

Easyjet and the recession



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According to Boddy (2008), management refers to the process of bringing together individuals with the sole intention of achieving desired objectives, aims and goal using available resources effectively. Composed of several vital tenets, this paper seeks to establish the relation between management and the Competing Values Framework (CVF), and how the model can effectively be implemented and their influences in an organization. Boddy settles that CVF is the most significant model used in determination of organizational culture with a deeper focus on a value dimension.

These dimensions include the micro emphasis and organization structure, significant factors in organizational management. Management comprises of five major functions namely planning, organizing, leading and controlling and co-ordination. As such, the effective functioning of these major tenets forms essences of management with a greater concentration on long term and short term effects. One key factor of management is planning. Through planning, management is able to secure and allocate human resources, financial resources, technological resources as well as natural resources to support the predominant objectives (Stewart, 1963).

On the other hand, organizing requires that managers establish a structure of working relationships to allow organizational members to interact and cooperate to achieve organizational goals. Tentatively, leading requires managers not only to articulate a clear vision for organizational members to follow but also energize and enable organizational members to appreciate and understand the part they play in achieving organizational goals. Controlling entails the process of evaluation of how well an organization is achieving its goals and taking action to maintain or improve performance.

It is based on the fact that managing an activity effectively depends on periodically monitoring and evaluation. Separate activities inevitably need co-ordination and control lest they fail to achieve what is expected of them (Knights & Wilmott, 1999). Even then, it calls for managers to understand and apply the Competing Values Framework which basically empowers them to appreciate conflicting values and integrate them successfully, so that their organizations are open to collaboration and growth.

Through the competing values framework, they are able to oversee teams that work towards opposite goals and integrating them at the right time, so that each value can be developed successfully. Burns (2004) clearly demonstrated the role management and ascertained that management typically involves working in a highly fragmented way. Managers play interpersonal roles, where they serve as organizational figure heads, leaders and liaison. Moreover, they play informational roles whereby they serve as informational monitors, disseminators of information and organizational spokespersons.

In addition, they play decisional roles where they are organizational entrepreneurs, handle disciplinary cases, resource allocators and are organizational negotiators (Huczynski & Buchanan, 2001). To effectively play these roles, managers need the support of others and hence, they must not take that support for granted. This means, they must do things in a way that maintains an acceptable degree of internal and external support. 2. -

APPLICATION 2. 1. - Easy Jet profile Easy Jet Airline Company is an excellent example of a no-frills airline based in London. Stelios Haji-loannou founded the company in 1995.

The carrier copies the Texas based low cost carrier. It has reduced its fare to almost one-third the amounts charged by State sponsored airlines like British Airways. The company mostly focuses on direct selling as a key part of controlling cost. It has the company's URL painted on both sides of the Jets in its trademark orange. Easy Jet bases its idea on the principle that the determining factor in air transport is price elasticity. Initially, airlines operated on the assumption that the number of passengers grows in line with the economy and cutting of conveyance fees will result to reduced revenue.

Easy Jet operates on 125 routes from 39 European airports. Its main airports are Luton, Liverpool, Geneva, and Amsterdam and were operating 72 aircrafts by November 2003 (Easy Jet Airline Company). The company's mission statement is to provide customers with a safe, good value point-to-point air services. To ensure consistent, reliable product and fares, appealing to leisure and business markets on a range of European Routes. Evidently,

Easy Jet is in mass transport business. It focuses on leisure and business travellers offering them point to point air transport with safe, good value.

Easy Jet as at 30 September 2009 had a staff of 8, 000 people throughout Europe (Easy Jet Airline Company). 2. 2. - PESTEL Analysis PESTEL analyses are the factors that are likely to have an impact on the airline business and they need to be taken into consideration when formulating a working marketing plan for Easy Jet. Political Factor Due to the war going on in Iraq, Afghanistan and the rest of Middle East, the threat of airline attacks and air jacking is eminent. This is likely to reduce the numbers of routes to the Middle East, thereby reducing the revenue. The government does not consider air mile a taxable benefit this may give Easy Jet a level ground to compete against the State sponsored airline like British Airways. The possible East enlargement of European Union may provide viable new markets for the Easy Jet. The dynamic nature of the economy causes constant price fluctuation. This leads to increase in prices of fuel, which affects the net profit of a company, which in return reduces the amount Easy Jet, can commit to corporate socialresponsibility(Henry 2008). Economic Factor

Easy Jet Airline is likely to be affected by increasing fuel costs, congestion, and other environmental restrictions such as noise and air pollution. In addition, there is a prospect of increased security and insurance costs to reflect the risk posted by terrorism. There is also recession, which is likely to last for a longer time this will cause business and leisure travellers to check on their travelling expenses. More business emerged for Easy Jet after the

introduction of a single currency, which makes Europe, integrated (David 2001).

Technological Factor Improvement in technology will have an effect on Easy Jet. This technological advancement is such as use of internet on booking of tickets, advertising, distribution, and cost synergies from industry consolidation (Henry 2008). The key issue to Easy Jet is whether these improved technologies are going to offset the upward pressure on prices and costs. For Easy Jet to gain competitive advantage they have to keep abreast with the advancement in the field of e-commerce and aircraft manufacture.

Improvement in technology increasingly becomes cheaper reducing barriers to entry for competitors to join. This may result to a reduced level of profits for the Easy Jet. To counter this, research and development expenditure acts as an obstruction to deter potential entrants into the markets, this give Easy Jet a more competitive advantage over their rivals in the airline industry (David 2001). Social Factor Easy Jet values the safety of their customers, airline, and its staff. This mission statement motivates and attracts passengers to fly again after assurance of safe and secure flights.

Easy Jet must be heavy internet dependent for booking and checking of flights. Therefore, to satisfy customers, quick and easy service method needs to be adopted. Easy Jet maintains high, career standards, which lead to staffs to commit themselves on an excellent standard service (Henry 2008). 2. 3. - Porters Five Forces To get a better analysis of the airline industry, there is a need to use porter's five forces. The concepts determine the competitive intensity and attractiveness of company to survive in a given market.

The Threat of Substitute There is minimal competition from other alternative means of transport. The cost and time advantage of aircrafts outweighs the comfort of cars and train. Easy Jet has partly addressed this issue by providing low cost flight that has seen an increase in customer because it is first and convenient. Although, other means may be cheap but delays caused by breakdown and traffic makes customers opt to travel on air (Porter 2008). The Threat of New Entrants Threats of new entrants are minimized by high capital requirements.

Easy Jet started on a loan of 5 million Euros and had two aircrafts. The investment needed an initial sum of 50 Euros, which it raised to speed up expansion plan through debts. The company has purchased other airlines through acquisition and has made it have a competitive advantage over other players in the market. Easy Jet have to be aware of new entries that come with new innovate ways of doing business and incentives that will attract customers. The company should have strategies that will see it survive in this industry (David 2001).

The Power of Suppliers Easy Jet Company has less power to alter the prices of fuel as prices of fuel relate directly to cost of fuel. Easy Jet operates a single type of aircraft until recently. This dependency on one manufacture could pose a serious threat in the future (David 2001). The expansion and the acquisitions the company has made the bargaining power on its suppliers has increased. The purchase of low cost carrier has helped the company to offer better services to its customer and retain them (Porter 2008). The Power of Buyers

Power of buyers in the airline industry is much stronger because customers will window shop for better price. The customers usually exploit existence of price discrepancies; this means that the operator must regularly keep watch on the prices. Easy Jet needs to establish the customers' loyalty because of low switching costs (Porter 2008). Rivalry among Existing Firms Easy Jet faces a lot of competition in UK. Among its key rivals is Ryan air, BMI baby, MyTravel Lite and Buzz. In its expansion plan, Virgin express, Hapag Lloyd Express and Air Berlin might become major competitors.

British Airways is also a competitor though it targets other markets segments. Easy Jet focuses on offering convenient services for instance flex fare that allows free of charge changes to flight within a window. The company also gives its customer the option to transfer on to an earlier without extra charge. This has made the company enjoy a large market and remain competitive in the industry (Porter 2008).

2. 4. - SWOT Strengths
• Strong e-business. • Innovative and flexible organization. Weaknesses
• No customer retention policy. • Unappealing for business travellers.

Opportunities • Reduced aircraft prices
The recession: Favourable, as people are more con-scientious. Threats
• Difficulties to expand. • Saturated market.

3. 0. - THE CHALLENGE A recession refers to a period of economic decline or contraction in the Gross Domestic Product for six months or longer, but does not last longer than a year. It is characterized by high levels of unemployment, stagnant wage rates and decline in sales. Typically, recessions are considered a normal part of a capitalist economy and there has not been an obvious cause of a recession though most of the time, the blame falls on the federal leadership.

As such, recessions portend negative and positive consequences (Handy, 1988). One of the positive effects is realized in cases of layoffs. This period provides employees an opportunity to evaluate and re-evaluate their career choices, work, skills and opportunity to secure other better jobs. As such it is a chance to invest in other potential business ventures. Many experts have termed a recession as a relaxed ambiance for starting a small business after which one can work their way to the top.

Moreover, a recession presents an opportunity to save as people are hesitant to spend. Tentatively, recessions are characterized by low mortgage rates in the process providing an opportunity to invest in property. In addition, recessions lead to greater consumer and travel deals as stores offer discounts and encourage bargains to attract consumers and entice purchasing of their products (Collinson, 1992). Despite the positive sides of recession, it presents detrimental negative consequences. It is important that to note that this process leads to lower economic activity, falling stocks and slumping dividends and extensive retrenchment otherwise known as laying off employees. Because of this, the effect of recession in an organization cannot be underestimated. During this economic droop, there are reported cases of falling stocks, credit impairment and bankruptcy, employee layoffs and benefit reduction, cuts to quality goods and services and reduced customer access take place (Mintzberg, 1979). This causes a discrepancy in the business operations and consequently negatively impacts its profitability.

0. - RECOMMENDATION A business operating over a recession period, is subjected to a high risk environment, thus, the recommendable CVF model to adopt is the open systems model. The model

has proved effective in steering many organizations through continuous adaptation and innovation (Pugh, 1990). The model not only encourages creative problem solving, innovation and management of change. This has lead to the acquisition and keeping of necessary external resources needed for organizational success and improved performance. . 0. - REFERENCES

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