

# Jetblue company strategy analysis



**ASSIGN  
BUSTER**

According to (Smith, 2012), JetBlue was the best-funded startup in the history of U. S. aviation established in 1999. The company started when the founder realized that there are many needs to minimize the time taken by travelers to book their traveling. Neeleman decided to utilize the technology to come up with a system that will enable the customers to reduce their time that they use while waiting to be attended. The founder of the airline was working with different carriers before deciding to come up with JetBlue Company which come after the first fail. He was a great admirer of Kelleher and Southwest, but he noted that there were two seemingly contradictory forces at work if an airline could be successful.

The first thing was that the organization needs to focus on one's strategy. Also, from those words, Neeleman comes up with an opposing decision. He says that the world market keeps on changing from time to time. Therefore, there is every need to keep on changing to adapt the new consumer tests changes. According to (Araújo, 2013) , changes in market demand often happen, and it is importance for an organization to improve its products to adopt the needs of the market otherwise it will be unable to outdo the great competition in the market today. Therefore, we can see that James concurs with Neeleman.

In his new airline, Neeleman began with several fundamental beliefs which could establish his organization to be of success. The first thing that he noted is that you need to go where people want to fly. From his observation, he realized that one of the interesting things about the airline business is that almost all members about operation are in the public domain. From this, you can easily see how the demand for the air travel is in different markets

and at different prices. Therefore, so that you can bring this into reality from the world of ideas, you need to do a lot of computer modeling to check the sensitivities of the load at different prices.

After his attempt to set up a new kind of airline now he wanted to set up a new form of a carrier. The new airline would leverage technology for safety and efficiency, and since customer demand and services are the primary secrets of success, he was focusing on having a lot of commitment to the people. He said that they were a new kind of low-fare airline with great people and innovative thinking. They offer friendly services and they he was aiming at bringing people back to air travel.

All this was just a way of coming up with a good strategy that the company could use so that they can offer significant personal services, create a state-of-the-art revenue management system. From their strategy, the airline was focusing on offering a single class of services to their customers with a fare averaging at 65% less than the competition. Through taking this step, they could be utilizing all their resources since no seat would remain ticketless. The ticket could be one way thus relieving the travelers the burden of paying two ways of which would be one a major challenge to them. The other strategy that the airline comes up with to enhance their customer services was to give a voucher of \$159 in the case of any delay in flight for more than an hour for any reason apart from unfavorable weather conditions or air traffic. They were also to give out a voucher of \$25 for misplaced bags. From these strategies that the airline built helped it to have more travelers contributing to their development.

The other factor that leads to the success of the airline had adequate capital to start the airline. People were telling him that having \$30 million was good enough to start his firm. To him, this was just but a peanut amount since he was aiming at gathering \$130 million to start his airline. He said that airline is something that needs to be set up correctly from the beginning through taking things right and having a cushion at making the right decisions. Many people who were venturing into this industry took advantage of the growing opportunities to lease rather than purchasing aircraft. For Neeleman who once sat on the board of a leasing company and show how lucrative the lying business was, he decided to buy his airplanes. Having an experience in the Morris Air, he was capable of getting enough capital within a short time as he did in Morris air which was a great success. He managed to get the starting capital with no deal on planes, no airport slots, and even without the certificate of the fly. Therefore, there was great trust on him. Through having adequate starting capital which is very importance in business according to In (Smith, 2012), he was able to have a great foundation of his airline. Good business foundation opens up ways to the success of the business with minimum risks of collapsing.

In any business, there should be a team of management members or even an individual manager. These people act as the drivers of the success of the firm. According to (Griffin, 2007), management decisions are very importance in the progression of the firms. If they make mistakes or weak decisions them, they are going to fail the business. However, if they make good decisions, they will contribute to the success of the firm. Neeleman was acutely aware of the importance of a sound management team. He selected

individuals with good records from their previous workplaces, and all the management members had experience of fewer than ten years in the airline work. Members of the management team includes,

Thomas Kelly, who was a long-time partner of Neeleman at Morris Air and Open Skies

Dave Barger, president and chief operating officer, he was working for New York Air and spent ten years running Continental Airlines.

John Owens, chief financing officer, was the treasure of Southwest Airlines for 14years.

Ann Rhoades, executive vice president of human resources, had more than 30years of experience in service-based businesses.

These guys contributed a lot to the development of the airline. According to Stewart, 2008, they held a meeting every week which was via a two-hour telephone conference call. Therefore, they could come up with great ideas to help in building the company. With these men who have significant experience in the field, then the company had a lot of advantages over its competitors. Also, they were from different parts. So the geographical dispersion shows diverse lifestyles and preferences of the JetBlue team.

The value of an organization acts as the reflector of the entire business. It enables the employees to work towards achieving their expected value. In JetBlue, the management team sat down to draft the values of the company. Some of the members wanted them to focus on financial goals. Two members of the team refused this proposal. They believed that values drive

all other activities and were the basis for the development of an organization. Rhoads who was in charge of values in which they should build the company held two days meeting to help in coming up with values of which she restricted the 20 top management from including financial issues in the values. Finally, the members come up with five values which include; safety, caring, integrity, fun, and passion. While working to achieve these benefits they brought about the achievement and success of the JetBlue.

Rhoades was also given the responsibility of designing JetBlue's human resources practices. She came up with human resources management approach that tailored jobs, pay, and benefits sharing to different employee groups. Through doing this, the organization was intending to ensure that there is overall equality in treatment. According to (Banfield, 2011), having fair treatment to employees make them feel concerned, and part of the firm as a good employee and employer relationship brings success in the business since the employees work toward providing the best rather than working for personal interest.

Each employee was supposed to work up to the set time, and if you are willing, you work for more hours the company paid for the overworked hour. The payment in other airlines was \$19 per hour, but JetBlue was offering the addition of \$1 per hour. Many of the employees were part-time, but the organization was providing medical, 401k and profit-sharing benefits and double payment if they work during holidays. Therefore, the airline offered a very friendly environment, and the employees were working to attain the value of the company.

## References

Araujo, L. &. (2013). *Proactive companies: How to anticipate market changes*. Basingstoke: Palgrave Macmillan.

Banfield, P. (2011). *Introduction to human resource management*. . Oxford: Oxford University Press.

Griffin, R. W. (2007). *Fundamentals of management: Core concepts and applications*. Boston: Mass: Houghton Mifflin.

Smith, D. M. (2012). *Institutional money management: An inside look at strategies, players, and practices*. . Hoboken,: NJ: Wiley.

Stewart, C. H. (2008). *Lessons learned: How JetBlue Airways used apologia and new media to survive a crisis—a case study*. Virginia,: REGENT UNIVERSITY.

Stich, R. (2010). . *History of U. S. Aviation Disasters 1950 to 9/11*. New York: Silverpeak Publ.