

Hna case study

Business



Effective utilization of capital markets (Internal and external) to expand operational scale and lower operating costs

5. Culture Encompasses Chinese culture and Western modern management Lazy Ant Theory and Swapping System

6. Quality Excellent flight safety standards Punctuality rate is first in China

7. Clear Strategy: To be low cost provider Focused on cost structure and operating efficiency Cost per ASK was very low

Lower maintenance cost Similar model of planes Ran aircrafts longer

Investment in technology Lower staffing cost per ASK

8. Started outside SAC – did not have to adhere to government standard.

Forced them to be more aggressive

9. Strong Interrelation among the blocks of businesses contributes to increasing revenue for their airline business

2. What are the challenges that the company faces at both the business and corporate levels?

Business unit Price of Oil (airline) High financing costs (airline)

Entry of budget hotel competitors (hotel)

Entry of upscale international franchise (Hiltonetc) Into hotel Industry (hotel)

Credit rating firm downgraded the Lorene to second lowest rating Corporate level High debt level puts the company Into difficulty of Ralston funds to expand

Relative industries block – important to maintain relevance to its airline business

3. Was the company's Increasing Dread TN a Allocation to ten Lorene Dustless or a route to competitive advantage? The increasing breadth might work in favor for Henna's airline business as they seek to revamp itself into Grand China Airline.

By increasing its reread, it can help to strengthen the new airline brand name to other parts of the world. Particularly for the hotel business, HAN can

utilize them to promote the brand presence of its airline business to tourists. However, HAN need to be careful of the breadth of business it can extend to. It should be kept within the boundaries of the airline industry such that whatever industries it is trying to expand to, it should contribute directly to its airline business (obvious synergy). For example, the departmental store business does not create synergy with the airline business.