

The air new zealand business essay

[Environment](#), [Air](#)



The great developments in technology have enabled people to experience easy connectivity throughout the globe. The connectivity is enhanced through various means including telecom or internet connections. However, it is good to be cognizant of the fact that these are not the only reliable methods of establishing connectivity and communication. Travelling has also undergone a great revolution and people can now conveniently and promptly meet at low cost. Travelling round globe has become a simple process taking only a few hours and people in New Zealand have found Air New Zealand an effective travel option towards this end. The journey by New Zealand Air began in 1940 from a humble beginning with numerous challenges and joint ventures. However, with time New Zealand Air has acquired independence and become the government airline. The journey to prosperity has been a long one and it has taken great effort for the company to stand on its feet. In this struggle, leaders and their strategic plans have played a significant role in enhancing success. The numerous strategies employed by New Zealand Air are comprehensively highlighted within Part A and B of this report. In a bid to be the best, the company's leaders designated a vision for its airlines business and worked hard to attain the success currently enjoyed by the airline.

Part A of this report highlights the environmental scan conducted where both the micro and macro analysis were considered. The outcome of the scan seemed to favor the airlines. In addition to the environmental scan, a SWOT analysis was conducted. The analysis reviewed weaknesses and strengths as well as external and internal opportunities and threats.

The environmental analysis also highlighted significant strategic issues, which included the following:

Brand Image Management

Hiring Competent Staff

Maintenance of Good Relations with Other

Consumer Satisfaction

Adhering to the regulations of Regulatory Bodies in the Industry

Ensuring expected profitability is attained

Part B of this report highlights the approaches adopted towards attaining these goals in a concise and brief manner. The strategic points highlighted above are later reviewed with an aim of showing how they have given the company direction and a bridge to reach its new goals. In addition to highlighting the strategic path that led to this success, the risk element and various risks involved in the process are also mentioned. Literature in leadership has taught us that no business strategy is simple, and there are numerous barriers to success. However, if the leadership of an organization is equipped with the right skills and strategy, then it can be possible to attain the desired goal. The last section of this part highlights the monitoring of activities of the organization and the evaluation of outcomes such as operations, finances, employee retention and clientele building and maintenance.

The section also highlights important company resources, which are necessary for the survival and operations of the company. The report develops a critical analysis on the extent to which these resources are needed for operations and actual availability of the resources. The outline of resources is divided into four sections. These resources include financial resources, human resources, intangible resources and tangible resources. The availability of the resources highlighted is portrayed in a table format. The table also shows a column of alternatives for resources that may not be within the company's reach.

Apart from the elements highlighted above, the report also does an extensive review of the company's goals and the operational steps undertaken to attain the desired goals. The strategic pursuits of the company commonly employed to overcome risks are also highlighted. In addition, the report highlights the evaluation system applied in assessing the company's performance over time. The evaluation system is a multifaceted system that evaluates various aspects of performance including finances, - operations, employee retention and day-to-day business operations.

Resource Demands:

The world has currently shrunk significantly and the global village has become a reality due to technological advancements that have transformed communication and travel. As globalization advances the substance of a competitive advantage in the global market has become a very tricky attainment due to great dynamics in the global market, which have increased competition. Timely resource identification constitutes one of the

clever moves used to reach the company's goals. This is a significant consideration because resources are the major determinants of the course of any organization. The acquisition of knowledge and information on resources such as human resource, finance and information technology is essential for the success of any business. The report highlights the various resources available for the company's disposal as well as how these resources affect company operations. Each of these resources has different functionalities and helps differently in the running of the company. These roles are highlighted below under respective categories.

HUMAN RESOURCE:

The human resource constitutes people and structures used in facilitating the existence and survival of the human aspect of the business. This resource constitutes of a support system that is tasked with hiring, personnel sourcing, skills development, applicant tracking, administration of benefits and ensuring compliance to legal structures defined by statutory bodies (Entrepreneur, 2012).

The department of human resources is tasked with the responsibility of ensuring that all the needs of employees are catered for appropriately. As such, it is an employee welfare department. The list of responsibilities and tasks that fall under this department include payroll preparation and maintenance, hiring, updating federal tax law records, firing employees and the provision of various employee benefits in terminal states of employment (Entrepreneur, 2012).

Air New Zealand's human resource department is headed by Keith Muirhead, who is responsible for all recruitments for the company (Air New Zealand, 2012). Air New Zealand has a working force of 10500 employees that work the company. This workforce includes casual, part-time and full-time employees (Star Alliance, n. d.).

Below is a list of the executive team of managers that works for Air New Zealand (Zealand, 2012).

Manager's Name

Management Position Held

Mr. Rob Fyfe

Chief executive officer (C. E. O)

Mr. Norm Thompson

Deputy C. E. O

Mr. Rob McDonald

Group general manager corporate affairs& Chief financial officer

Mr. Christopher Luxon

Group general manager International airline

Mr. Bruce Parton

Group general manager short-haul airline

Ms. Vanessa Stoddart

Group general manager people and technical operation

Captain David Morgan

General manager airline operation and safety

Mr. Mike Tod

General manager marketing and Communication

Mr. Stephen Jones

General manager strategy

2. 2 FINANCIAL RESOURCE:

Start up finance is necessary for starting and running operations within any organization. Organizations may also require funds for the purpose of expanding their operations into new markets or offering new forms of goods and services. Business organizations have different options on how they can source their funds for business. The choice of method depends on the organization's needs and roles in the field of operation. Traditional modes of funding include bank loans and equity from investors. There are also other government-based options such as capital funds and grants from the government (Vitez, 2012).

The table below presents the company's financials in a brief summary of the mentioned period. The company's profit prior to and after taxation is also listed (Air New Zealand, 2011).

2. 3 TANGIBLE RESOURCE:

2. 3. 1 Advertising and Marketing:

Marketing denotes a number of activities undertaken to ensure that the airline fulfills the needs of its consumers while getting value in terms of return on its investments. The act of marketing is aimed at popularizing services or products. The process mainly entails bringing the products or services to the attention of the consumers. There are numerous ways of conducting advertisements, and these may include social networking sites, local dailies, magazines, television, radio, e-mail or text marketing among many others (McNamara, n. d.). Airlines round the globe have adopted numerous approaches to advertisement and New Zealand Airline has not been left out. The airline's advertisements can be seen in various forms of media such as Facebook, newspapers and magazines. In addition to advertising, a number of promotional schemes have also been employed. These promotional schemes feature a number of draws, seasonal holiday offers and special fare offers.

2. 3. 2 Technology: Technology has also been widely used by the company as a way of advertising itself. The Auckland region is a prime region for newly arriving forms of technologies. As part of the airline industry, the company has grabbed the latest technologies in customer service, on board service provision, cancellation of tickets as well as online booking. The adoption of these technologies has not only improved service delivery, but also marketed the company. The current technology has eliminated queuing, which was initially necessary in order to get a ticket. Technology has permitted automated printing of tickets, which clients can even acquire via

online booking. Clients can now book and make ticket cancellations online. This enhances convenience and ease in making travel arrangements. Technology has also been used in enhancing entertainment on board, and now travelers can enjoy watching movies on LCD screens as well as play games (Air New Zealand, 2012). Apart from using technology to enhance the travel experience, the organization has also harnessed the advances in the technology to increase utility. For example, the company has acquired new and larger planes for its fleet. These include the Airbus A380, which is capable of carrying 550 passengers and more luggage (Airliners. net, 2012). This advance in technology has opened up the company's abilities in terms of carrying capacity and service.

2. 3. 3 Infrastructure and Location: The excellence of Auckland airport has also acted as marketing element, which has seen the airline greatly benefit from the popularity of the airport. The airport has been recognized as one among the ten best airports globally for two consecutive years. The airport earns billions of dollars for the economy by facilitating trade and creating numerous job vacancies. In addition to trade, the airport has also led to expansion of tourism by establishing a connection to the rest of the world. The sheer size of its contribution is evidenced by the 13 million passengers that pass through the airport annually (Auckland Airport, 2012). This has been a result of its perfect infrastructure, which has acted as the marketing point for its services. Therefore, the overall perfect location and excellent infrastructure open up great prospects for the airline's future.

2. 4 INTANGIBLE RESOURCES:

Apart from physical, financial and human resources, there are other resources that may not be visible or tangible, but nevertheless add to the overall value of the business. These are resources that may not appear on the physical balance sheet, but have the capacity to make a financial contribution to the company's success. These intangible resources include brand name, goodwill, strong client base and customer relationships as well as reputation of the airline. Perhaps Air New Zealand's best intangible resource is its brand name and reputation. The airline stands in 6th position on the global ranking of the world's best 10 airports. The list of ranking is as outlined below:

Qatar Airways

Singapore Airlines

Asiana Airlines

Cathay Pacific Airways

Thai Airways International

Air New Zealand

Etihad Airways

Qantas Airways

Turkish Airlines

Emirates

2. 4. 1 Goodwill: This denotes a company's standing in business which is earned out of its conduct of business operations in a prudent manner. Goodwill increases the significance of a business, and it means an increase of value that cannot be accredited to any other business assets (Value Adder, 2011).

2. 4. 2 Reputation: Reputation denotes a favorable public recognition of a name of standing of meritorious achievement (Dictionary. com, 2012). Air New Zealand has been able to increase its good reputation through participating in social functions and events, which have positively promoted its name.

2. 4. 3 Brand building: Brand building entails the general popularization of a company's name and its positive association with quality service and product delivery. Once the brand is firmly established and build, products and services under its name are able to sell widely due to its popularity. In order to build its brand name Air New Zealand has used a number of strategies including communication, external and internal marketing as well as establishing reliability (tutor2u, n. d.).

2. 4. 4 Customer Relationship Building: The building and maintenance of customer relationships is also part of the creation of intangible assets. Satisfied clients often double up as returning clients and a potential marketing tool because they are able to effectively market the company. A customer's word of mouth is a very reliable mode of marketing and one that

can ensure that a company's client base expands significantly. This is why it is very important for companies in need of long-term survival in the market to target and maintain good relations with their clientele (Gordon, 2012).

“ In order to get prospective and old clients thinking about the company, the following measures have been suggested:

Development of a two-way mode of communication with feedback

Ensure frequent communication

Organize for special events

Offer free rewards

Enhance promptness in customer service

Visit operational grounds to interact with clients

Develop multicultural programs to reach a wide array of people (Gordon, 2012).

Resources Availability:

Resources

Availability

Resources Unavailable

and its alternatives

Human Resources

Skilled and competent staff available

Vacant positions at the airline company include the positions below, which are listed on its main site (Air New Zealand, 2012):

First officer

B787 Tech pilot

Second officer

Senior java developer

Financial Resource

The airline's first half of 2012 had a net profit of \$38 million dollars after tax (Air New Zealand, 2012).

The company experienced an increase in operating revenue from 2.5% to 2.3%. This implies that the higher costs may cut on profits and therefore, the company will be compelled to cut costs so as to attain the desired profit levels (Fyfe, 2012).

Tangible Resources

Advertising and Marketing

The company used a wide array of mediums to pass its advertisement messages, which were successfully received through social media, TV, internet and print media. The success in the advertising campaign won the company an award in the marketing strategy category (Air New Zealand, 2012).

The company is planning on introducing better schemes for the end of the year (Air New Zealand, 2012).

Technology

New Zealand Airline is up-to-date with the most current technological use in the industry.

The company won the 2012 Airline of the year award (Air New Zealand, 2012).

The airline is still exploring the possibilities of embracing new technologies that are up-coming in the airline industry for future improvement (Fyfe, 2012).

Location and Infrastructure

The airline operates from an airport that is highly ranked in the top 10 list of top global airports (Auckland Airport, 2012). The company therefore benefits from having a base at Auckland.

The airport is considering opening up one more runway to ease traffic and improve service (Auckland Airport, 2012)

Intangible Resources

Goodwill

The airlines investments in other business entities raised the goodwill of the company by \$2 Million (Air New Zealand, 2012).

The organization tried to maintain relationship with other business entities while still maintaining subsidiary relationships and joint ventures (Air New Zealand, 2012).

Reputation

According to New Zealand's Herald the company has significant reputation (Nordqvist, 2011).

The airline has maintained a long-term positive operational relation, which has successfully led to the development of reputation.

Brand building

The company is working towards being the best globally, and its brand name has significantly increased across the nation and across borders (Air New Zealand, 2012).

The Chairman of Air line stated within his report that the organization was in an effort of trying to improve brand name and reputation (Palmer, 2012).

Building Customer relationship

Air New Zealand has always strived to offer the best services by providing an outstanding service for all its clientele in the unique "KIWI" style. The organization has developed a campaign in which they have developed healthy relations with their consumers. The company has also introduced interactive ways of interacting with their clients through e-mail. The process

informs customers about flights, weather and offered delicacies (Silverpop, 2012).

The company is on an ever developing process of enhancing consumer experience, and the development process is never ending.

The table above is critical analysis of resources, which reveals the resources that are readily available and those that are deficient or rather require supplementation. In spite of the deficiencies of resources, it is notable that Air New Zealand is not new in the market and therefore, its operations only require a few additional assets. The company is already up and running has numerous resources. As such, it does not need any new significant resources as portrayed in the table above.

The organization is not satisfied with the profit margin it attained in the first half of the 2012 financial year. The expectations were higher, but the increase in operating revenues from 2. 5% to \$2. 3 billion led to reduced levels of profit expected. The airline's review of financial commitments and performance has led the board to declare an interim dividend of two cents per share. Apart from the slight decline in expected profits the airline is also under pressure due to an increase in fuel prices. In spite of these challenges the airline has been able to achieve the prestigious award of ATW airline of the year. The fact that this is a second award in three years makes the company's achievement remarkable (Palmer, 2012).

In the report presented by CEO, he mentioned that the business is in the process of reducing cost so in this leadership process, Executive

management staff fees, including his, would be reduced by 10% with effect from 1 January 2012 (Fyfe, 2011).

The airline's marketing bid has been a great success, and in 2011 the company won the top marketing award. A panel of judges including Qantas' ex-CEO, Air Canada director and EasyJet ex-CEO stated that the airline was at the top of the market leaders within the industry (Air New Zealand, 2012).

The airline's "Bare Essential" and the "Nothing to Hide" in-flight safety video featuring staff in body-painted uniforms including the CEO prove a great point for the organization. The marketing approach gave the organization widespread exposure to the organization after these videos became viral (Bergh, 2009). The advertisement spread significantly through word of mouth and online platforms.

Source: (Stuff, 2009).

Business goals:

The maintenance of company goals is a significant aspect of conducting business. Every company has to ensure that there is strict focus on its goals so as to attain the vision of the organization. The focus calls for hard work and a strong drive to attain the goals.

The CEO of the Air line (Fyfe, 2012) has a goal to uphold a world class reputation, a strategic view for the future and a "strong balance sheet". The current CEO-Rob Fyfe-took the lead from Ralph Norris in 2005. News reports show that shares peaked above \$16 in 1995, however, these had dropped to \$1.1 when the current CEO took over. In a seven year period the CEO has

been able to restructure and grow the company to great heights. His efforts are notable and the organization has advanced in virtually all sectors (3 News, 2012).

As part of the strategic pursuit of its goals the organization has also made various efforts to commit parts of its services to environmental preservation CSR courses. This corporate social responsibility is reflected in one of its goals: “ Our goal is to be the world’s most environmentally sustainable airline.” The airline is searching for new methods to enhance environmental friendliness in all sectors of its operations. The company has always tried to champion for cleanliness and a cleaner and greener environment (Airways, n. d.).

Commitment to the environment: The airline shows a leading example in carbon emission reduction in all flight operations by ensuring that there is saving on fuel usage. The company has been able to reduce carbon emissions in the period of 2004 to 2008 by 90963 tons per annum. The company has also undertaken engagement into other projects where they aim to reduce carbon emissions by an estimated 130 000 tons per year (Airways, n. d.).

Fleet enhancement: The airline has embarked on a goal of increasing the airline’s fleet. In order to attain this goal the company has decided to invest \$2. 5 billion to make updates of the fleet by introducing Boeing 787-9s and 777-300 ERs. The new fleet is expected to be at least 20% fuel efficient and this is expected to help the organization in cutting down its carbon emissions. These crafts will not only be environmental friendly, but also

technologically savvy because they have new technological features that make them customer friendly (Airways, n. d.).

The vision statement on the Airlines' official website calls for the creation of a cooperative environment between the clients and the employees. This is expected to lead to the development of a positive working environment that enhances profitability for the company. The vision is outlined as follows: “ We will strive to be number one in every market we serve by creating a workplace where teams are committed to our customers in a distinctively New Zealand way, resulting in superior industry returns.” The focus is expected to bring good returns to the organization (Air New Zealand, 2012).

The following section is a brief highlight of strategic issues selected in Part A.

4. 1 Good Relations with other Airlines: The airline is a member of the star alliance, and it has worked towards creating working alliances for its local and international operations so as to enhance its operations (Air New Zealand, 2012). Air New Zealand is pursuing all possible steps to fulfill the airline's mission statement which requires it to be the best. The CEO of the airline is seeking to fulfill this goal by developing strategic measures that will lead to a stronger balance sheet.

4. 2 Brand Image: The airline has created a great brand name for itself both within the country and without the country. The company has tried to pursue internal marketing, communication and credibility creation as means of attaining a better brand image (Tutor2u, n. d.). However, the company needs

to work more on creating a better brand image globally. This is essential because the company should not only be known locally, but also globally.

4. 3 Making the expected profit: The report presented by the CEO showed that the airline made \$38 billion in the first half of the 2012 financial year (Fyfe, 2012). However, the organization has not yet attained the expected profit and therefore the management is working harder towards attaining a better target. This area of improvement requires professional input that can allow saving.

4. 4 Hiring skilled staff: Hiring of skilled staff is a significant endeavor that should be attained by all means. In 2008 the airline's plane crashed in to the Mediterranean in France. The accident led to the loss of life of two pilots and seven crew members (Stuff, 2008). The company's aim should be to hire a skilled workforce that will ensure that there are no accidents in the future, which could affect the brand image.

4. 5 Customer Satisfaction: The airline already has a focus on strategic planning, implementation of good service, and introduction of new technology and satisfaction of its clientele. This goal should be jointly developed by both staff and management. The staff and management should be urged to work harder and make the customers ever satisfied so as to ensure that they keep on coming back.

Key Tasks: This section will entail a number of tasks that will need to be undertaken to attain the goals set.

In order to reach this goal the CEO has undertaken a number of measures to develop a world class reputation and a strong balance sheet.

He reduced airfares to attract clients.

He introduced ‘ Nothing to Hide Campaign’ which led to his acquisition of the Executive of the Year Award.

He reduced first class seats to make space for more premium seats.

He created Freedom Air, which is a subsidiary low airline.

His belief in a friendly working environment and good listening skills allowed him to create a better working environment for the staff.

He cut back on pay as a means to increase the profit margins and this included reducing his own pay.

He has prepared a connection session where the staff attends to make discussions and ask questions.

He runs a ‘ Leadership College’ each year where 1400 staff joins to learn.

The lecture teaches topics on business and personal issues which enhances knowledge on the industry’s basics (Airline leader, 2011).

The organization has also carried out various measures to ensure it is environmentally friendly. These measures are meant to make the organization one of the world leading environmentally friendly organization.

The measures taken include:

The introduction of a new fleet of aircrafts with less fuel consumption capacity and less carbon emission.

Sustained commitment to reduce carbon emissions by saving on fuel so as to reduce carbon emissions.

Took up participation in 41 projects meant to reduce carbon emissions. This led to a realization of reduced emissions by 90953tons per year.

The airline made new initiatives to increase carbon reduction levels already attained to 130000 tons per year.

The airline initiated various measures to save on fuel. The initiated measures include weight reduction on aircrafts and optimizing on flight speeds. These measures are also meant to reduce carbon emissions.

The airline took a first initiative to test jatropha biofuel on large passenger aircraft. This step was aimed at reducing the percentage of carbon by avoiding aviation turbine fuel (ATF).

The organization introduced a green team to help the organization in taking care of the environment. In this effort, the organization also took time to educate its employees on environment protection (Airways, n. d.).

Below is a discussion of the strategic issues of Part A and the steps which should be followed to attain the desired goal.

5. 1 Good Relations with other Airlines:

The airline is a member of the star alliance group and may soon direct its service provision to the domestic network.

The airline can make approaches to other airlines especially in places where emergent markets are budding.

The organization performs discussions and meetings with the star alliance group as a way to introduce more airlines to the fold.

The organization has always aimed at forming better networks with other international and domestic airlines.

The company has introduced schemes that offer tools and equipment as well as loans for the maintenance of facilities of training of the staff members.

5. 2 Brand Image:

The airline has maintained high quality services that attract the clients.

The airline has enhanced its credibility by building greater brand trust among its customers

The initiation of internal marketing is also recommended to serve the purpose of brand image development.

Enhancement of communication both internally and externally is recommended.

The introduction of unique activities such as the ‘ Nothing to Hide Campaign’ can help improve brand image by creating a distinct image.

5.3 Attaining expected profit levels:

High margins on returns can be achievable through the hard work and strategic initiations aimed at developing strategic marketing points.

Cutting costs should be introduced where possible as exemplified by Fyfe's approach.

Preparation of bulk purchase schedules can help reduce costs and improve margins of returns.

Enhancement of value addition on services so as to attract more clients and increase business.

Increase and better the marketing campaign so as to get more consumers and business.

5.4 Hiring competent staff:

In order to achieve proficient hiring an efficient human resource manager should be hired and proficient and supportive team.

The organization should make the HR department aware of the human resource needs of the organization in terms of experience and education so that they can hire appropriately.

Perform recruitments at the right time by acquiring the right staff so as to cut costs on possible needs to re-hire.

The employees should have a proper orientation on their work and have a proper understanding of their job description.

Mentorship programs could be initiated so as to help new employees blend in easily. Training should also be offered to employees in form of refresher courses for all employees so as to ensure their skills are up to date.

Regular employee evaluation should be always conducted as a means to ensure that employees' performance is up to date.

Special plans should be made for discussions and question and answer sessions that make employees feel part of the team and decisions made. This will also enhance their comfort of working within the team.

5. 5 Customer Satisfaction:

Employees should be appropriately trained on how to handle consumers.

Service provision should be customer-oriented and the consumer should be treated as the top priority.

Employees should be taught on how to be friendly and accommodative to consumers.

Schemes of low fares can be i