Jet blue airways case study

Business

Crafting and Executing Strategy Jet Blue Airways case study In 2008 businesses began to cut back on employee travel, and consumers tried to save money and used stay-cations instead of vacations, during a summer the U.

S. economy slowed and oil prices rose; jet fuel prices went through the roof as a result. to offset the higher fuel costs, airlines began increasing revenues by means such as: fuel surcharges, charges for the first checked bag, charging for blankets, pillows, and headphones, and finally lowering wages and grounding airplanes.

Some airlines didn't survive, some decided to form a merger to try to buoy the rising costs. Beyond cost, there was the prospect of increasing competition, shortages in pilots, flying schools lacked instructors, and labor costs.

Some companies as a result of the impact of these new changes employed a new tactic of their own: large airlines would steal pilots from smaller companies, luring them with better pay and benefits. JetBlue' s strategy was to be a company that would combine the low fares of a discount airline carrier with the comforts similar to a den in people's homes.

Passengers could save money while they ate gourmet snacks, sat in leather seats, and watched television. The goal overall, was to bring humanity back to air travel. 3.

Discuss Jet Blue's financial objectives and whether or not the company has been successful in achieving these objectives. JetBlue was a discount airline carrier, offering passengers low fares, point to point systems, and

maintained quick turnaround times at airports. Its operating costs were low, especially in comparison to other major airlines.

The company's turnaround time was 20-30 minutes, because they did not serve meals, meaning they did not have to wait for catering services; flight attendants stowed carry-on bags in overhead bins, and everyone on staff helped to throw away the trash after each flight. The company's organizational culture was a strong one, and it achieved extraordinary results by implementing five steps: defining the company values, hire employees that mirrored company values, exceed employee xpectations, listen to customers, and create the organizational culture. First step; defining the company's values: safety, caring, integrity, fun and passion.

These values guided the decision making process for employees. Safety was a number one priority, and to exhibit their commitment to safety, JetBlue teamed up with Medaire Inc. , so that crew members could immediately consult with land based physicians anytime a passenger fell ill; it was also the first airline to install Kevlar cockpit doors and surveillance cameras.

Step two was to hire employees that mirrored the company's values. During the hiring process, JetBlue wanted to hear that a candidate had done something special for someone else.

The third and fourth steps involved ensuring that the company continued to exceed employee expectations and to ensure that it listened to its customers. The final step in creating the company's organizational culture was to create a culture of excellence; the company had to continually improve its services and set itself apart from its competitors.

Jet Blue's strategies for 2008 and beyond included following several new strategies: To reevaluate the ways the company was using its assets, reduce capacity and cut costs, raise fares and grow in select markets, offer improved services for corporations and business travelers, form strategic partnerships, and increase ancillary revenues. (Thompson, Jr. , Strickland, III.

, Gamble, 2010). During the deployment of these strategies, Jet Blue further laid out their plans.

To reduce capacity and cut costs, JetBlue agreed to sell nine used Airbus A320s in 2008, which netted a cash gain of $100 million. The company delayed the delivery of 21 new Airbus A320s, which were scheduled for 2009-2011, to 2014 and 2015. This allowed JetBlue to put off payment for the airplanes, and save on operating expenses.

(Thompson, Jr. , et al; C-72). The company suspended service in and out of several states, and cancelled plans for service between Los Angeles International Airport and Boston and New York.

Doing so helped save money on fuel expenses. JetBlue started to employ their plan to grow in selective markets, and raise its fares. In March 2008, JetBlue announced that Orlando would become a focus city, and that it would open service between Orlando and Cancun, Mexico, as well as Orlando and Santo Domingo, Dominican Republic.

This would become tentatively approved to be Orlando's only service to South America. Also in March 2008, JetBlue's average one-way fare reached a high of $138.

This was still very competitive with other airline carriers. According to the U. S.

Department of Transportation, the average domestic fare in 2007 was $331. JetBlue made efforts to appeal to business travelers by introducing refundable fares, and allowed corporate meeting planners to receive meeting specific discounts as well as a complimentary travel certificate for every 40 customers booked to the same event destination. The company entered into a five-year agreement with Expedia Inc. to reach leisure travelers.

The goal of forming strategic partnerships was achieved when it developed an agreement with Aer Lingus that let passengers make a single reservation between Ireland and 40 different destinations in the U. S, via JetBlue's hub John F Kennedy international airport.

It also developed a marketing partnership with the Massachusetts based Cape Air, so passengers could transfer between the two carriers to get to places such as Hyannis, Nantucket, and Martha's Vineyard. References

http://www. flightglobal. com/news/articles/interview-jetblue-chief-executive-dave-barger-345289/