information.
- To send abroad some employees to be trained.
- To buy two trailers for the baggage handling needs.
- To finish computerizing the passport checking process.

In 1997 the improvement process will continue. In this year we projected to complete the improvement of the passenger handling services. Particularly, we plan to buy all necessary equipment for baggage handling services, computerize ticketing and passport checking. All recommended actions must be undertaken to completely improve the services.

#### **B). Budget and Financing**

The start up capital of the company is \$104,900. A part of this capital will be the budget of the fourth quarter of 1995 and will be equal to \$96782.

- The budget of the first quarter of 1996 is \$89174
- The budget of the second quarter of 1996 is \$74940
- The budget of the third quarter of 1996 is \$83240
- The budget of the fourth quarter of 1996 is \$83200
- The budget of the 1997 is \$400000



Some of the equipment has to be purchased and some of them has to be leased from AAL or Russian airlines. Some of the equipment can be bought this year and some of them will be bought next year. This is caused by the lack of financial resources.

All activities of the company will be financed by the Airport Zvartnots and “Armenia 1 “ Ltd. Projected budget of the quarters may be less or more. Hence, the management will adopt a flexible financing method. The company will need extra acquisition after generating some profit from its activities.

The cost of luggage handling equipment is very high. However, that problem can be solved if the French government provides \$1 million which was promised last year. This amount of money could cover expenses connected with the acquisition of special equipment for aircraft handling.

For more details refer to Appendices D,E,F,G,H,I.

### 3. Regulatory and Legal Issues.

For the beginning of operation the company needs to consider some domestic regulatory and legal issues. It is necessary to have the following licenses:

- License for operation given by General Administration of Civil Aviation.
- License for selling alcohol
- License for selling food
- License for exchanging foreign currency.

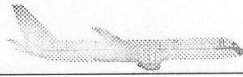
## VII. RECOMMENDATIONS.

In order to enhance revenue and improve service level in Airport Zvartnots management may consider introducing new non aviation services.

Currently the non aviation services occupy approximately 1/3 of the usable space available, business offices occupy another 1/4, are to be moving to the old terminal. The currently used space occupies:







### ***Opportunities:***

#### **Information Booths / Welcome Centers:**

Internationally recognizable information booths provide the opportunity to promote and direct users to airport services. These sources can be developed and pay for with advertising revenues. These booths should be staffed with one or two people, trained in customer service. They should be controlled by the airport, rather than an individual airline. We believe the airport has a stronger incentive of providing better service.

Suggestions: - Maps of Yerevan (translated) with advertising

- Airport service locations for: currency exchange, phone services, business services

- Hotel information

- Reservations

- Taxi information (registered taxi rates)

- Bus route information and rates

#### **Arrivals:**

From a customer perspective, this is the largest opportunity. New visitors to the country, especially western foreigners, are usually disoriented after a long journey and are open and willing to use services that are convenient and stress-relieving, plus they are usually less concerned with price at that time. Presently, their biggest challenge is finding services to be used. For many, it is also the visitors' first impression of the country. When making arriving a pleasant experience, there is more potential for a person to return on another trip. Generally, international flights will have more investment potential for profit for the airport, but since there are many more domestic flights, this area should not be ignored.

Currently the process which gets the travelers through to baggage claim (and through customs on international flights) moves the customer into the street, to a taxi



or bus, and misses the opportunity to expose them to opportunities the airport has to offer.

**Suggestions:** Prior to baggage claim and/or directly thereafter, provide information on services available in airport showing access to local companies.

#### **International:**

- Food & drink Kiosk: Placed where current “information” sign is.
- Currency Exchange
- Information Booth (On second floor, near bathrooms)
- Staffed bathrooms
- Working Phones
- Advertising

#### **Domestic:**

- Information booth locate in central area visible to most luggage claims.
- Advertising

#### **Departures**

**Suggestions:**

**Domestic:** More seating. Take the extra seats from the central terminal second floor and place them in the domestic departure area. While people are sitting they may view the service areas that are available and then use them. By allowing people to sit, there will be less lines that obstruct the access to the businesses.

**International:** Provide the bar and restaurant that the signs indicate, so that people can enjoy the services prior to departure without leaving the gate area.

**Domestic and international:** Provide a “souvenir” shop that sells Armenian products that people want to buy for presents, before departure.

**Signage:** Current services provided are too easily visible to the travelers. There need to be more visible international signs to direct people to information and other





services. If possible airport maps should be hung for reference, or at least maps should be available from the information desk.

***Suggestions:***

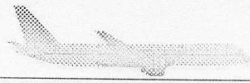
- Signs should be visible. In the customs area, signs for restrooms are placed behind cement overhangs and cannot be seen.
- Signs should be consistent and should include international symbols.
- Parking signage.

**Advertising:**

Selling space for advertising should be a priority to increasing revenue. However, standards for advertising must be maintained. Limited space should be available, so higher fees may be charged, space will be seen as limited, and areas will not be crowded with so much advertising that it is ignored. It is important to maintain the quality of advertising and if possible, professional companies should be hired either from the airport (with the cost passed on to the advertiser) or by the advertiser to make the posters and signs look professional and long-lasting. Advertising should be sold in different increments of time: 1 month, 3 months, 6 months, with discounted rates given to longer contracts. This provides that advertisements will not frequently change and will be easier to manage. It would be good if a person or group of persons were designated to spend time selling and managing advertising space.

***Opportunities:***

- Outdoor advertising/Billboards: On the way to and from the airport, billboard space may be sold to promote services to people traveling to and from the airport.
- International baggage terminal/Other terminals: On the yellow painted walls, advertisements could be hung to inform incoming travelers of services, hotels, restaurants, etc., available in Armenia.
- Schedule of arriving/departing flights.
- Map/Information materials: A map of Armenia could be developed for travelers that could be given free of charge. This map could include locations of key businesses



and historical attractions with small space advertisements describing services.

Selling this space to companies could pay for the map's production.

- Advertising package: Since many of the same companies could benefit from being in all these advertising places, a discounted package giving them access to all three, might be beneficial and easier to sell.

### **Service Mix & Providers.**

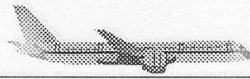
In determining the service mix, it is important to determine the best potential services, how to maintain the quality standards of the services, and how to locate and contact suppliers for those services.

First it is important to look at the services you currently provide and to determine where they should be located in the overall airport facility. For example, it makes more sense for the ticket booths to be grouped together, so that during low periods only a few desks will need to be opened and staffed and customers will not have to walk to different locations to purchase their tickets. Another example is that souvenir shops are more popular for departing gates than arriving, especially in international areas.

*Opportunities: Zoning:* We would propose that a zoning map be developed to determine where the airport would like to locate specific services. One suggestion would be to use the second level in departure area for souvenir shops. By zoning for different areas you can also make better use of the available built in spaces that are not currently being used.

### **New Service Opportunities:**

- Business center
- Bar/Restaurant with hot food
- Taxi stand
- Translation services
- Hotel representation booth
- Luggage Cart rental
- Shipping services
- Airline staff accommodations



- Parking

- Licensing for cabs

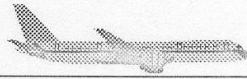
Quality and Standards of Services: In order to maintain high levels of quality and standards of service it is important to train personnel with modern knowledge of service. Personnel should understand the famous saying: consumer is always right. All managers have to dedicate their efforts to make the work as interesting as possible for the personnel, to make them committed to their work. Managers also should give incentives to people who are highly committed to their jobs. Another way of getting people to work properly is to encourage them to propose their suggestions for service improvement.

To maintain a high quality and standards of services management should set an agreement with a service operator to meet these standards. This provides an incentive for service managers and allows the airport to cancel contracts with services that do not meet the levels originally agreed upon. Also, having competing services should provide the incentive to maintain higher standards. An additional contract negotiating point should be visible signage for each individual contractor of similar size and space(translated for international passengers).

Providers: Most important to providing a better and more appropriate mix of services is the ability to find professional and qualified providers of these services. This can be extremely difficult when there are limited available personnel with experience in the preferred services.

Bidding: One option is to make public the intention of the airport to secure specific services. Through advertising, word of mouth, public notice announcements to interested suppliers giving them the option of a silent bidding process to submit the amount they would be willing to pay to provide such services. This process works well when there are a number of interested parties.

Master Provider: A second option is to find a third party provider that could act as a broker for, or developer of desired services. The advantage of this not being the airport management, is that the employees would not be subject to the same



employment restrictions placed on a state owned enterprises. A master provider would be able to develop new businesses themselves if no other providers were available. By the airport still maintaining some space to be rented to individual contractors, there would still be a level of competition to provide the incentive for better services. An additional benefit is the ability to have similar looking shops and restaurants at multiple locations in the airport thereby providing uniform prices, products and services.

Airport Joint Stock Owned Master Provider: If the airport were to introduce the initial public offering of the master provider it could maintain stronger influence over the operations of the new corporation. As the majority shareholder, the airport would be entitled to the position of chairman of the board, and president /CEO of the board of directors for the corporation. The corporation should then be divided into operating units with manager responsible for the different services provided (i.e. food service, retail, etc.) Selling the stock for this corporation would raise needed capital for new service introductions and improvements and profits generated by this corporation would then be distributed back to the airport through its shareholdings.

#### **Customs office:**

Our investigations showed that the major delay was connected with baggage handling and customs checking activities. Baggage handling activities are made mostly by manual work, there aren't modern technology which could make faster all this activity, so it should be purchased new machines through which all these activities could be done efficiently. Another hindering process in baggage handling activity is not sufficient gates in the baggage handling room. There is only one small door and after taking their baggage passengers are stacked in front of the door thus making problems in coming out from the room. Concerning to the customs activity it should be established two 'lines' as in most airports in Europe. One should be the 'red' line through which should pass all passengers who have something to declare in the declaration form and should consequently pass the customs checking. Another line should be the 'green' line through which should pass the passengers who have nothing





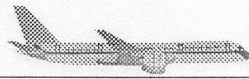
to declare. Usually passengers are passing through this line without any customs checking, however customs officer could stop anyone by his preference and check. This activity could tremendously improve the service level and will shorten the time of procedure.

Our project group searched and analyzed the existing Zvartnots Airport's High Service Hall (heretofore referred to as HSH) and the new VIP Center. The analysis focused on three areas: Marketing, Operations, and Customer Service. Contained within the customer service section are specific recommendations on new services and possible enhancements to existing services.

The current High Service Hall has proven it can serve existing customer demand and be profitable. The current lounge is comfortable provides a high level of quality services. However, many opportunities for growth and expansion exist. But before proceeding on specific recommendations, it is important to discuss a major recommended change in operating procedure. Our group believes that it is crucial that the new VIP Center extend it's services to arriving flights. The arriving customer constitutes a large demand and a great opportunity for additional profits. International flights can be long and tiresome; newly arriving passengers have greater needs than departing customers. Baggage problems and customs delays are associated with arrivals. As Zvartnots Airport expands and becomes a connecting point for travel within the CIS, VIP services will be ideally suited for travelers awaiting continuing flights. While we acknowledge the potential problems associated with this expansion, the demand exists and currently these services are being offered on a limited basis. Possible solutions to these problems will be addressed in the operations section.

The new VIP Center will be attracting and servicing a highly discerning business traveler and developing a new tourism market. This new service operation must be managed and operated by intensely customer service oriented personnel. This should be a primary focus in both hiring and on-going training procedures.





## MARKETING/PROMOTION

1) Travel Agencies. The current HSH uses travel agencies for upgrading their passenger's tickets on a limited basis. Excellent opportunities exist for expansion of this marketing channel:

**A) Creation of an incentive program to share revenues from passenger upgrades.**

- Commission based structure. A percentage of upgrade revenue is paid to the travel agency capturing the sale.
- VIP Coupon Program. Travel agency is awarded free VIP Center passes (coupons) based on upgrades sold. This system allows a travel agent to reward good customers and build customer loyalty. It also encourages trial of the VIP Center.

**2) Purchase of VIP Center services at other points of travel.**

- Yerevan-bound airlines' ticket agents. Flights originating in other cities should be able to offer VIP Center services.
- Arrival purchasing. Passengers should have the opportunity to upgrade upon landing. This is also an opportunity to increase the selling price and capture additional revenues.
- Yearly Memberships. Frequent travelers could be given preferential treatment and charged annualized rates.

**3) Promotional Activity Recommendations.**

- Airline ticket jacket advertising. Pre-printed ticket holders and/or inserts with complete listing of available VIP Center services.
- Airport posters and graphics. Highly visible and attractive complete with VIP Center logo. Both at Zvartnots and originating flights' airports.
- In-flight announcement and flyer distribution. This will encourage arrival purchasing.



## OPERATIONS

### 1) Expansion of Service:

#### A) Potential Problems

- Baggage handling. How will VIP customers receive preferred treatment upon arrival from another airport.
- Training and communication issues.
- Logistical coordination of passengers/flights

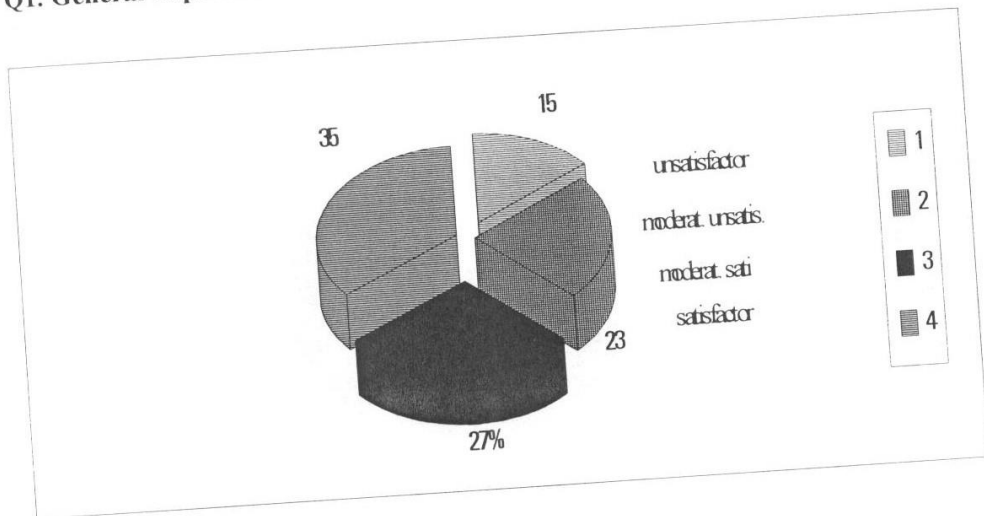
#### B) Possible Solutions

- Development of specialized baggage handling procedures.
  - a) Identification using special luggage tags at airport of origin.
  - b) Creation of VIP luggage specialist. Individual specifically assigned to locate and promptly deliver VIP baggage to pre-customs VIP facility. This would include both baggage with VIP tags and new baggage. A back-up system using airline claim checks should be utilized.
- Training and communications. It is essential that a service intensive operation such as the VIP Center include comprehensive training. VIP employees must be acutely aware of new and existing customers and changing situations to provide prompt and courteous service. A comprehensive policy for training is essential. Additionally, a system/procedure should be established for internal/external communications that ensures a complete update of current customers enrolled in the VIP Service.
- Passenger/ flight logistics. Creation of a VIP customer service agent to handle prompt pickup and delivery of VIP customers and coordination of flight schedules. This individual will coordinate with the VIP baggage specialist. Additionally, this person will be responsible for solicitation and processing of new business upon arrival.



Exhibit 1

Q1. General impression of the facility (sample size 400)



Q2. customer service (sample size 400)

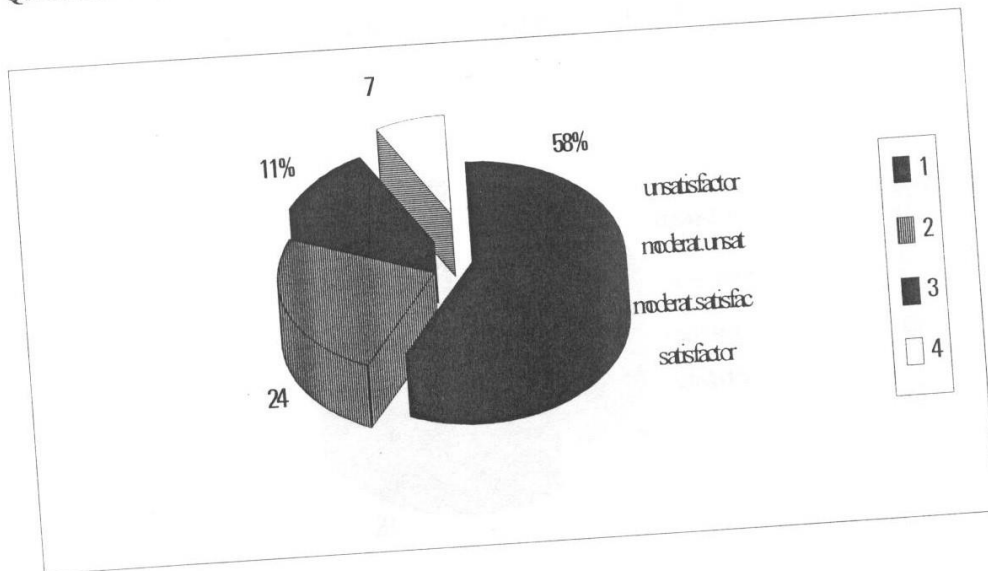
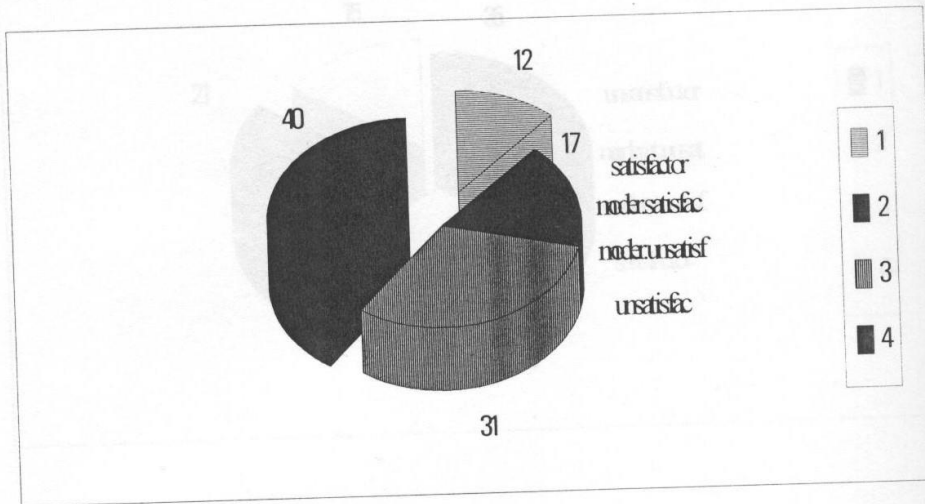




Exhibit 1 (continued)

Q5. Waiting-room facilities (sample size 400)

Q3. Clarity of rules and regulations in immigration service (sample size 400)



Q6. Security- services (sample size 400)

Q4. Ticket and luggage check-in service (sample size is 400)

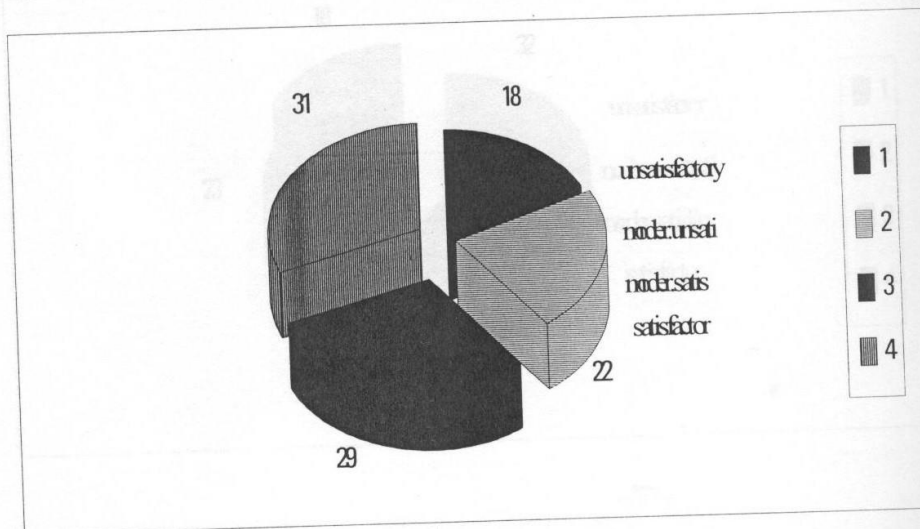
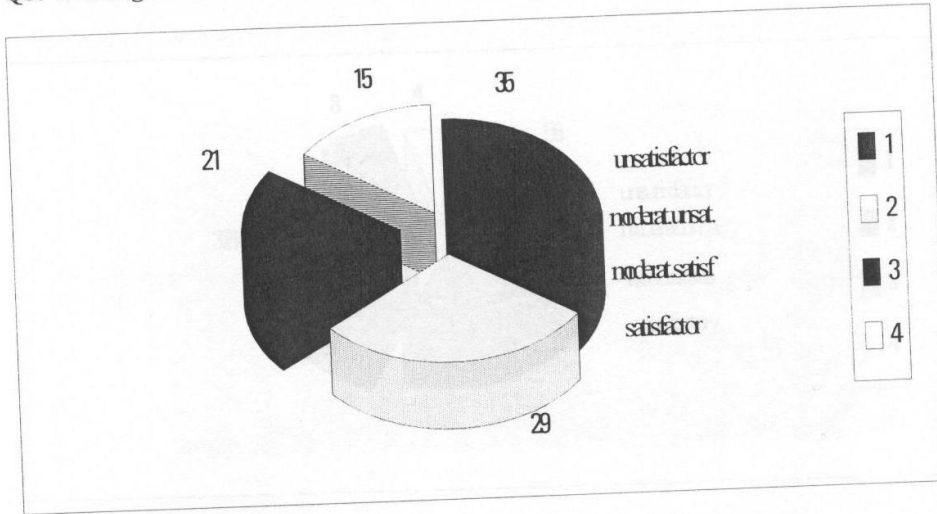


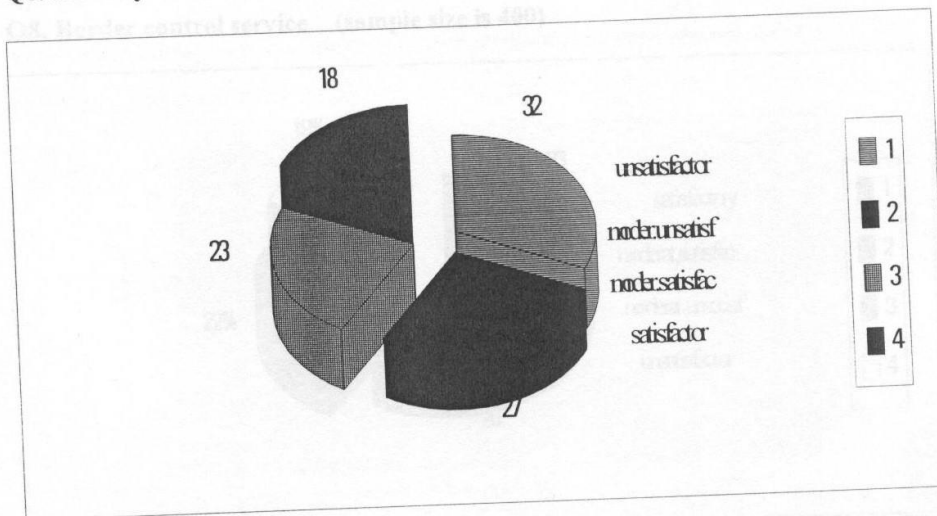


Exhibit 1 (continued)

Q5. Waiting-room facilities (sample size 400)



Q6. Security- services (sample size 400)





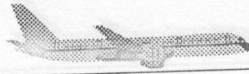
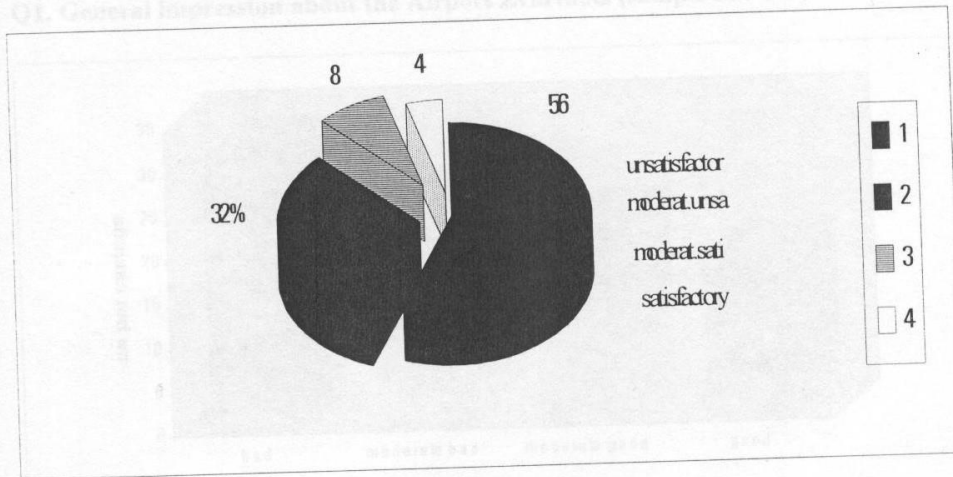


Exhibit 1 (continued)

Q7. Luggage reception on arrival (sample size 400)



Q8. Border control service (sample size is 400)

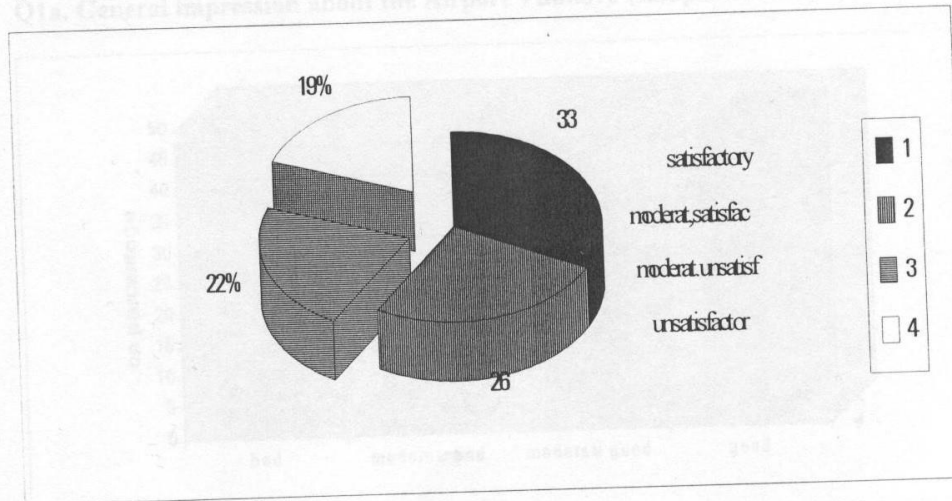
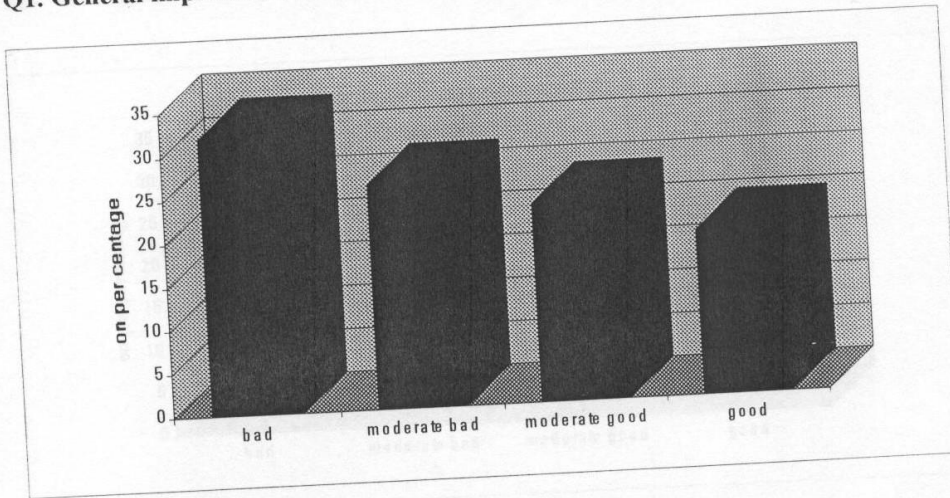


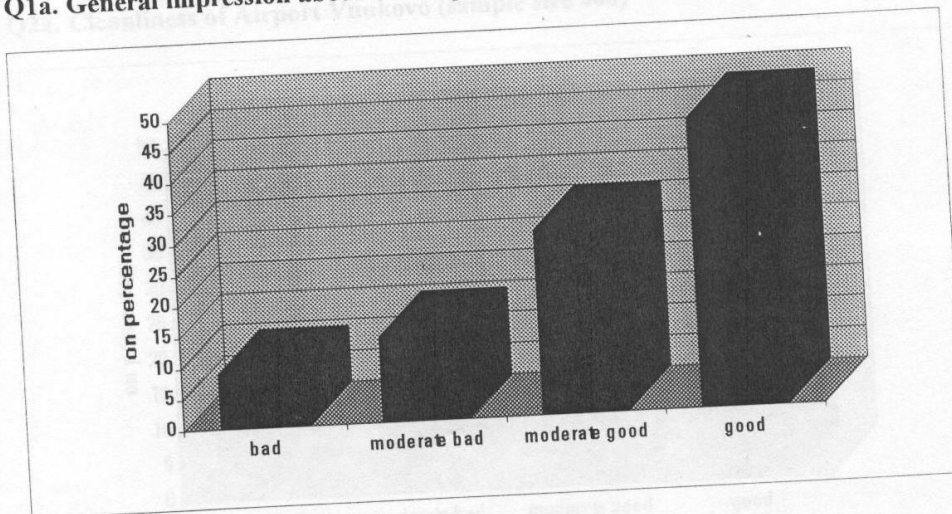


Exhibit 2

**Q1. General impression about the Airport Zvartnots (sample size 400)**



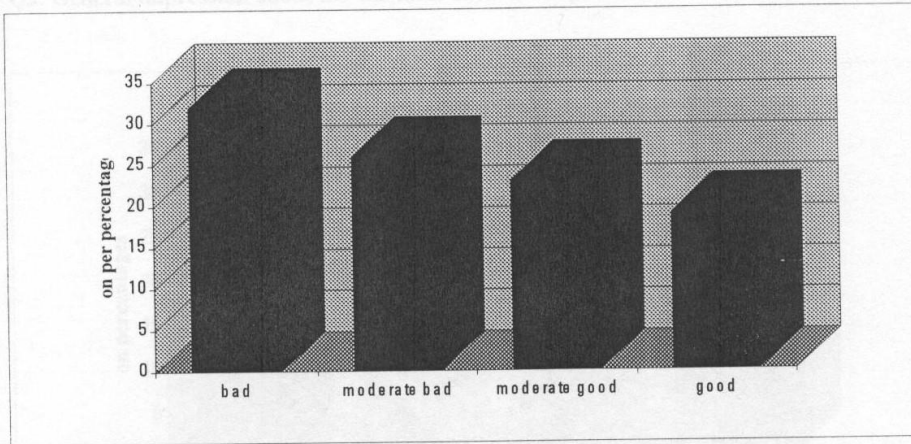
**Q1a. General impression about the Airport Vnukovo (sample size 400)**



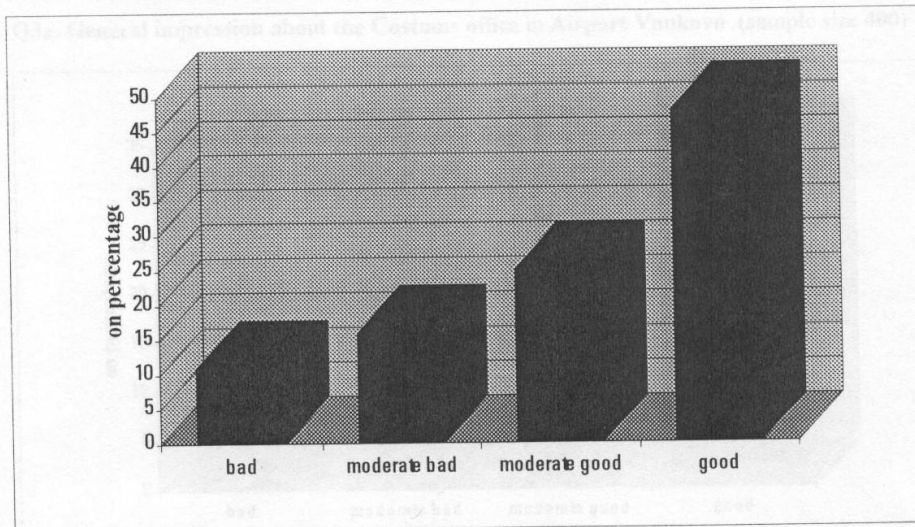


**Ezhibit 2 (continued)**

**Q2. Cleanliness of Airport "Zvartnots" (sample size 400)**



**Q2a. Cleanliness of Airport Vnukovo (sample size 400)**

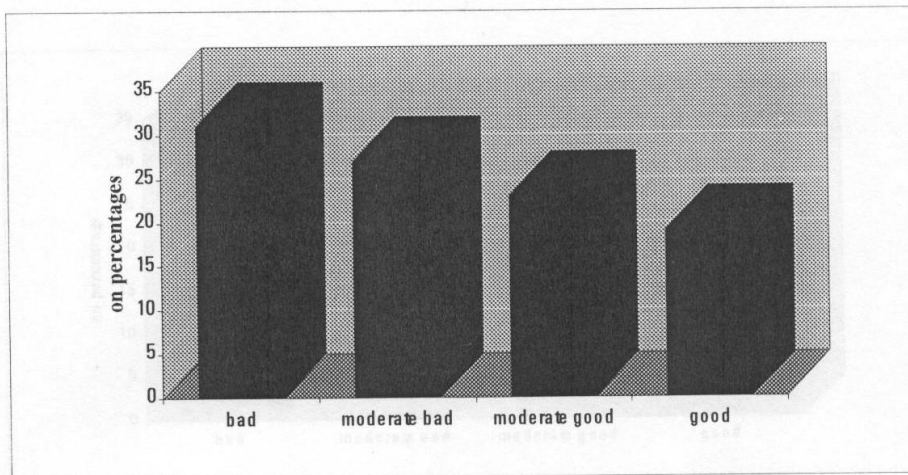




**Ezhibit 2 (continued)**

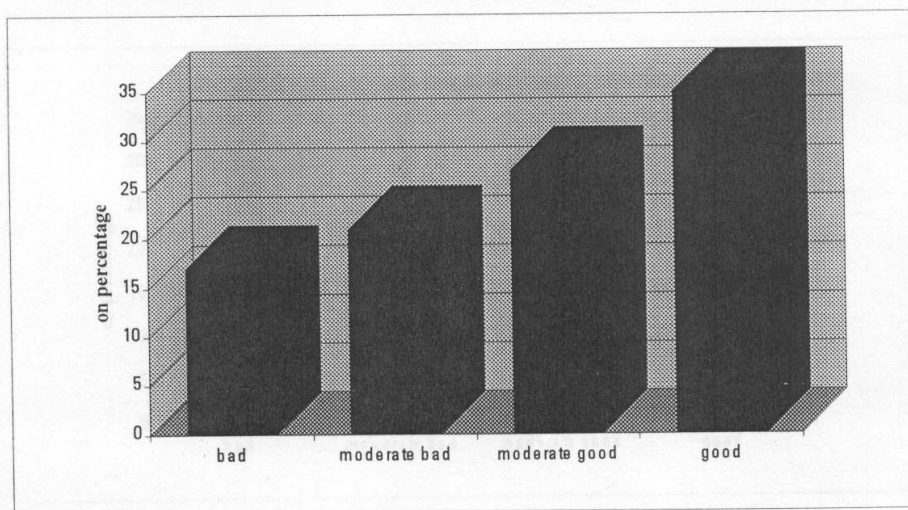
**Q3. General impression about the Customs office in Airport Zvartnots (sample size 400)**

(sample size 400)

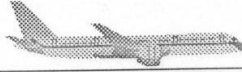


**Q4a. General impression about polite behavior of personnel in Airport Vnukovo**

**Q3a. General impression about the Customs office in Airport Vnukovo (sample size 400)**

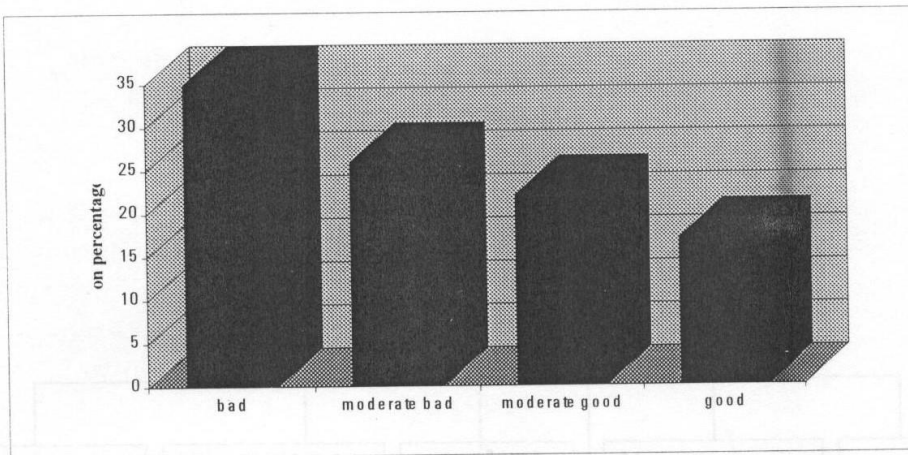




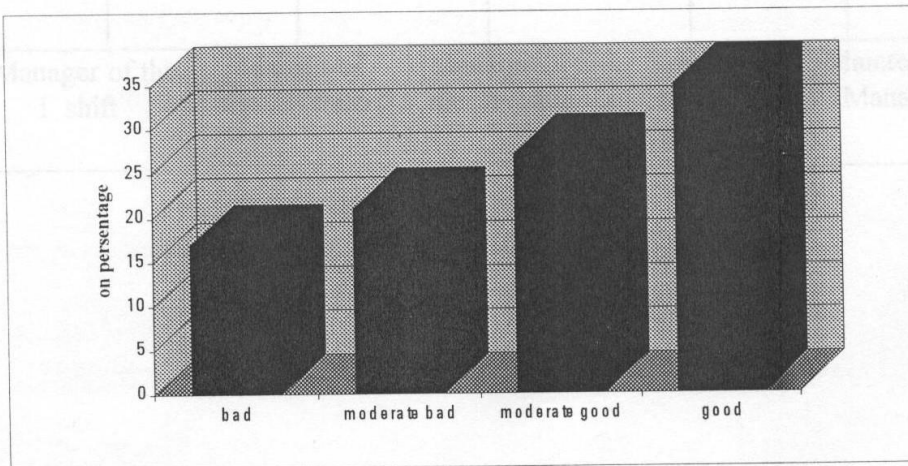


**Ezhibit 2 (continued)**

**Q4. General impression about polite behavior of personnel in Airport Zvartnots (sample size 400)**



**Q4a. General impression about polite behavior of personal in Airport Vnukovo (sample size 400)**

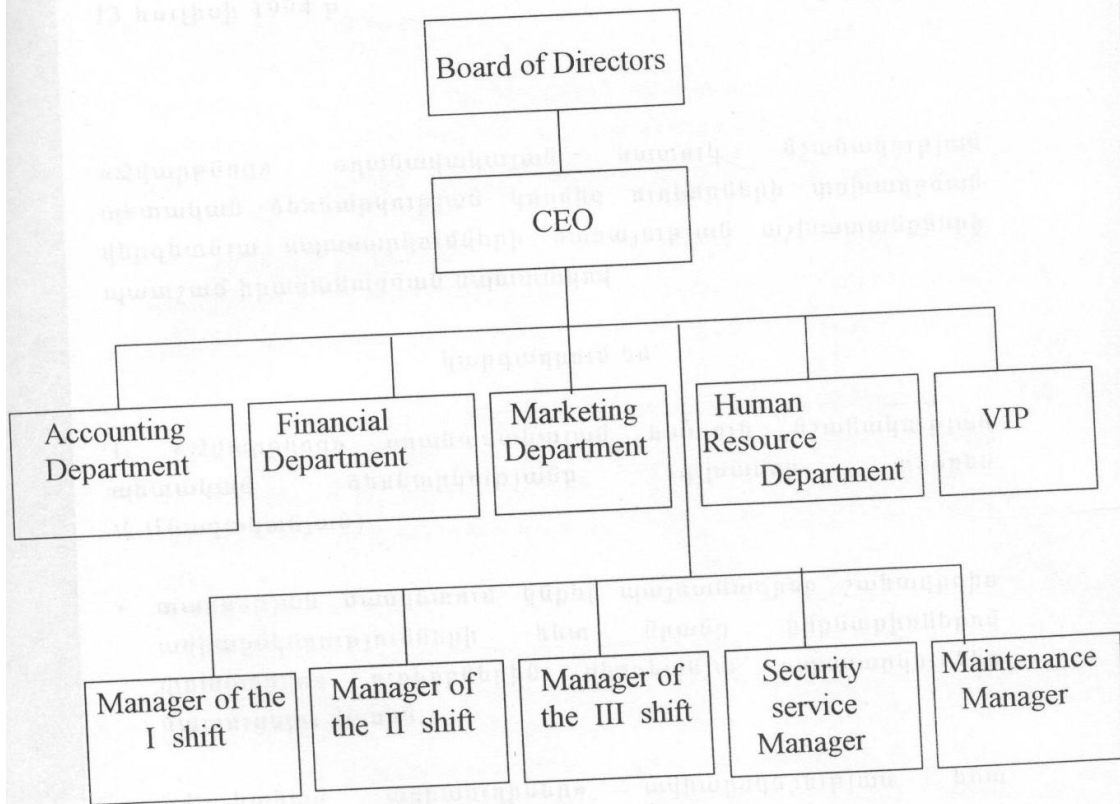






**Exhibit 3**

**MANAGEMENT STRUCTURE**



ՀՀ ԿԱՌԱՎԱՐՈՒԹՅԱՆ  
ԼԻԱԶՈՐ ՆԵՐԿԱՅԱՅՈՒՑԻՉ

Կ Ա Ր Գ Ա Դ Ր ՈՒ Թ Յ ՈՒ Ն **№ 8.**

13 հունիսի 1994 թ.

ք. Երևան

«Զվարթնոց» օդանավակայան հատուկ նշանակության պետական ձեռնարկության կողմից ուղևորների փոխադրման վերգետնյա սպասարկումների ծառայության աշխատանքների պատշաճ իրականացման նպատակով

կարգադրում եմ՝

1. «Զվարթնոց» օդանավակայան հատուկ նշանակության պետական ձեռնարկությանը (գլխավոր տնօրեն Վ.Մնացականյան)՝

- տասնօրյան ժամկետում կնքել պայմանագրեր շահագրգիռ ավիաընկերությունների հետ նրանց ինքնաթիռներով փոխադրվող ուղևորներին վերգետնյա սպասարկումներ մատուցելու մասին.
- «Հայկական ավիաուղիներ» ավիաընկերության հետ համաձայնեցնել ուղևորների փոխադրման վերգետնյա սպասարկումների տեխնոլոգիական ընթացակարգերը.
- ուղևորների փոխադրումների վերգետնյա սպասարկումների իրականացման ընթացքում խստիվ հետևել տվյալ չվերթն իրականացնող ավիաընկերության կողմից սահմանված կարգերին և սակագներին.

- ուղևորների փոխադրումների վերգետնյա սպասարկումների ընթացքում ուղևորներից գանձվող այն գումարների համար, որ կապված են տվյալ չվերքի իրականացման հետ, սահմանել փոխհաշվարկների կարգ, յուրաքանչյուր կոնկրետ չվերքի համար:

- ուղևորների և ուղեբեռի զննումը իրականացնել ՀՀ ԶԱԳՎ սահմանած կարգին համաձայն:

2. «Հայկական ավիաուղիներ» ավիաընկերությանը (գլխավոր տնօրեն Ս.Մարգարյան)

- ճանաչել «Զվարթնոց» օդանավակայանի ուղևորների փոխադրման վերգետնյա սպասարկումների ծառայության կողմից կատարված ուղևորների գրանցումները:

- «Զվարթնոց» օդանավակայանի ուղևորների փոխադրման վերգետնյա ծառայությանը տրամադրել ուղևորների գրանցման համար անհրաժեշտ փաստաթղթերի բլանկներ:

- «Զվարթնոց» օդանավակայանի ուղևորների փոխադրման վերգետնյա ծառայության կողմից վճարովի ուղեբեռի համար գանձումների ստացման համար, փոխհաշվարկները կատարել յուրաքանչյուր չվերքի համար ըստ վճարովի ուղեբեռի անդորագրերի:

- «Զվարթնոց» օդանավակայանին ապահովել ուղևորների փոխադրումների վերգետնյա սպասարկման համար անհրաժեշտ տեղեկատվությամբ, կապված ուղևորների համար սահմանվող արտոնությունների կամ սահմանափակումների, վճարովի ուղեբեռի սակագների և սեփական չվերքերի համար սահմանվող այլ կարգերի հետ:

3. ՀՀ ԶԱԳՎ ավիատրանսպորտային վարչությանը

- «Զվարթնոց» օդանավակայանին ապահովել ուղևորների փոխադրման վերգետնյա սպասարկումների իրականացման համար անհրաժեշտ նորմատիվ փաստաթղթերով:

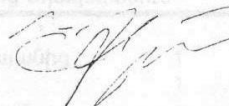
- ապահովել «Հայկական ավիաուղիներ» ավիաընկերության և «Զվարթնոց» օդանավակայանի ուղևորների փոխադրումների վերգետնյա սպասարկումների ծառայությունների աշխատանքների զուգակցումը.

- իրականացնել վերահսկողություն «Զվարթնոց» օդանավակայանի ուղևորների փոխադրման վերգետնյա սպասարկումների ծառայության կողմից փոխադրումների սահմանված նորմերի պահպանման նկատմամբ:

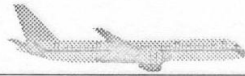
4. ՀՀ ՀԱԳՎ ավիացիոն անվտանգության վարչությանը՝

- «Զվարթնոց» օդանավակայանի ուղևորների փոխադրման վերգետնյա սպասարկումների ծառայությանը ապահովել անհրաժեշտ նորմատիվ փաստաթղթերով.

- իրականացնել վերահսկողություն «Զվարթնոց» օդանավակայանի ուղևորների փոխադրման վերգետնյա սպասարկումների ծառայության կողմից ավիացիոն անվտանգության սահմանված նորմերի պահպանման նկատմամբ:

ՀՀ կառավարության  
լիազոր ներկայացուցիչ  Շ. Պետրոսյան

|                                   |   |   |   |   |
|-----------------------------------|---|---|---|---|
| 1. Բաղադրանքի մեջ փոփոխություններ | 1 | 2 | 3 | 4 |
| 2. Բաղադրանքի մեջ փոփոխություններ | 1 | 2 | 3 | 4 |
| 3. Բաղադրանքի մեջ փոփոխություններ | 1 | 2 | 3 | 4 |
| 4. Բաղադրանքի մեջ փոփոխություններ | 1 | 2 | 3 | 4 |



**Appendix B**

Passenger Satisfaction Survey

Հարցաթերթիկ

Our wish is to see you again and you would be helping us improve our service by completing this short questionnaire. Just circle the choice that

Հարգելի ուղևորներ ողջունում ենք Ձեզ օդանավում և խնդրում գնահատել սպասարկման որակը Երևանի "Չվարթնոց" և Մոսկվայի "Վնուկովո" օդակայաններում: Պարզապես շրջանակի մեջ առեք այն թվերը, որոնք արտահայտում են Ձեր կարծիքը: Դա քիչ ժամանակ կխլի, բայց կօգնի կատարելագործելու սպասարկումը:

Moderately Moderately

Մոսկվայի "Վնուկովո" օդակայանում

At Yerevan Airport:

General impression of the facility

վատ ավելի շուտ ավելի շուտ լավ

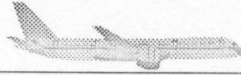
|   |   | վատ | ավելի շուտ | ավելի շուտ | լավ |
|---|---|-----|------------|------------|-----|
| cleanliness                                 |   |     | վատ        | լավ        |     |
| • ընդհանուր տպաորությունը օդակայանից        | 1 | 2   | 3          | 4          |     |
| • օդակայանի մաքրությունը                    | 1 | 2   | 3          | 4          |     |
| • Հաշվառումը և ուղեբեռի ձևակերպումը         | 1 | 2   | 3          | 4          |     |
| • Հատուկ ստուգման ծառայությունը             | 1 | 2   | 3          | 4          |     |
| • Մաքսային ծառայությունը                    | 1 | 2   | 3          | 4          |     |
| • Օդակայանի ձեզ սպասարկողների               |   |     |            |            |     |
| 1. քաղաքավարությունը                        | 1 | 2   | 3          | 4          |     |
| 2. ընդհանուր տեսքը                          | 1 | 2   | 3          | 4          |     |
| 3. իրենց պարտականությունների ճիշտ կատարումը | 1 | 2   | 3          | 4          |     |
| general appearance of officials             |   |     |            |            |     |

Երևանի "Չվարթնոց" օդակայանում

|   |   |   |   |   |
|---|---|---|---|---|
| • ընդհանուր տպաորությունը օդակայանից        | 1 | 2 | 3 | 4 |
| • օդակայանի մաքրությունը                    | 1 | 2 | 3 | 4 |
| • Հաշվառումը և ուղեբեռի ձևակերպումը         | 1 | 2 | 3 | 4 |
| • Հատուկ ստուգման ծառայությունը             | 1 | 2 | 3 | 4 |
| • Մաքսային ծառայությունը                    | 1 | 2 | 3 | 4 |
| • Օդակայանի ձեզ սպասարկողների               |   |   |   |   |
| 1. քաղաքավարությունը                        | 1 | 2 | 3 | 4 |
| 2. ընդհանուր տեսքը                          | 1 | 2 | 3 | 4 |
| 3. իրենց պարտականությունների ճիշտ կատարումը | 1 | 2 | 3 | 4 |

կանխահայտ շնորհակալությամբ!!!





## Appendix C

## Passenger Satisfaction Survey

Our wish is to see you as our customers again and you would be helping us improve our service by completing this short questionnaire. Just circle the choice that corresponds to your opinion. It will take very little of your time yet provide us with important information. Should you need to do so, please write additional comments in the appropriate space below. You need not identify yourself. Thank you very much!

|  | 1              | 2                         | 3                       | 4            |
|--|----------------|---------------------------|-------------------------|--------------|
|  | Unsatisfactory | Moderately Unsatisfactory | Moderately Satisfactory | Satisfactory |
| <b>At Yerevan Airport:</b>                 |                |                           |                         |              |
| <b>General impression of the facility</b>  | 1              | 2                         | 3                       | 4            |
| cleanliness                                | 1              | 2                         | 3                       | 4            |
| clarity of signs & directions              | 1              | 2                         | 3                       | 4            |
| passenger traffic pattern                  | 1              | 2                         | 3                       | 4            |
| parking area                               | 1              | 2                         | 3                       | 4            |
| <b>Customs service</b>                     | 1              | 2                         | 3                       | 4            |
| politeness                                 | 1              | 2                         | 3                       | 4            |
| efficiency                                 | 1              | 2                         | 3                       | 4            |
| clarity of rules and regulations           | 1              | 2                         | 3                       | 4            |
| respectfulness                             | 1              | 2                         | 3                       | 4            |
| general appearance of officials            | 1              | 2                         | 3                       | 4            |
| <b>Immigration service</b>                 | 1              | 2                         | 3                       | 4            |
| politeness                                 | 1              | 2                         | 3                       | 4            |
| efficiency                                 | 1              | 2                         | 3                       | 4            |
| clarity of rules and regulations           | 1              | 2                         | 3                       | 4            |
| respectfulness                             | 1              | 2                         | 3                       | 4            |
| general appearance of officials            | 1              | 2                         | 3                       | 4            |
| <b>Ticket and luggage check-in service</b> | 1              | 2                         | 3                       | 4            |
| quality of welcome                         | 1              | 2                         | 3                       | 4            |
| politeness                                 | 1              | 2                         | 3                       | 4            |
| efficiency                                 | 1              | 2                         | 3                       | 4            |
| respectfulness                             | 1              | 2                         | 3                       | 4            |
| general appearance of employees            | 1              | 2                         | 3                       | 4            |



**Appendix C (ontinued)**

|  | Unsatisfactory | Moderately Unsatisfactory | Moderately Satisfactory | Satisfactory |
|--|----------------|---------------------------|-------------------------|--------------|
| <b>Waiting-room facilities</b>   | 1              | 2                         | 3                       | 4            |
| available food and beverages   | 1              | 2                         | 3                       | 4            |
| quality of merchandise for sale  | 1              | 2                         | 3                       | 4            |
| washrooms  | 1              | 2                         | 3                       | 4            |
| personnel available for help   | 1              | 2                         | 3                       | 4            |
| <b>Security-check services</b>   | 1              | 2                         | 3                       | 4            |
| politeness   | 1              | 2                         | 3                       | 4            |
| efficiency   | 1              | 2                         | 3                       | 4            |
| respectfulness   | 1              | 2                         | 3                       | 4            |
| general appearance of officials  | 1              | 2                         | 3                       | 4            |
| thoroughness of checks   | 1              | 2                         | 3                       | 4            |
| <b>Luggage reception on arrival</b>  | 1              | 2                         | 3                       | 4            |
| waiting period   | 1              | 2                         | 3                       | 4            |
| organization of space  | 1              | 2                         | 3                       | 4            |
| help available if needed   | 1              | 2                         | 3                       | 4            |
| Your age: _____ Your sex: _____ M / F  |                |                           |                         |              |
| <input type="checkbox"/> below 20 <input type="checkbox"/> 41-50<br><input type="checkbox"/> 20-30 <input type="checkbox"/> 51-60<br><input type="checkbox"/> 31-40 <input type="checkbox"/> over 61 |                |                           |                         |              |
| Your nationality: _____  |                |                           |                         |              |
| Additional comments: _____   |                |                           |                         |              |
| _____  |                |                           |                         |              |
| _____  |                |                           |                         |              |
| _____  |                |                           |                         |              |

Thank you for your valuable time and opinions.  
 Just before disembarkation, please fold and hand this sheet to any member of the cabin crew.

## Balance sheet

as Nov. 1, 1995

### Assets

|                             |             |
|-----------------------------|-------------|
| Cash                        | 1000        |
| Prepaid expenses            | 1000        |
| Accounts receivable         | 0           |
| Inventory                   | 5000        |
| <b>Total current assets</b> | <b>7000</b> |

#### Equipment, property:

|                           |               |
|---------------------------|---------------|
| Equipment                 | 56000         |
| Inform system             | 13900         |
| Furniture                 | 28000         |
| <b>Total fixed assets</b> | <b>97900</b>  |
| <b>Total assets</b>       | <b>104900</b> |

#### Equipment

|                   |       |
|-------------------|-------|
| Unit load devices | 11000 |
| Bag. transporter  | 8000  |
| Vehicles          |       |
| Bus               | 5400  |
| Cars              | 17000 |

|              |              |
|--------------|--------------|
| Ramp mechan  | 14600        |
| <b>Total</b> | <b>56000</b> |

#### Additional equip

|               |              |
|---------------|--------------|
| Furniture     | 13000        |
| Bar equipment | 15000        |
| <b>Total</b>  | <b>28000</b> |

### Liabilities & OE

#### Owner's Equity

|                                   |               |
|-----------------------------------|---------------|
| Paid in capital                   | 104900        |
| <b>Total OE</b>                   | <b>104900</b> |
| <b>Total liabilities &amp; OE</b> | <b>104900</b> |

#### Inform system and accessories

|               |      |
|---------------|------|
| Computer      | 7200 |
| AT&T          | 900  |
| Local network | 4500 |

|              |              |
|--------------|--------------|
| Telephone    | 100          |
| Xerox        | 1200         |
| <b>Total</b> | <b>13900</b> |

## Balance sheet

as Nov. 31, 1995

| <b>Assets</b>               |               | <b>Liabilities &amp; OE</b>       |                 |
|-----------------------------|---------------|-----------------------------------|-----------------|
|                             |               | <b>Liabilities</b>                |                 |
| Cash                        | 41970         | Taxes payable                     | 15411.86        |
| Prepaid expenses            | 1000          |                                   |                 |
| Accounts receivable         | 0             |                                   |                 |
| Inventory                   | 5000          |                                   |                 |
| <b>Total current assets</b> | <b>47970</b>  | <b>Total liabilities</b>          | <b>15411.86</b> |
| Equipment, property:        |               | <b>Owners Equity</b>              |                 |
| Equipment                   | 58000         | Paid in capital                   | 104900          |
| Less depreciation           | 1000          | Retained earnings                 | 29917.14        |
| Net equip.                  | 57000         |                                   |                 |
| Inform system               | 13900         |                                   |                 |
| Less depreciation           | 500           |                                   |                 |
| Net inf. syst               | 13400         |                                   |                 |
| Furniture                   | 33000         |                                   |                 |
| Less depreciation           | 1141          |                                   |                 |
| Net furniture               | 31859         |                                   |                 |
| <b>Total fixed assets</b>   | <b>102259</b> | <b>Total OE</b>                   | <b>134817.1</b> |
| <b>Total assets</b>         | <b>150229</b> | <b>Total Liabilities &amp; OE</b> | <b>150229</b>   |





Statement of Cash Flow 1995 - 96

|                         | Nov   | Dec      | Jan      | Feb      | Mar      | Apr      | May      | Jun      | Jul      | Aug      | Sep      | Oct      | Nov      | Dec      |
|-------------------------|-------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Beginning               | 1000  | 41970    | 59446.28 | 83971.64 | 58083.84 | 97926.04 | 136027.2 | 180435.3 | 238850.2 | 297945.1 | 363640   | 422102.9 | 423973.8 | 460080.7 |
| Cash in:                |       |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Revenues                | 85445 | 85445    | 85445    | 85445    | 85445    | 98895    | 98895    | 98895    | 98895    | 107895   | 107895   | 107895   | 107895   | 107895   |
| Sales profit            | 8525  | 8525     | 8525     | 8525     | 8525     | 8525     | 17050    | 17050    | 17050    | 17050    | 17050    | 17050    | 17050    | 17050    |
| Total                   | 93970 | 93970    | 93970    | 93970    | 93970    | 107420   | 115945   | 115945   | 115945   | 124945   | 124945   | 124945   | 124945   | 124945   |
| Cash out:               |       |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Lagg. handl equip.      |       |          | 26000    |          |          |          |          |          |          |          |          |          |          |          |
| Trailers                | 2000  |          |          |          |          |          | 4000     |          | 2000     |          | 4000     |          |          |          |
| Trucks                  |       |          | 32000    |          |          | 12000    |          |          |          |          |          |          | 32000    |          |
| Computers and inf syst. |       |          | 45000    |          |          | 4000     |          |          |          |          |          |          | 4000     | 50000    |
| Inf. tables             |       |          |          |          |          |          |          |          |          |          |          |          | 15000    |          |
| Repairment              | 25000 | 25000    |          |          |          |          |          |          |          |          |          |          | 40000    |          |
| Repairment of park. pl. |       |          |          |          |          |          | 12000    |          |          |          |          |          |          |          |
| Rent of space           | 6000  | 6000     | 6000     | 6000     | 6000     | 6000     | 7000     | 7000     | 7000     | 7000     | 7000     | 7000     | 7000     | 7000     |
| Uniform                 | 5000  |          |          |          | 5000     |          |          |          |          |          |          |          |          |          |
| Fuel                    | 1500  | 1500     | 2000     | 2000     | 2000     | 2000     | 2000     | 2000     | 2000     | 3000     | 8000     | 8000     | 8000     | 8000     |
| Elect., water           | 500   | 1000     | 1000     | 1000     | 500      | 500      | 500      | 500      | 500      | 500      | 500      | 500      | 1000     | 1000     |
| Salary                  | 9000  | 9000     | 9000     | 9000     | 9000     | 14000    | 14000    | 14000    | 14000    | 14000    | 14000    | 14000    | 14000    | 14000    |
| Training                | 1000  | 0        |          |          | 10000    |          |          |          |          |          |          |          | 10000    |          |
| Advertizing             | 2000  | 2000     |          |          |          | 2000     |          |          |          | 2000     |          |          |          |          |
| Miscellaneous           | 1000  | 1000     | 1000     | 1000     | 1000     | 1000     | 1000     | 1000     | 1000     | 1000     | 1000     | 1000     | 1000     | 1000     |
| Taxes                   | 0     | 30993.72 | 24444.64 | 23857.8  | 20627.8  | 27818.8  | 31036.9  | 31030.1  | 30350.1  | 33750.1  | 31982.1  | 31574.1  | 17838.1  | 25182.1  |
| Total                   | 53000 | 76493.72 | 69444.64 | 119857.8 | 54127.8  | 69318.8  | 71536.9  | 57530.1  | 56850.1  | 59250.1  | 66482.1  | 123074.1 | 88638.1  | 106182.1 |
| Ending cash             | 41970 | 59446.28 | 83971.64 | 58083.84 | 97926.04 | 136027.2 | 180435.3 | 238850.2 | 297945.1 | 363640   | 422102.9 | 423973.8 | 460080.7 | 478843.6 |

Income statement

|                             | Nov          | Dec          | Jan          | Feb          | March        | Apr          | May          | June         | July         | August       | September    | October      | November     | December     |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue                     | 85445        | 85445        | 85445        | 85445        | 85445        | 85445        | 98895        | 98895        | 98895        | 107895       | 107895       | 107895       | 107895       | 107895       |
| Revenues                    | 85445        | 85445        | 85445        | 85445        | 85445        | 85445        | 98895        | 98895        | 98895        | 107895       | 107895       | 107895       | 107895       | 107895       |
| Sales                       | 35000        | 35000        | 35000        | 35000        | 35000        | 35000        | 70000        | 70000        | 70000        | 70000        | 70000        | 70000        | 70000        | 70000        |
| Less : CGS                  | 26475        | 26475        | 26475        | 26475        | 26475        | 26475        | 52950        | 52950        | 52950        | 52950        | 52950        | 52950        | 52950        | 52950        |
| Gross margin                | 93970        | 93970        | 93970        | 93970        | 93970        | 107420       | 115945       | 115945       | 115945       | 124945       | 124945       | 124945       | 124945       | 124945       |
| Operating expenses:         |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Wages                       |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Man. sal.                   | 2000         | 2000         | 2000         | 2000         | 2000         | 2000         | 2000         | 2000         | 2000         | 2000         | 2000         | 2000         | 2000         | 2000         |
| Emp. sal.                   | 7000         | 7000         | 7000         | 7000         | 7000         | 7000         | 7000         | 7000         | 7000         | 7000         | 7000         | 7000         | 7000         | 7000         |
| Fuel                        | 1500         | 1500         | 1500         | 1500         | 1500         | 1500         | 1500         | 1500         | 1500         | 1500         | 1500         | 1500         | 1500         | 1500         |
| Electr., water              | 500          | 500          | 500          | 500          | 500          | 500          | 500          | 500          | 500          | 500          | 500          | 500          | 500          | 500          |
| Repairment                  | 25000        | 25000        | 25000        | 25000        | 25000        | 25000        | 25000        | 25000        | 25000        | 25000        | 25000        | 25000        | 25000        | 25000        |
| Depr.                       | 2641         | 2641         | 2641         | 2641         | 2641         | 2641         | 2641         | 2641         | 2641         | 2641         | 2641         | 2641         | 2641         | 2641         |
| Rent                        | 6000         | 6000         | 6000         | 6000         | 6000         | 6000         | 6000         | 6000         | 6000         | 6000         | 6000         | 6000         | 6000         | 6000         |
| Miscelanies                 | 1000         | 1000         | 1000         | 1000         | 1000         | 1000         | 1000         | 1000         | 1000         | 1000         | 1000         | 1000         | 1000         | 1000         |
| Advertizing                 | 2000         | 2000         | 2000         | 2000         | 2000         | 2000         | 2000         | 2000         | 2000         | 2000         | 2000         | 2000         | 2000         | 2000         |
| Training                    | 1000         | 1000         | 1000         | 1000         | 1000         | 1000         | 1000         | 1000         | 1000         | 1000         | 1000         | 1000         | 1000         | 1000         |
| <b>Total oper. expenses</b> | <b>48641</b> | <b>48641</b> | <b>48141</b> | <b>48141</b> | <b>48141</b> | <b>48141</b> | <b>48141</b> | <b>48141</b> | <b>48141</b> | <b>48141</b> | <b>48141</b> | <b>48141</b> | <b>48141</b> | <b>48141</b> |
| Income before taxes         | 45329        | 45329        | 45829        | 45829        | 45829        | 60670        | 91285        | 91285        | 91285        | 99265        | 94065        | 92865        | 52465        | 74065        |
| Taxes                       | 15411.86     | 15581.86     | 24444.64     | 23857.8      | 20627.8      | 27818.8      | 31036.9      | 31030.1      | 30350.1      | 33750.1      | 31982.1      | 31574.1      | 17838.1      | 25182.1      |
| Net income                  | 29917.14     | 30247.14     | 47451.36     | 46312.2      | 40042.2      | 54001.2      | 60248.1      | 60234.9      | 58914.9      | 65514.9      | 62082.9      | 61290.9      | 34626.9      | 48882.9      |

**Balance sheet**  
as Dec 31, 1996

| Assets                      | Liabilities & OE |                   |
|-----------------------------|------------------|-------------------|
| Cash                        | 478843.6         | 0                 |
| Prepaid expenses            | 1000             |                   |
| Accounts receivable         | 0                |                   |
| Inventory                   | 5000             |                   |
| <b>Total current assets</b> | <b>484843.6</b>  | <b>0</b>          |
| Equipment, property:        |                  |                   |
| Equipment                   | 170000           | Owner Equity      |
| Inform system               | 181900           | Paid in capital   |
| Furniture                   | 38000            | Retained earnings |
| Less                        |                  | 699767.6          |
| Accum. deprec               | 70076            |                   |
| <b>Total fixed assets</b>   | <b>319824</b>    | <b>Total OE</b>   |
| <b>Total assets</b>         | <b>804667.6</b>  | <b>804667.6</b>   |



Statement of cash flow

|                         | 1997       |            |             |            | 1998       |            |             |            |
|-------------------------|------------|------------|-------------|------------|------------|------------|-------------|------------|
|                         | 1-st quart | II quarter | III quarter | IV quarter | 1-st quart | II quarter | III quarter | IV quarter |
| Beginning               | 478843.6   | 418427.7   | 612098.3    | 807869     | 1010894    | 1284764    | 1559099     | 1887214    |
| Cash in:                |            |            |             |            |            |            |             |            |
| Revenues                | 323685     | 323685     | 323685      | 323685     | 485527.5   | 485527.5   | 485527.5    | 485527.5   |
| Sales profit            | 51150      | 51150      | 51150       | 51150      | 76725      | 76725      | 76725       | 76725      |
| Total                   | 374835     | 374835     | 374835      | 374835     | 562252.5   | 562252.5   | 562252.5    | 562252.5   |
| Cash out:               |            |            |             |            |            |            |             |            |
| Lagg. handl equip.      | 15000      |            |             |            | 20000      | 50000      |             |            |
| Trailers                | 10000      |            |             |            | 25000      |            |             |            |
| Trucks                  |            |            |             |            |            |            |             |            |
| Computers and inf syst. | 23000      |            |             |            |            |            |             |            |
| Inf. tables             |            | 7500       | 7500        |            |            |            |             |            |
| Repairment              | 200000     |            |             |            |            |            | 5000        |            |
| Repairment of park. pl. |            |            |             |            | 10000      |            |             |            |
| Rent of space           | 24000      | 24000      | 24000       | 24000      | 24000      | 24000      | 24000       | 24000      |
| Uniform                 | 10000      |            |             |            |            |            |             |            |
| Fuel                    | 24000      | 24000      | 24000       | 24000      | 24000      | 24000      | 24000       | 24000      |
| Elect.,water            | 3000       | 3000       | 3000        | 3000       | 3000       | 3000       | 3000        | 3000       |
| Salary                  | 27000      | 27000      | 27000       | 27000      | 27000      | 27000      | 27000       | 27000      |
| Training                | 10000      |            |             |            |            |            |             |            |
| Advertizing             | 2000       | 1000       | 1000        | 1000       | 1000       | 1000       | 1000        | 1000       |
| Miscellaneous           | 1000       | 1000       | 1000        | 1000       | 1000       | 1000       | 1000        | 1000       |
| Taxes                   | 86250.86   | 93664.46   | 92564.24    | 92809.73   | 154382.4   | 153917.8   | 155137.5    | 154640.8   |
| Total                   | 435250.9   | 181164.5   | 179064.2    | 171809.7   | 288382.4   | 287917.8   | 234137.5    | 233640.8   |
| Ending cash             | 418427.7   | 612098.3   | 807869      | 1010894    | 1284764    | 1559099    | 1887214     | 2215826    |



Projected income statement

|                      | 1997       |            |             |            | 1998       |            |             |            |
|----------------------|------------|------------|-------------|------------|------------|------------|-------------|------------|
|                      | 1-st quart | II quarter | III quarter | IV quarter | 1-st quart | II quarter | III quarter | IV quarter |
| Revenue              | 323685     | 323685     | 323685      | 323685     | 485527.5   | 485527.5   | 485527.5    | 485527.5   |
| Revenues             | 210000     | 210000     | 210000      | 210000     | 315000     | 315000     | 315000      | 315000     |
| Sales                | 158850     | 158850     | 158850      | 158850     | 238275     | 238275     | 238275      | 238275     |
| CGS                  | 374835     | 374835     | 374835      | 374835     | 562252.5   | 562252.5   | 562252.5    | 562252.5   |
| Less :               |            |            |             |            |            |            |             |            |
| Gross margin         |            |            |             |            |            |            |             |            |
| Operating expenses:  |            |            |             |            |            |            |             |            |
| Wages                |            |            |             |            |            |            |             |            |
| Man. sal.            | 8000       | 8000       | 8000        | 8000       | 8000       | 8000       | 8000        | 8000       |
| Emp. sal.            | 28000      | 28000      | 28000       | 28000      | 28000      | 28000      | 28000       | 28000      |
| Fuel                 | 4500       | 4500       | 4500        | 4500       | 4500       | 4500       | 4500        | 4500       |
| Electr., water       | 1500       | 1500       | 1500        | 1500       | 1500       | 1500       | 1500        | 1500       |
| Repairment           | 20000      |            |             |            |            |            |             |            |
| Depr.                | 35156      | 36351.3    | 37587.25    | 38865.21   | 40186.63   | 41552.98   | 42965.78    | 44426.62   |
| Rent                 | 18000      | 18000      | 18000       | 18000      | 18000      | 18000      | 18000       | 18000      |
| Miscelanies          | 3000       | 3000       | 3000        | 3000       | 3000       | 3000       | 3000        | 3000       |
| Advertizing          | 2000       |            |             |            | 5000       |            |             |            |
| Training             | 1000       |            |             | 2000       |            |            |             |            |
| Total oper. expenses | 121156     | 99351.3    | 102587.2    | 101865.2   | 108186.6   | 109553     | 105965.8    | 107426.6   |
| Income before taxes  | 253679     | 275483.7   | 272247.8    | 272969.8   | 454065.9   | 452699.5   | 456286.7    | 454825.9   |
| Taxes                | 86250.86   | 93664.46   | 92564.24    | 92809.73   | 154382.4   | 153917.8   | 155137.5    | 154640.8   |
| Net income           | 167428.1   | 181819.2   | 179683.5    | 180160.1   | 299683.5   | 298781.7   | 301149.2    | 300185.1   |



## Balance sheet

as Dec 31, 1998

| Assets               |         | Liabilities & OE          |         |
|----------------------|---------|---------------------------|---------|
|                      |         | Liabilities               |         |
| Cash                 | 2215826 | Taxes payable             | 0       |
| Prepaid expences     | 0       |                           |         |
| Accounts receivable  | 48956   |                           |         |
| Inventory            | 25000   | Total current liabilities |         |
| Total current assets | 2289782 |                           |         |
| Equipment, property: |         | Owner Equity              |         |
| Equipment            | 280000  | Paid in capital           | 104900  |
| Inform system        | 119900  | Retained earnings         | 2474147 |
| Furniture            | 38000   |                           |         |
| Less                 |         |                           |         |
| Accum. deprec        | 148635  |                           |         |
| Total fixed assets   | 289265  | Total OE                  | 2579047 |
| Total assets         | 2579047 | Total liabilities & OE    | 2579047 |

|                   |        |                               |        |
|-------------------|--------|-------------------------------|--------|
| Equipment         |        | Inform system and accessories |        |
| Unit load devices | 11000  | Computer                      | 34200  |
| Bag. transporter  | 8000   | AT&T                          | 900    |
| Vehicles          |        | Local network                 | 4500   |
| Bus               | 5400   | Inf. syst.                    | 49000  |
| Cars              | 17000  | Inf tables                    | 30000  |
| Truck             | 80000  | Int.com. net.                 |        |
| Tailer            | 33000  | Telephone                     | 100    |
| Lug. hand equip.  | 111000 |                               |        |
| Ramp mechan       | 14600  | Xerox                         | 1200   |
| Total             | 280000 | Total                         | 119900 |

## Additional equip &amp; uniform

|               |       |
|---------------|-------|
| Furniture     | 13000 |
| Uniform       | 10000 |
| Bar equipment | 15000 |
| Total         | 38000 |







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6. ICAO, IATA and ACI Documentation on Passenger Handling Services

*Project Name:* Operational Plan for Passenger Services at the Airport Zvartnots

*Client:* Vaykardak Minisakanian, General Director of the Airport Zvartnots

*Professor:* Dr. Karouk Heibz, Ph. D.

*Project Group:* Lusine Janobian  
Vardan Grigorian  
Vazgen Parsogian  
Armen Geckjian

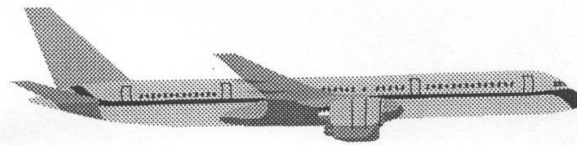
Yerevan 1995

## **AMERICAN UNIVERSITY OF ARMENIA**

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### **College of Business Administration and Management**



- Project Name:* Operational Plan for Passenger Services at the Airport Zvartnots.
- Client:* Vagharshak Mnatsakanian, General Director of the Airport Zvartnots
- Professor:* Dr. Farouk Heiba, Ph. D
- Project Group:* Lusine Janoian  
Vardan Grkikian  
Vazgen Barsegian  
Armen Geokjian

**Yerevan 1995**

