

Easy jet: company operation strategy



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This report is about the Easy Jet airline company operation strategy and illustrates its order winner & qualifier and its supply chain management. Easy Jet, creation of Stelios Haji-loannou, the son of a Greek shipping magnate who founded the company, based on the low-cost, no-frills model of the US carrier Southwest, in 1995. In November 1995, Easy Jet started flights from Luton to Glasgow and Edinburgh with two leased Boeing 737-300s with at a price of £29 one way. As it was the beginning Easy Jet acted as a “ virtual airline” which contracts in everything from pilots to check-in staff.

Reservations and Seats are being sold over a telephone reservation system only. In 1996 Easy Jet takes delivery of its first wholly owned aircraft and goes international with first services to Amsterdam from Luton. In 1997 Easy Jet launched its website, [www. easyjet. com](http://www.easyjet.com) which than from 1998 onwards form an vital part of the business concept and this provides for some 90% of the bookings today. In January 1999 first of five “ Airline” series is transmitted on ITV, giving the company nationwide opening to an audience of around nine million viewers, providing free publicity. Now Easy Jet offers 88 routes from 36 European airports. Easy Jet further expanded its fleet and routes by acquiring British Airways’ low-cost subsidiary Go. The grouping deal was completed in August 2002 and created Europe’s biggest low-cost airline, before rival Ryanair. Easy Jet main focuses is to provide its customers with safe, good value, point-to-point air services. Easy Jet offers a regular and reliable product and fares appealing to leisure and business markets on a range of European routes. To attain this they will develop their citizens and set up lasting associations with their suppliers. The achievement of Easy Jet is based on some fundamental trade features which save costs, at the same time as continuing to attract people flying. Easy Jet uses internet for online <https://assignbuster.com/easy-jet-company-operation-strategy/>

booking and issuing of travel vouchers which in returns saves enormous fees normally paid to travel agents. The [www. easyJet. com](http://www.easyJet.com) web site is open for business 24 hours a day, 7 days a week, 365 days a year for public and this website is designed as user friendly for providing better services. Easy Jet offers one-price, one-way tickets, giving passengers greater litheness, not forcing them passengers to be away from home. If any changes to be made in tickets Easy Jet only charges £10. Easy Jet focus on the short term travel business and focuses only on the 149 seats Boeing 737 aircraft. This operation strategy maximises services, whilst dropping maintenance costs. Easy Jet prefers smaller, less congested airports where landing charges are lower and turnaround times are faster. Easy Jet does not offer free in-flight food or drinks. Snack food and drinks can be bought before or during the flight. Easy Jet favours an casual business culture with a very flat administration configuration, which eliminates unnecessary and uneconomical layers of organization. All workforces are encouraged to dress casually, (Source: [www. easyjet. com](http://www.easyjet.com)).

In order to maintain the good reputation and to maximise the profit company needs to make and maintain long term plans, and this plan includes company goals and understanding challenges so that to get best outcome from the implemented strategies and to differentiate companies from its competitors. As in this competitive world, internet based and global open market, it is very essential for companies to have a clear plan for attaining their targets (Hill, 2005). To maintain the shareholder value so called business strategy, for the success of company business strategy must be supported by others operations like finance, administration and marketing.

Like a football team, players support the team strategy same in the company everyone role in the company supports the business strategy.

Operation strategy is long term plan for the operation function that helps in outlining the design, procedure and making sure the correct use of resource and man power to support the business strategy. Operation strategy must be aligned with the business strategy to get the best of the best outcome. For the smooth running of operation and maximising the profit it must be known that what customers company is serving, what are the companies' values. Secondly market environment must be known, markets trends, economic status of the market, political values and trends in the society.

Environmental scanning let the company knows to explore opportunities and treats, exploring gaps in what consumers need and what competitors are doing to fulfil those requirements (Waller, 2003).

Operation strategy can be formulated when business strategy is finalized. Operation strategy of Easy Jet can be best illustrated on its order winners and order qualifiers. Order winner and qualifiers are both very much important, with the order qualifier an organisation needs to qualify and re-qualify to stay in competition and in the market, order winner and qualifier is based on time and depended on market status, so they both changes over the time in the market, (Hill, 2005).

Order winners and order qualifiers are the backbone for the successful operation management, (Hill, 2005). The first and main order winning of Easy Jet is low cost, it means that Easy Jet offers services at a low cost and prices, and this is their main business strategy, and this strategy helps Easy Jet to

maximise its profit margin by implementing low cost strategy. Easy Jet mostly focuses on cutting costs in their operations, like reducing labour cost, materials and other facilities which can be avoided in providing services. Easy Jet emphasises on giving some extra training to employees to get the maximum outcome and lowering the fragment. Facilities which are provided by Easy Jet are rationalized, using mostly single type of airlines so that minimizing the cost on maintenance of different types of aeroplanes also routes of Easy Jet are mostly short so it can help Easy Jet to minimise cost of crew changes, maintenance, inventories of parts and many other administrative charges which varies from airport to airport. Easy Jet mainly uses low crowded airports and prefers secondary airports in major cities to avoid high administrative charges. Mainly route is point to point so that they don't have to invest extra on onward connection for passengers and baggage. No meals provided and passengers can buy what they want on board and no printed boarding passes to avoid convolution and speed up ticketing and boarding. Easy Jet human resource department also plays important role in this strategy, they train newly employees to perform multi tasks and emphasis on team work to maximise the customer services. Quality of service is Easy Jet order qualifier as their strategy focuses on the service regularity which means how much their quality fulfils customer's demands and single class configured cabins. Dependability is order qualifier for Easy Jet, as Easy Jet fast and reliable deliveries of parcels across Europe in low cost gives them strength to attain and sustain their customers. Flexibility is the order winner for Easy Jet as they provide wide range of basic and frequent services, changes the volume of services and changing the timings of services to fulfil the customers' demands. Low cost administration

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gives them to attain maximum profit and Easy Jet focuses on entirely IT system which can be accessed from anywhere in the world so they are embraced with the concept of paperless offices. Strong work force, highly trained, quick responsive to the customers, flexible in performing multi-tasking and strong customer and technical capabilities of the employees are the order qualifiers of Easy Jet. Low price of tickets is the order winner of Easy Jet, Easy Jet offers very cheap tickets to different destinations of Europe as compared to the other airlines, which not only attract more customers but also this strategy playing an important role in maximizing their profit as Easy Jet already reduced other unwanted costs. Using of latest IT system is order qualifier for Easy Jet, Internet has greatly uplifted electronic commerce and deeply linked customers and suppliers. Minimising the overall journey time is order winner for Easy Jet, fast turnaround keeps Easy Jet services continue for high earning and avoiding its planes to return to main point, and by doing so it has its number of flights increased with low number of planes. Consistency and reliability is the order qualifier for Easy Jet as more than 90% of the flights arrived within 15 minutes which is nearly equal to British Airways. Easy Jet increased its customer service and save £750, 000 on existing functioning costs by signing an on demand CRM deal with Right Now Technologies. With Europe's leading low-cost airline growing its passenger volume by 20% each year, additional operational costs will be achieved with a series of on-going modern customer service projects. At first Easy Jet will set up Right Now Service™ across all seven of its European web sites to help manage the linked enlargement in customer communication, (Source: DataMonitor).

For the successful business there must be interactions and collaboration between operations and marketing. The operations department are accountable for providing the order-winning and order-qualifying criteria identified by marketing group, that empower products to win orders in the open market. This process starts with the corporate strategy and ends with the standards that either keeps the company in the running order qualifiers, (Hill, 2005).

The main airport for Easy Jet is Luton airport. Although Easy Jet flights to many Europe major cities, Easy Jet still misses some important airports to stay like London Heathrow airport. People who live in London, this is a very problematic point to move to Luton airport to get the flights. Although by this Easy Jet save extra charges but loses some customers as well so at one side Easy Jet saves money on other side it loses customers. Online booking service is indeed order winner for Easy jet but some elder people and people who don't use internet find difficult and not very convenience to book, so Easy Jet must have telephone line services for booking which will not cost them much but this service will indeed attract more customers and booking services of Easy jet will be more user friendly, and this use of IT services and online booking services can become their order winner for the company. Low cost air tickets is order winner for Easy jet as they don't have any interaction with travel agents but as the flying demands are getting more and more day by day so Easy Jet needs to establish some business to business relationship with travel agencies to attain more customers especially corporate customers which normally get tickets from travel agencies, (Source: easyjet.com).

From 1995 until now, Easy Jet has increased their aircrafts from only two to 92 aircrafts including 21 aircrafts of Airbus A319, 33 aircrafts of Boeing 737-700 and 38 aircrafts of Boeing 737-300, at the end of September 2004. And for the expansion of its market, they prepare to increase their Airbus aircraft to 117 during the next three years. As the airline industry of whole world is not prosperity after 9/11 attacks. So that the aircraft deal from, Easy Jet is a very big deal for the suppliers and there is really big benefit for the suppliers. From this point, it is clear that bargaining power of Easy Jet is higher than the suppliers. The direct point of Easy jet supply chain management is to deliver the exact material to the precise position at the right time. The next objective is to manage the parts, procurement and supply chain function as resourcefully as achievable. At this time the company divided its service into seven segments, Parts trading, allotment, additional remarketing, preliminary provisioning and sourcing, inventory letting, revamp managing, stockroom and logistics. With the integrated supply chain concept, instead of providing these functions on an individual or a little at a time basis. Easy Jet offers a sustain alternative that embraces the whole range of its various services. It helps in holding much more functions an operator requires in a consistent overall plan that is shaped in alliance with the airline, (Harvard Business Review).

So according to Porter's generic strategies, which is purely based features of the operation of Easy Jet, main operation strategy the Easy Jet engaged is focus cost management, which is called " low cost, no frills", (www. www. bized. co. uk)

So it concluded that Easy Jet adopted simple straight forward low cost strategy, minimizing and avoiding unwanted cost to be in competition with other airlines operating in the sky. Easy Jet operation strategy mainly works with effect because quick and on time turnaround, cheap services, avoiding paper work like paper used in ticketing & during boarding and reduced the cost of travel agents. Numbers of planes are few but utilisation rate is perfect and exact, mainly using low rate airports for landing and take-off. Some threats and risks are there for Easy Jet, as time goes on and Easy jet gets bigger and renewal of contracts needed so there are chances of raise in cost. Easy Jet key to success is remaining undemanding so that cost can be remained low and keep the usage of planes high so that they can guarantee their constant profit and quality service.

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