

# Jetblue management case study

[Education](#)



**ASSIGN  
BUSTER**

David Melanin's vision is to create a new kind of airline; one that would leverage genealogy for safety, efficiency and a commitment to their customers. Melanin was convinced that his commitment to innovation in management, policies, and technology would keep the planes full and moving. Stable's goal is to give customers exactly what they want in the form of an Innovative product delivered by friendly crew members that believe in high quality service.

Melanin states in Innovator's DNA that his strengths, " is an ability to look at a process or a practice that has been in place for a long time and ask myself, Why don't they do it this other way? And most times I find myself thinking the answer is so obvious that wonder, Why has no one else ever thought of this before? " (Dyer, Greenest, Christensen 76). Melanin is convinced that commitment to Innovation regarding management, policies, and technology would keep airplanes full and moving.

It is the theory of the business to provide high-class, convenient, and efficient service to their customers and an enjoyable, productive environment for Stable's employees. Melanin's Innovative personality as CEO has enabled Getable to create brilliant ideas such as the e-ticket yester that provides consumers with incentives to reserve and purchase tickets from the company's website. Getable knows that changes throughout the Industry occur continuously due to competitive imitation from other companies and through technological advances.

Collies and Montgomery mention that " history is replete with examples of how technology has ruined companies and corporate strategies by

substituting alternative resources for those on which a sustainable corporate advantage had been built. " (Collies, Montgomery 237). Mailmen learned from the Southwest airline model but knew in himself that he could improve the process. He understood that it was not just enough to just charge low priced fares since competitors could easily match on price.

David Melanin challenges the status quo in the experience of air travel and demonstrates his passion as an Innovator by observing customer behavior, products/services, technologies and other air travel corporations. Melanin spent a lot of time and energy discovering and testing ideas through a diverse network of individuals who were able to do the job well, while at the same time experimenting with fresh ideas. As stated in Innovator's DNA, interviews and observations revealed that innovative companies build the code for innovation right into the organizations' people, process and guiding philosophies. (Dyer, Greenest and Christensen 170). Stable's strategy is to air travel" \*\*\*cite\*\*\* through incorporating innovation and creativity into their core values. Getable adopts a route structure that is a hybrid between the " hub-and spoke" system used by most legacy carriers, and the " point-to-point" systems used by many discount airlines. Getable has utilized Trucker's theory of fastest with the mossiest with a unique business model and by becoming the first " paperless" airline, obstructing computer and information technology for everything from flight planning to aircraft maintenance to the sole use of e-tickets.

Trucker explains, " the last of these innovative strategies deliver what is Value' to the customer rather than what is 'product' to manufacturer. It is actually only one step beyond the strategy of accepting the customer's <https://assignbuster.com/jetblue-management-case-study/>

reality as part of the product and part of what the customer buys and pays for. " (Trucker 395). David Melanin believes Getable should focus on stimulating demand in under-served markets with low fares because he understood that his company is in the service industry, which is only enabled by the highly productive use of employees, aircrafts and strategic competitive pricing.

By doing this Getable will improve the passenger experience with technology and would use technology to increase employee and aircraft productivity beyond those achieved by competitors. The theory and technology already have been tested and proven to be a competitive advantage as David Melanin's first airlines, Morris Air, became a pioneer in tickets travel in 1993 and was acquired by low-fare leaders at the time Southwest Airlines for \$129 million. \*(unsure if this last part of the sentence regarding \$129 million is necessary)\*\*\*\* To keep this competitive advantage, Getable has planned for the long term by buying out Live in 2002 for \$ 41 million from the company that supplied Getable with the cable television capabilities. This is why Getable chose the Airbus A320 because it was larger, more reliable and fuel-efficient than most aircrafts.

By operating just one model of aircraft at the time, Getable was allowed to increase cost savings by simplifying maintenance issues, reducing spare-parts-inventory requirements, lowering training costs and increasing scheduling efficiency. Utilizing the Airbus as a sole aircraft type, Getable was able to standardize its training and service processes around the aircraft and also gain flexibility in scheduling and capacity management. For example, at Getable each pilot was provided with a laptop computer, which possessed all

<https://assignbuster.com/jetblue-management-case-study/>

the flight plans that allow Getable pilots to perform pre-flight check themselves more efficiently.

Getable began passenger flights in 2000, soon after becoming profitable the following year with a net income of \$39 million and was profitable for the next three years until 2005. When the company reported a \$20 million loss mainly due to the 52% increase in fuel price from the previous year, it resulted in \$167 million in increased operational cost. Through proper management, Getable initiated a "Return to Profitability" program that involved improving capacity management, revenue optimization and cost reductions.

While suffering a loss in the first quarter of 2006, the company was profitable for the remainder of the year, reporting a full-year loss of just \$1 million and carried that success all the way into 2009 where the company reported \$58 million in net income despite a \$76 million loss the year before. All that did was reaffirm Stable's confidence in committing itself in the "Getable Experience." Managers are agents of transformation who rely on knowledge for the humanities, social sciences, and performance through common goals, values, and the right structure with proper training and development.

By linking human resource practices to the company's values and behaviors, Getable was able to ensure that its employees were productive, safe and customer-oriented. Aircraft utilization is also achieved through quick efficient turnarounds at the gate averaging 35 minutes, while utilizing its aircrafts ore efficiently than any other airline by keeping each plane in the air for an

average of 13 hours a day and keeping the fleet productive by operating red-eye flights.

This practice allows Getable to keep costs low by spreading its fixed cost over a great number of flights and available-seat-miles. Sustaining low operating costs enabled Getable to offer low rate fares to its customers, a quality that Getable prides itself in. Getable will be able to accomplish the goal of adding simplicity, technology, design, entertainment, and friendly people through its utilization of their top management mama's experience, (Dave Gagger, John Owens and Ann Rhodes) who have all worked with competitive companies during its rapid growth years.

The experience of top managers allowed management to take qualities from other airlines and apply those lessons in building a better Getable. By taking the five core values as a guide **\*\*\* (what are the five core values???) \*\*\*\***, Getable will make sure that the right people with integrity are hired. Getable strives for simplicity in their computer technology, but also pay attention to cultural fit because it plays into the company's theory of the equines, that happy employees are a great source for recruiting their friends from competing airlines.

Getable understands the importance of giving their consumers what they want and are able to continually adapt to the ever changing needs of their customers. Getable knows that by focusing on point-to point service to large metropolitan areas, it will be able to attract Stable's target market that are, " fare-conscious travelers who might otherwise have used alternate forms of transportation or would not have traveled at all. " However, the company

recognizes that high-quality service differentiates themselves from their competitors and that was the key to bringing their customers back.

However, Getable is increasingly courting a higher class of passengers who have the resources to pay a higher price for a business or first-class ticket, but appreciate a lower fare without sacrificing high-class customer service, especially when corporations are looking to reduce business travel due to tough economic conditions. Melanin noted that one of the interesting things about the airline industry is that virtually all numbers about operations are in the public main that allows Getable to research the demand for air travel in different market and at different prices.

Getable uses their own online customer survey so they can respond rapidly to customer feedback. Getable needs to maintain innovation by continuing its strategy of using new airplanes, offering great personal service, creating a state of the art revenue management system and single class service with competitive prices lower than the competition. Getable has a clear feeling of honesty, care and concern for customer satisfaction, not just corporate lip service to "service".

There will always be customer dissatisfaction, despite the company's best efforts, but one the greatest differences between Getable and other airlines was the formers proactive approach to correcting any wrongs that happened on flights. By centralizing the transfer of passengers during long Journeys across the country, such changing airlines. Despite the advantage of a hub-and-spoke model, this kind of centralization proved challenging if weather, maintenance problems or air traffic delays interfere with schedules. There

was a demand after 2001 for smaller regional routes expanded as many airlines cut longer routes as a way to reduce costs.

As Getable continued to adapt its product to meet the changing demands of its consumers, it decided to change its policy of a one model standard by adding the Ambler's IEE to test and efficiently serve the potential medium sized market by offering passengers a more comfortable flight than typical regional jets. In 2003 Getable demonstrated their ability to adapt their product by playing a significant role in designing the interior of the IEE to improve passenger's comfort and increasing the range of choices available to Getable passengers by feeding customer to connecting AWAY flights at focused cities.

The synergy between the IEE and AWAY enabled the AWAY to feed into IEE flights as well, resulting in higher loads and improved economics for Getable. Getable recorded a net income of \$103.9 million and the company achieved a record stock price at \$30 per share in 2003. Transfers at focus cities (New York/JEFF, Boston, Orlando, Fort Lauderdale and Long Beach) would improve the utilization of existing airport facilities, increase productivity and reduce downtime for airport creamers.

The diversification of aircrafts causes changes in pilot compensation, which leads to a lot of unhappy/ highly influential employees who are looking for higher pay. Steven Promote, Vice President and Chief Safety Officer, notes that once the innovation of using non-skid flooring on the cargo bins of the IEE were used, it became a safety feature preventing baggage handlers from slipping on the floor. The issue was that loading procedures established



with the AWAY was to slide bags along the floor of the bins, which resulted in increased loading time and the chances of an employee harming themselves with back sprains.

In addition, the IEEE also required changes in behavior and expectation for Stable's existing customer. For example, overhead storage bins on the IEEE were smaller than the AWAY, causing many passengers to be surprised and disappointed when asked to check their luggage at the gate. Getable is being asked to do too much in for a short period of time and the company's human or technological resources are being stretched out too much, causing internal inconsistency that transform into bigger, external issues with the company's strategy.

The company now has to tell their customers to do two different things; which at the time they did not have the internal/communication infrastructure nor have the correct operations procedures in place to actually execute the complexity of the operations being run. Trucker states, " Innovative efforts that take the existing business out of its own field are rarely successful. Innovation had better not be " diversification". " Whatever the benefits of diversification, it does not mix with entrepreneurship and innovation" (Trucker 363).

An existing business innovates where it has expertise, knowledge of the market or knowledge of technology. Anything new will predicatively be met with trouble and therefore, one must build entrepreneurial management to match that business. In Stable's case, they were growing too quickly for them to manage as demonstrated on the February 12, 2007 ice storm

(Valentine's Day Massacre) when Getable eventually cancelled 1, 195 flights over a six day period due to the company's cancellation policy, understanding of the conditions leading to the problems of February 2007 incident and taking initiatives.

This was done through the RIP Integrity program that not only change the way Getable addresses disruptive events/ irregular operation (Rope), but establishing a model for large-scale change in the company and installing inference among employees that can work together to solve the most challenging problems. The RIP Integrity project was not intended to provide a static, permanent solution to the problem of cancellation, communication, recovery from disruptions within the industry. However, the aviation industry was constantly changing and the way Getable deals with Rope would also need to evolve.

The standardization of the cancellation desk effectively addressed many of the problems posed by Rope such as communication overload, prompt notification of crews, and dedicated focus on recess. Creamers had previously believed that technology limitations restricted them from efficiently dealing with Rope. The company's ability to adapt is what saved itself after incidences like in 2007 as Getable hired " the right person," Russell Chew, in 2008 who brought in experienced managers from other airlines, particularly those with an expertise in operations.

The company began to change its focus from reacting to problems and overcoming them by heroic efforts, preparing for disruptions and focusing on pre-event rather than post-event. Getable displays care or their customers

as they have issued a Bill of Rights in 2010, promising to compensate customers for inconveniences within the company's control. Diversification itself rarely works because it has to adopt policies that create, throughout the entire organization, the desire to innovate and the habits of entrepreneurship and innovation.

Through the RIP Integrity project, we now look at ways crew services could improve their processes, even with technology limitations. In fact 90% of Iris's Integrity projects involved no technology improvements but processes, policies or training, all at relatively low cost. Many other small changes, such as adding groups to e-mail distribution, had been immediately implemented, but still other improvements have occurred simply as the result of people from different parts of the organization getting to know each other and understanding their responsibilities.

The RIP Integrity model has become a Getable model for any large-scale change by bringing front-line creamers into the process of designing operation change and this is how Getable creates synergy. By building cross-departmental relationships through cross-functional/cross-level working teams and also building internal capabilities for project management and process improvement with (LEAN tools) to identifying sources of waste and inefficiency.

The problems require more study, such as evaluation technology, working with other parts of the company, or analyzing what other companies do. By providing crew members and crew leaders the guidance, tools and opportunity to "learn by doing," it created a collaborative, supportive, and

corporate sponsored program. The changes came in many forms in technology, communication, and process flow; some involve the physical layout of critical facilities such as the System Operation Center (SOC).

The goal is to expand the "wisdom of crowds" philosophy, and tap all creamer's experiences to find solutions to the inconvenient problems as seen in 2010 when the company installed a new reservation system, a major cross-function change that it Companies tend to overestimate the value of very general resources in creating a competitive advantage in a new market. In Stable's case there is too much expansion within the company that led to problems in human resources. As Trucker states, "by and large, big companies have been successful as entrepreneurs only if they use their own people to build the venture.

They have been successful only when they use people whom they understand and who understand them, people whom they trust and who in turn know how to get things done in the existing business; people, in other words, with whom one can work as partners." (Trucker 363). Getable has experience most of its success through the understanding the importance of well trained employees that fit with the company's core values of safety, caring, integrity, fun, and passion. Unlike mission statements that could be seen as hot air, values represents the bedrock for the development of human resource policies, practices and management style.

Getable has talent in leveraging human resources by demonstrating quality care for their customers from one end to another and keeping the company union free. A great deal of this is accomplished through the company

establishing its five core values that represent the characteristics of the company: Safety, Caring, Integrity, Fun, and Passion. Getable needs to continue to establish itself as a value-based company that is built on the principle to be extraordinary on the outside, as well as extraordinary on the inside.

Hiring the best people and reading them exactly the way Getable expects their customers to be treated is essential to this goal of synergy throughout the whole company with fair compensation, benefits programs, accurate two-way communication, exquisite training, opportunities for career growth and a safe, enjoyable environment. Getable understands that above all, an airline is a bewildering array of teams, systems, and complex logistics. By coming together across work groups, Getable creamers discover efficiencies, learn from each other, and develop a corporate culture of team cooperation and team support.

By customizing pay employment benefits packages, Getable creates incentives for employees to perform well in the long run by working happy and efficiently or as Rhodes would say, " people don't complain when they have choices. " In Corporate Strategy, Collies and Montgomery state, " Inefficiencies arise inside the corporate hierarchy because individuals do not receive all the profit they generate. They therefore, do not have the incentive to maximize corporate profits, but rather to maximize their own welfare.

As a result, levels of ability, effort and investment may be lower inside the corporation than in sole repositories. " (Collies, Montgomery 121). Getable

utilizes the strategy of symbolic actions to maintain internal consistency by leading by example. The symbolic actions have little impact, but sends a visible and powerful messages to the employees of the organization that a change is necessary in order to commit similar mistakes like outgrowing its operation infrastructure to a point that it became unmanageable with very simplistic operating systems in place.

As for the future, Getable remains one of the most responsive companies on Twitter and Backbone. Some might say they need to be, given the amount of confusion and concern their customers face on a daily basis. The reality is that air travel is unavoidably subject to delays, malfunctions and errors. So why would a company step into the fight, knowing it going to face a bit of a satisfaction for being to step up and solve issues, they are able to help customers become more open and responsive to their marketing efforts.

By leveraging social media to contain cost and differentiation, and leveraging an integrated customer service system to build a target marketing program that tailors messages to customer, it enables Getable to increase their effectiveness. Getable will also start targeting business travelers because Getable is in a unique situation given the current economic times. As a discount provider, who also focuses on customer service, Getable will be able to appeal to cost-sensitive business people that need to cut travel costs but don't want to sacrifice comfort, convenience, and modernity.

Getable should investigate opportunities to increase corporate travel partnerships because as Trucker states, " as the corporation moves toward a confederation or a syndicate, it will increasingly need a top management

that is separate, powerful, and accountable. This top management's responsibilities will cover the entire organization's direction, planning, strategy, values and principles; its structure, its relationship, its research, design and innovation.