

An introduction to the easyjet airline

Environment, Air



Easyjet was founded in 1995 by Sir Stelious Haji-Ioannou, it's a private limited company owned by Easy Group and it's also listed on the London Stock Exchange. The airline operates on a low cost budget, flying more than 15 million people a year and offers services for leisure and business passengers and it flies to 100 top European routes and connecting to different exciting destinations all over the world. In 2002 Easyjet acquired its rival airline, London Stansted based Go fly which boosted its operations.

Easyjet's fifth largest base is now at London Gatwick. Its operating bases are throughout UK and mainland Europe.

1. 1 EasyJet mission and vision statement

Every company has its mission to obtain certain objective and goals. It's a guiding principle of what the company is today and what it will be in future. EasyJet has its own mission; to provide their customer with safe, good value and point to point air services.

It effect and offer a consistent and reliable product and fares, appealing to leisure and business markets on a range of European routes. To achieve this they will develop their people and establish long lasting relationship with their suppliers and customers. Its purpose or vision of the future is built on increase its strength as the largest low cost airline in Europe. (Easy Jet, available at: <http://www.easyjet.com/en/about/>)

2. 0. The relative importance of having a strategic plan

Organisations all over the world succeed by having a strategic plan which will lead to long term direction and its performance will be at the highest

level than the business without strategic plan, having got higher rates of failure. Strategic plan is a framework which will serve for decision making as it provides the basis for more detailed planning and at the same time it can also be used for performance monitoring and future business growth. It can also be the basis of benchmarking as it will explain the business to its employees and other stakeholders. (Planware, 2009)

A good strategic plan should be of two to five years which will describe how the business will grow and prosper. It should be reviewed every quarterly by the board of company to see if the business is able to achieve its set objectives and if not what are the obstacles which is preventing to achieve the goals. (Online Business advisor 13 May, 2010)

Strategic plan sets overall business objectives and to develop plans on how to achieve those goals through day to day operations. As the business expands and become more complex, strategy planning will become more sophisticated in order to sustain in the competitive environment for the growth and need to keep your business developing through leadership and resources.

The three key elements of strategic planning are:

Where is your business now? – This involves finding out the current position and capabilities of the business as how it operates, competitors' comparison, its profitability.

Where do you want to take it? – Need to set the overall business objectives its vision, mission, values, objectives, techniques and goals. Where do you want your business to be in five or ten years time and where do you want to focus in your business to gain competitive advantage?

What do you need to do to get there? This is where the strategic plan has to be implemented and it involves setting of the deadlines, budgets, goals and assigning responsibilities to the managers and department heads in order to achieve goals within the period set. This also involves having plan B or to make any changes in case of unforeseen circumstances.

Strategic plan needs to be flexible but consistent not to keep on changing the strategic plan every now and then as this will be costly in terms of finance and time as resources are scarce in any business, so it has to be managed effectively and efficiently. By setting targets and deadlines it's a good way to monitor and control the achievement of the goals and measuring performance. (Online Business Advisor 13 May, 2010)

3.0 The critical success factors of Easyjet organisation

Easyjet is one of the most successful low cost airlines, which has been able to secure its top position among other travel and tours.

Its structure, design, usability and usefulness of the website have enabled them to secure leverage over its competitors.

To write about its critical success factors there are few principles which will help better to understand this company's current position.

To ensure a good understanding of the environment, the industry and the company's current position, resources and capability.

To built knowledge of where its competitors are standing and what strategy they will pursue can have an impact on result of critical success factors.

Web site evaluation:

Running an E-business requires deliberate business and technological consideration and these ranges from the outlook of the site, its usability and structure. (Dietel, Dietel and Nieto 2001)

Easyjet knows its European customers are looking for cheap, comprehensive and comfortable flights without the hassle of the third party agents; this is one of their critical factors. To serve this type of audience the online company has constructed easy steps in order to make the search simple for its clients.

Easyjet uses information based on reliability, usefulness and usability of information, rather than only visibility and colour. Although this not to say that this company lacks of colour in its website as its orange colour is consistent identified as a corporate colour code, which is a critical aspect of the web development (Nielsen 1994).

Business Focus:

Easyjet is comprehensive to its wide audience as even for its leisure consumers they offer various services such as; airport lounges, hotels, parking spaces, accommodation, transportation, easy booking flights etc.

Based on this kind of services and on this target audience's Easyjet is the ideal reinter-mediation, is in direct contact with its consumers through the internet. This form of intermediation reduces costs and helps to transform the business to business corporate structure, thus the company using the technology mediation create business value.

Business Model:

Setting up an online business it's to ensure growth, efficiency, competitive advantage and leverage over its competitors. Being an E-commerce Easyjet has to cut down its supply chain to deal with the customers directly.

This is critical factor evidence which shows that Easyjet has sold over 90% flights online. (Easyjet. profile 2003) By subletting such services as hotels, car rental, apartment booking services the company has become the intermediary and has generated more profit, adding value to its products offered and targeting a wide range of customers. (Afuh & Tucci, 2002).

Understanding the business model:

Easyjet's success could be attributed to the excellent management skills which anticipate and adopt the advance critical endeavours that enable the business to develop competitive advantage and add value to its products and services. These helps reducing inefficient functions, design and adopt new business models which are always a step ahead of the competition, especially on the internet business models need to be evaluate constantly in order to meet customers' demands. (Bloch, Pigneur and Segev1996).

Flexibility:

“ A flexible company has to be able to keep its business model dynamic and to anticipate changes when and as required” (Richard Branson of Virgin, 2007). This is critical for any type of company as change management is important for any business, as they have to take into consideration transaction, cost, budget, organisational design and the impact of the change on the organisation for the sake of profitability. (Jones 2003)

Management have to be able to implement change when needed, to gain competitive advantage and to forecast its emergence. In my opinion the businesses that do not capitalize in opportunity cost, ignoring flexibility, lose out in competitive advantage, therefore fail to deliver its product and services that they have to offer.

3. 1 Recommendations for Strategic Implementation of an Organisation – Easyjet:

The implementation of organization strategy involves the application of the management process to obtain the desired results. Strategy implementation includes designing the organization’s structure, allocating resources, developing information and decision process, and managing human resources, including such areas as the reward system, approaches to leadership, and staffing (Galbraith, 1986).

The senior management team must come together to review, discuss, challenge, and finally agree on the strategic direction and key components of the plan. Without genuine commitment from the senior team, successful implementation is unlikely. A common way to begin is to review the

organization's current state and future possibilities using a SWOT (strength, weakness, opportunity and threat) analysis. This involves identifying strengths and core capabilities in products, resources, people, and customers (Galbraith 1986).

The communication of the strategy will require a clear, consistent message. It is an ideal time for the leadership to operationally define each critical area of the plan to ensure agreement and commitment. Key stakeholders should be included in the process. Soliciting their input is often a valuable aide in implementation (Harris 1999).

Therefore, formulating recommendations for Easyjet's strategic implementation, we shall first list its strategic priorities and SWOT analysis.

Easyjet has four strategic priorities as listed below:

Safety

To build Europe's number one air transport network

Deliver a winning customer proposition

To deliver low cost and maximise margins.

4. 0. EasyJet's SWOT analysis:

Strengths:

Easyjet is a leading provider of low budget, no frills air travel servicing many of the leading city destinations in the UK and across Europe, including Berlin, Amsterdam, Barcelona, and Prague.

They offer a high quality service at competitive prices and offer a number of features including ticketless travel, internet booking and assisted travel services.

They have a highly distinctive livery on their fleet of aircraft making them easily recognisable and distinguishing them from their competitors.

They have a user friendly website which fully discloses the price breakdown of the passengers planned travel. Offering a full breakdown of the price plan prevents any hidden charges when the customer confirms their booking.

EasyJet offers an online promotion alert which is e-mailed to existing customers and contacts on the company's database.

Recognised as a leading brand name in the UK travel industry.

As a market leader in an industry widely seen as a leading contributor to the green house effect and global warming, EasyJet actively embrace their environmental responsibilities and continue to keep these factors as a priority when developing their future strategies.

EasyJet operate a fast and efficient service with an average turnaround time of 30 minutes or below. This enables them to maintain a reliable and hassle free service to their passengers.

Weaknesses:

Domestic air travel is an extremely competitive industry with EasyJet's main competitors being Ryan air, Jet2, BMI Baby, plus a host of others followers.

These external competitive forces can restrict and shape pricing policy on some of EasyJet's less profitable routes as they seek to compete with their competitors.

They do not offer a free food service on longer flights of 2 hours plus and there is no entertainment on board in short flights.

Restrictions of baggage allowance to 5kgs on board.

Uncomfortable airline seats – no reclining of the seat and less legroom.

Opportunities:

Possible opening of alternative routes to major cities in Europe. A key route could be from Dublin to the UK, as this has a large potential for travellers going to soccer matches in the UK plus new links into corporate flyers to and from the UK.

Offering of free refreshments on flights with a travel time of over two and a half hours. This would offer an extra perk and comfort to passengers making their experience with EasyJet more comfortable and enjoyable.

Updated versions of the fly on the wall documentaries would provide the brand with more coverage and publicity.

Threats:

Competitors flying the same routes compete very competitively on price forcing pressure on margin on more popular flights and time slots.

External market forces can have a significant impact on EasyJet's business, e. g. the rising cost of oil can have a significant impact on running costs putting significant pressure on the profitability of less popular routes and time slots.

Pressure from unions and employee relations committees can significantly impact on the day to day operations with strikes proving to be very costly to the company's image.

Economic down turn may lead to a decrease in casual flyers and corporate travel as companies seek to curtail what they see as unnecessary expenditure and in turn make less business trips (Business Teacher, 2008)

Following EasyJet's strategic priorities and SWOT analysis, we would recommend EasyJet's management to implement the following strategies;

EasyJet faces stiff competition on routes from other competitors; therefore we propose that EasyJet management team to focus more on its customer services so that customers get maximum satisfaction from their services. This can be done by improving on the way they communicate with their customers and ensuring efficiency in time management.

As we have seen EasyJet's weaknesses above, it does not offer free refreshments on longer journeys of about 2 hours, and this might give its competitors an advantage. We therefore, suggest EasyJet to introduce the offering of refreshments on their longer routes as part of its strategy.

Furthermore, one of its threats is about employee's dissatisfaction which causes strikes and use of unions. We therefore recommend EasyJet's management to use the strategy of implementing managing human resources such as reward systems, approaches to leadership and staffing, in order to satisfy employees and meeting their needs. According to (Morgan 1999), "implementing strategic plans may require leaders who lead through inspiration and coaching rather than command and control. Recognizing and rewarding success, inspiring, and modeling behaviours is more likely to result in true commitment than use of authority, which can lead to passive resistance and hidden rebellion".

More to that, EasyJet should strategise in giving their regular customers incentives such as air mile packages to entice them to always travel with them. We also recommend EasyJet to implement diversification as one of its strategies. It should not focus on airline business only but should also explore other profit making business ventures such as introducing EasyJet hotels, trains, etc. This will help in an event when the flight business is down and there is need for money.

Last but not least, we urge that EasyJet senior managers include their stakeholders in formulating their strategies by communicating to them, and to provide training to their employees in whatever strategy they want or would like to introduce. This will help them to find out the best way to implement their strategies and which strategies would benefit both the company and its stakeholders.

4. 1 EasyJet and its External Environment

EasyJet and Ryanair both borrow its business model from Southwest Airlines. They have adopted this model for the European market through further cost cutting measures such as not selling connecting flights. The key points of these business strategies are high aircraft utilization, quick turnaround times, charging for extras and keeping operating cost low.

The two airlines share a common business idea but their strategies differ from each other in a number of areas. EasyJet flies mainly to primary airports in the cities but Ryanair use secondary airports to reduce costs. EasyJet targets on attracting business passengers by offering convenient services such as the option to change on an earlier flight.

EasyJet is widely seen as a leading contributor to the green house effect and global warming. It supports their environmental responsibilities and continues to keep these factors in priority when developing their future corporate strategies. External market forces can have a significant impact on EasyJet's business, for example rising cost of oil can play important role on running costs putting significant pressure on the profitability of less popular routes and time slots. Pressure from employee unions and employee relations committees can play a prominent role on the day to day operations with strikes proving to be very costly to the company's image.

Sir Colin Chandler, Chairman of EasyJet plc, said, " The European economy is in a challenging recession of an uncertain length and depth. Many commentators are suggesting that this could be the worst economic

conditions of a generation. The harsh effects of this are already being felt by many companies and industries.”

5. 0 Developing strategic objectives for Easyjet

5. 1 Establishment of strategic objectives

Strategic objectives identify where the organization wants to be at some point in the future and how it is going to get there. Skills in strategic planning are critical to the long-term success of the organization (McNamara, Developing your Strategic plan).

Slack et al. (2004) argue that there are five strategic objectives important to all businesses. These are:

1. Cost: The ability to produce at low cost.
2. Quality: The ability to produce in accordance with specification and without error.
3. Speed: The ability to do things quickly in response to customer demands and thereby offer short lead times between when a customer orders a product or service and when they receive it.
4. Dependability: The ability to deliver products and services in accordance with promises made to customers (e. g. in a quotation or other published information).
5. Flexibility: The ability to change operations.

Easyjet achieve the above objectives in different ways. The use of the Internet to reduce distribution cost, sells around 95 per cent of all seats over the Internet. Its online booking system uses a variable pricing system to try to maximize load factors.

They also use ticketless travel, passengers are emailed with their travel details and booking reference. This helps reduce significantly the cost of issuing, distributing, processing and reconciling millions of tickets each year.

EasyJet does not pre-assign seats on-board, passengers sits where they like. This eliminates unnecessary complexity and speeds up passenger boarding. Easyjet ensures efficient use of airports by flying to the less crowded airports of smaller European cities and prefers the secondary airports in the major cities. These also have lower landing charges and normally offer faster turnarounds as there are fewer air movements.

EasyJet's efficient ground operations enable it to achieve turnarounds of less than 30 minutes. This means EasyJet can achieve extra rotations on the high-frequency routes, maximizing the utilization of aircraft. EasyJet's ability to offer point-to point travel means that it does not have to worry about onward connections for passengers and their baggage, further simplifying its operations (Naylor, 2002).

Easyjet's strategic objectives enable them to pursue their strategy based on corresponding competitive factor. Examples of their objectives are increased safety, improved operations and performance gains, which Easyjet will pass directly on to its customers (Keane & O'Neal, 2001).

Improving safety is of great paramount for Easyjet to improve on customer confidence. Safety is the number one objective. Any airline that does not ensure the highest levels of safety is courting disaster. Not just in terms of loss of lives and aircraft but also in the straightforward loss of its commercial operating position. Safety is therefore, an essential element of commercial success.

Their purpose is in adopting the Head up Guidance System specifically to enhance safety, to improve its operating performance and to further improve its commercial efficiency. Head up Guidance Systems have significant potential for improving and enhancing the flight capabilities of aircraft. Even more benefits can be obtained by improving the pilot's situation awareness. Achieving these benefits is a major goal for Easyjet (Keane & O'Neal, 2001).

Another strategic objective is to improve operations and performance. Easyjet operates modern aircraft intensively on busy routes. It operates at a profit and is expanding; buying a fleet of brand new aircraft that will radically increase both its route structure and the intensity of its operations. It makes money by looking at all aspects of its operations and reducing overheads where-ever and when-ever they occur. It has an interesting cost per seat model that allows it to compare its costs with its competitors, in order to offer the lowest possible price to its customers. Above all Easyjet is innovative. For example, their online booking system is way ahead of its competitors and has firmly established it as a favourite with its customers (Keane & O'Neal, 2001).

Easyjet's strategic objective also focuses on people development. Their people strategy is underpinned by the cornerstones of talent, engagement and organisational design and aims to ensure that, through strong leadership, they have the right skills in the right place at the right time, thereby creating an environment where people perform better. They recognise that having the right skills, experience and culture directly influences their performance across other strategic objectives (Corporate Responsibility, 2009)

5. 2 Generation of strategic option of Easyjet

Generation of strategic options means all those methods, ways and techniques which an organisation apply to improve its current performance. It can be done by various ways like understanding the previous results, identifying the current situation and moving forward where organisation will be beneficial.

The generation of strategic options for Easyjet are as follows:

In March 1995 Easyjet offered schedule of lower rates services within Europe. In October 1995 it opened call centre for seat reservation at easy land after that it launched flights from London Luton to Glasgow and Edinburgh in November 1995.

Easyjet launched its website for airline enquiry purposes in April 1997.

In 1998 Easyjet ordered fifteen brand new Boeings 737-700. They also bring some relaxation on prices on online booking which was massive move in 2000. First airbus service goes to Geneva in 2003.

Easyjet removed 5kg weight restriction on hand baggage allowance in 2004 and during 2005 it joined the European Low Fares Airline Association. Easyjet announced that they will expand themselves in new market outside the EU to Marrakech, Istanbul, and Rijeka in 2006.

Easyjet becomes the first EU airline who offered its customers to invest on united nation certified programmes to remove carbon emissions in 2007.

However, Easyjet is operating their current generation with a mixed fleet Airbus A319 and Boeing 737-700s they have also ordered almost 200 Airbus 319s. So in UK where environmental issue is dominating Easyjet has been dominating the industry by remaining as a front line aircraft of replacing efforts regarding environmental aspect.

The using of new technology into services is playing a vital role for the success of any industry which will lead towards growth of any industry in this way Easyjet brings new technology and now it is offering 108 flights all over the Europe. In early days Easyjet introduced new technology in a shape of channel for selling tickets through internet which cut the distribution costs and helping customer throughout in such a way which is not offered by other competitors.

6. 0 Conclusion of corporate strategy:

According to this report, this is based on secondary research shows that Easyjet has achieved 80% of its mission and vision statement. Easyjet promised to be of low cost and has stood by its statement, which has made its competitors' to reduce their fair cost and has taken away the monopoly power from other budget airlines. This shows how well Easyjet has done and is doing, as it continues to implement its proven strategy for strong growth. Despite, their weaknesses mentioned above, Easyjet airline is even affordable to people who are living on benefits or pensions to go for holidays. In today's market place, Easyjet continues to use low prices, to bring value to customers, to stimulate the market and to compete with the competitors.

All these strategies made Easyjet a profitable company, however they should not become over confident and they must always note of what their competitors are doing, and should always have enough capital available to implement fundamental changes.

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