

# Jetblue airways case study

Business



**ASSIGN  
BUSTER**

Paperless Low fares Better product than Southwest Wider seats Less walling  
In line Strong top management team Experienced Cohesive Smart Well-  
funded Flexible workforce Serious competition if they threaten major carriers  
Potential competition with SAW as SAW grows Though industry for start-ups  
Difficult to hire quickly at high standards No structures for building team and  
participation as they grow Lack of standardization In HRS policies could be  
source of Inequity, dolls Flight attendants turnover could create high training  
costs, poor service Jet Blue Strategy: Low cost, low price

JEFF - under-served markets and beachhead for protected revenues stream  
Increase demand through low fares High asset utilization High productivity  
(people) People who might not otherwise fly (egg vacations cost-conscious.

Dangers of rapid growth: Can they hire the right "type" of people who fit?  
Will the growth lead to fragmentation such that they lose their focus and  
emphasis on people?

Management spread too TN - lose touch Walt people Loss of common vision  
leads to fragmentation among employee groups If they don't grow,  
competition will fill desirable routes Major airlines may be able to crush them  
Key Success Factors What are the key success factors? What do they have to  
execute on these? What are the HRS practices that make these work?

High people productivity Committed work force Management values and  
vision - senior management must be visible, credible Grow at a socially  
sustainable rate (maintaining the culture) Select the right people Select the  
correct routes (don't compete with the majors) Remain union free Values  
Selection Orientation Reward system Performance management Needs to be

added: training, continued colonization (need for specific customer- focused courses), leadership development and stress management; middle-layer management Leadership and Values in Entrepreneurial Ventures - is the Job attractive?

Pilot Yes No New company Stock options Planning rapid growth Could make lots of money Paperless, fewer administrative headaches Faster to occupy the " left seat" - be a captain No security over the long run Could lose a lot under new management No voice - pilots like to have a voice Tiger teams are too ad hoc, controlled by management Flight Attendant Attractive for the right type of person Plenty of money, easy Job, then move to next stage in life Fun place to work These are assumptions flight attendants have been battling for decades Will not want o leave after five years - will want to work fewer hours without losing Job winy Is Stable's top management team so committee to Dealing non-nylon? Intro Flexibility See unions as taking control away Want to start from scratch and do it their own way - not subject to negotiation with unions Holds company together Critical for execution of key success factors You can't have true teamwork with unions Unions constrain management choice Unions enforce standardization and may decrease flexibility Reduces administrative overhead Are they right? Unions reduce service quality and productivity Unions may increase differentiation among employee groups and decrease common vision Will not be sustainable but they can increase the value of the PIP by staying non-union until then Southwest proves that you can have great teamwork with unionization Unions create unity and equity through standardization Unions provide consistency that helps to improve the operation Unions create a

structure for participation and teamwork, particularly as firms grow Unions protect people who show integrity (egg mechanic who refused to sign of.

High wages for front-line employees (flight crew, maintenance and airport personnel) re associated with reduced rates of service failure and high levels of labor productivity. Union representation (number of employee groups represented by unions) is associated with higher levels of aircraft productivity and improved financial results. Shared governance (significant equity ownership or board representation for front-line employees) is associated with reduced rates of service failure and higher levels of aircraft and labor productivity, and improved financial results. High levels of conflict (measured as numbers of arbitration's, mediations and strikes) are associated tit increased service failure, reduced productivity and reduced financial results.

Value-Based Human Resources Practices Safe, fun environment, for crew members and customers The company hasn't still developed all the formal HRS practices typically seen in a larger firm. Will they be able to keep a small company feeling while expanding? Staying focused on people, and keeping the company union free (" not having a union creates a team environment") Values (safety, caring, integrity, fun and passion) represent the bedrock for the development of human resources policies and practices and management style. Two-way communication - Feedback 360 degree performance management process More formal training and development processes to be introduction's (no drugs & alcohol) and customer-oriented. Portable of their performance anyone could be Pavlov a culture AT Della Tort delays Tiger teams - communication with front-line employees; their role is <https://assignbuster.com/jetblue-airways-case-study/>

to solve problems that emerge in any area of the company - the worst complainers are picked to get together, solve the problem and bring recommendations Pilots can communicate new ideas and concerns using their e-mail and laptops, to AH Spain (president of flight operations).

Selecting the best people Targeted selection process to identify employees who were most likely to fit.

The 5 values are translated into specific desirable and undesirable behaviors and questions are then asked with respect to applicant's past behavior.

Multiple interviewers were used and the interviewers had to come to a consensus decision (not an average) before anyone could be hired.

Cultural fit is extremely important Employees should be productive, safe (no drugs & alcohol) and customer-oriented. Fair compensation / benefits programs that meet/exceed the industry standard Medical benefits Personal time off Double pay for working on holidays Pay increases are not associated with seniority - being an air hostess is associated with a short term Job.

Training Huge investment in pilot's training (qualification for AWAY) - finding people who fitted the organization was critical Initial orientation for employees: included talks by the top managers /Body (Barge, Melanin and Roads) to show them the importance of their performance and to talk about company's aspirations.

Autonomy - people are judged based on how their decisions fit with the values Power language - all employees are referred as crew members, and supervisors as coaches.

Customer is always capitalized to signal the importance of customers.

Supervisors as coaches rather than bosses Barge visits each of the company's 20 locations at least once a quarter The supervisor is seen as an important component of communicating with the front-line, although there is still no training for this role Customized Employment Packages - tailor Jobs, pay and benefit packages to the distinct needs of different employee groups, ensuring overall equity and treatment. Discourage unions (they are accustomed to standardization).

Flight attendants: three distinct Job options (one- year employment contracts with medical coverage and 500\$ of additional pay); Job- sharing offered to two people (to seek work-family balance) and a standard full-time flight attendant position (if they work up to 70 hours/month, 20\$ per hour; and 30\$ per hour if more than that). Customer service / ramp workers: are paid 1\$ more than the highest salary, plus shift differentials; medical, 401 K, profit-sharing benefits and double pay on holidays.

Pilots: 20 days off per year; salary equal to the industry average; stock options (planning for retirement) Skilled top-management team - veterans of the airline industry Top Management Team Thomas Kelly: executive vice-president and general counsel David Melanin: founder, chairman and CEO David Barge: president and chief operating officer Jon Owens: cancel Atlanta emcee Ann Rhodes: executive vice-president for human resources.