

# Comparison of easyjet and domino pizza



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## **INTRODUCTION**

For this piece of coursework I will be comparing two contrasting businesses, they are Easyjet and Domino's Pizza. I will be finding out about their aims and objectives, profits/losses, type of ownership and their purpose, how they communicate and external influences. Firstly Easyjet is Europe's leading low-cost airline, and Domino's Pizza is a UK pizza takeaway and delivery company.

## **AIMS AND OBJECTIVES**

An aim is a general statement of what a business intends to do e. g, to make a profit, provide products to the community, to survive for the first few years, provide a competitive service, maximise sales and quality, be environmentally friendly, offer a charitable, voluntary or community service.

The aims that businesses should be SMART aims. This means the business must choose

its aims following the guidelines of SMART, which are:

**S e n s i b l e** – Aims should form part of the businesses strategy so they fit what the business

wishes to achieve. For example a food distributor should not aim to start making car parts because that would not be a sensible move for the business to achieve and would cost it a lot of money, just like starting a new business.

**M a n a g e m e n t** – any of the aims should not stop the business in other areas because it

cannot manage to fulfill an aim. For example if a business has £50, 000 to spend to improve the business it wouldn't try to buy new equipment for £100, 000 because it would not manage it.

**A ch i e v a b l e** - Aims should be demanding but they should be something a business could

achieve. So it must be hard to get but it must be possible to gain. Such as a local taxi service could change to an international taxi service but it would take a lot of money and effort but it is achievable but the taxi service would find it impossible to start an air travel service.

**R e a l i s t i c** - a small sole trader business would not endeavor to become a multi-national

business. So if the aim is possible to achieve it must not put money and effort into this

aim that it may never achieve. Aims must be realistic and thus not be a waste of time.

**T i m e - B o u n d** - Each aim should have an approximate time-scale.

Something like six months and one year, which would mean the deadline for completing the aim, would end at that date. If the aim is not complete by then the business must either drop that aim or rush to complete it.

An objective is a precise and measurable goal of a business e. g, selling more than competitors, reducing costs, providing more services, improving a product and producing new goods and services.

Easyjet is European airline owned by a Greek man called Stelios Haji-laonnou . It is a European airline business. Stelios' head office is in London's Luton airport – this is where most Easyjet planes take off from. Easyjet is known all over Europe because it is a low cost airline. Easyjet is a public limited company which means it is on the stock exchange. It is in the private sector which means Easyjet is out to make a profit. Easyjet have over 3000 staff working in different sectors of the business. Easyjet aims are:

- To make customers feel safe. They do this by making planes safe and are friendly to customers.
- To make flights enjoyable. They do this by talking to customers, quizzes and are friendly to the customers.
- To make the quality of flights each year get better and better. They do this to stop faults and make better products. If customers are satisfied, the reputation of Easyjet will improve.
- To be environmentally friendly. They do this by keeping pollution or waste to a minimum.
- To provide a competitive service against rivals. They do this by offering a wider range of products e. g; more destinations flights and make it easier for customers to buy the products.
- To provide to the community. They do this by offering cheap affordable flights all over Europe.
- To make a profit. To make a profit. They are called profit maximisers. Easyjet try to offer the best products they can.

Easyjet objectives are to:

- Sell more tickets to Europe than its rivals, by selling cheap tickets.

- Produce new services and goods by offering more trips to Europe and offering three course meals.
- Improve services by selling more food on planes, put TV's on aeroplanes.
- Provide more services. Want its sales to grow in three years (amount not available).
- To reduce running costs of the business eg, cheap fuel, rent.

Domino's pizza is a UK pizza delivery and take-away company-it is in these markets

aswell. These markets were worth 450million in 2000. Similarly Domino's pizza' have the same aims and objectives but achieve them

differently. Domino's pizza' aims are:

- To make a profit. They are called profit maximisers. They try to get as much profit as possible by offering very good quality pizzas.
- To provide products to the community. In this case Domino's offer pizza/meals and take-away.
- Maximise sales and quality of their pizzas. They maximise sales to put them in a strong position on the take-away market. Domino's maximise quality of pizza to lead to less faulty pizzas.
- Provide a competitive service to rivals. Domino's try to offer a wider range of pizzas to make it easier for customers to buy them.
- Domino does also want to be charitable. Every year they offer free pizzas to the people living in shelters.

Domino's Pizza objectives are:

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- Improve their pizzas. They want to use less fat in their pizzas.
- Produce new pizzas that the customers want. Domino's do this by asking customers what kind of pizzas they want. What toppings etc.
- Sell more than its competitors. They want to sell to 25% of customers when its rivals sell to 10% of customers.
- Domino does want to provide more services. They will do this by increasing the area of which they deliver pizzas and try to offer other foods eg, burgers.

It is important for both firms to have aims and objectives because they need targets to make the business. An aim and objective tells businesses what to do and affects the way they are run. Also aims and objectives can tell my businesses apart eg, Domino's Pizza wants to make pizzas and easyjet wants to do transport. Objectives can judge whether a company has achieved its aims. Without aims and objectives a company will not know where to go and get tied up and lost in all kinds of matter.

I think Easyjet is achieving its aims because in the first few years it started, the business survived. Easyjet are making their flights enjoyable as the cabin crew talk to the passengers, give out time fillers (wordsearch or prizes etc). Sometimes there are special surprises in store as sometimes there are marriage proposals and birthday surprises. Easyjet provide competitive service against rivals as they are constantly keeping track of Ryan air's prices and offers, Easyjet try to match these or better them by offering cheaper prices.

Easyjet have achieved their objectives because they have widened the range of products they sell onboard, Easyjet sell deserts, beverages, food all in a

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menu. Easyjet have provided more products and services as they provide flights on 89 routes from 36 European destinations. In order for Easyjet to reduce running costs they have to stick to a tight budget, they should only buy what is mostly needed, of course when they need to splash out money for upgrades they can but can't be too generous.

Similarly Domino's Pizza is achieving their aims in the same way Easyjet are. Domino's Pizza are raking in as much profit as they can, however it is very hard to do this as rivals may change prices so Domino's will have to do this and maybe lose some profit. Domino's do provide to the community otherwise people would not order take-aways and buy pizzas. I think Domino's produce a competitive service because they offer a wide range of pizzas and drinks; this gives an increased chance to get the customers attention to by their products.

Domino's Pizza is achieving their objectives because they are very successful and are not failing. Domino's are always trying to make pizzas healthier to improve their reputation. Also Domino's are expanding their horizons by taking their business worldwide (are in over 60 countries). Domino's are second to the world's favourite pizza brand " Pizza Hut". Although this, they are beating many other companies in the ' pizza industry'. To find out what customers want in a pizza Domino's use research and development- they ask customers for information on preferred pizzas or even send out questionnaires.

If both firms were to change activities the ownership may have to change. This is because both Easyjet and Domino's Pizza are huge companies but, if

things are a bit rough in their markets (eg; profit losses, fewer customers) they may have to sell away some of the company to down scale the size of their business otherwise risk the business to collapse. So, if the business becomes smaller the ownership may turn into a partnership- not an ordinary one but up to 20 partners. The liability would have to change to unlimited so the owners are responsible for everything that happens to the company. Also if the company gets smaller its value will decrease so their maybe potential buyers to buy the whole company out like Roman Abramovich buying Chelsea FC.

If both firms were to change activities the aims and objectives may need to change. This is because if they wanted to offer another service eg; financial, they would need aims and objectives to suite their operation. They would maybe want to aim to provide a lower interest rate than rivals, or take their loan company abroad. And, could also offer a bigger loan amount than their rivals. Both firms may change to a law company. Their aims and objectives could be to work as best as they can for their client and to maybe specialize in certain types of divorce, workers rights.

### **INTERNAL AND EXTERNAL INFLUENCES**

Internal influences are factors that affect a business inside e. g. new computer systems, the staff/employers, the running of the business, working conditions, dismissal, redundancy etc.

External influences are factors that affect a business outside their factory/base e. g.



transport, cost of premises or land, labour costs, area of competition, media etc.

A big part of Easyjet's internal influences are the staff/employees (the pilots, airport

administration staff and stewards/stewardesses). They work in the business to complete

the role of Easyjet. If the employees do not work properly e. g. they put the passengers bags on the wrong plane, Easyjet would have to pay out lots of compensation. Easyjet uses a clever computer system to keep track of flights, passengers and take off/landing times. Easyjet also use sophisticated technology to measure the amount of fuel needed, the total mass of the passengers + luggage and how to balance a plane. If just one of these computers were to fail (eg, fuel needed) the aeroplane would go fast on the runway but not take off and cause big delays.

Easyjet external influences are the media, cost for planes, labour costs, competition, and airport rent. The media will find something wrong with Easyjet and expose it. If something bad comes out people may not fly with Easyjet, then as a consequence Easyjet will lose business for a while until they clear their name. Easyjet's competitions are other low-cost airlines such as Ryanair and Britania. Easyjet are competing with these companies as they offer the same products. Easyjet also have to pay engineers to give their aeroplanes an "m. o. t".

Comparatively, a big internal influence for Domino's Pizza is the workers. If they go on strikes the company could close for a few days and lose massive profits. Domino's uses a modern computer system likewise to Easyjet, but Easyjet are more technological as they are an airline business. However Domino's have a system which deals with financial database, if this crashes the company could be in financial ruin and have to shut down immediately to not risk further damage, they will have a back up though. Working conditions have to be clean because they are a food company. The workers must work properly or else their could be complaints that could bring down Domino's Pizza reputation.

Domino's Pizza external influences are media, area rent, labour costs, competitors and customers. Domino's Pizza is in the food industry and that is on a sensitive line. If the media were to say something bad about Domino's they lose masses of customers and it would take a long time for the business to get back on its feet again. Customers would be scared of food poisoning, workers mistreating food i. e.; spitting or picking up dropped food and serving it etc. Seeing as Domino's is a fast-food joint people will be dropping their pizza boxes, so Domino's pays the areas council to clean up the rubbish rather than themselves doing it. If Domino's are selling their business successfully a rival may come and open up a branch in the same area. Domino's will be affected by this because they need to monitor their competitors prices and offers. Domino's will lose customers by another fast food joint opening the same area which also means they will lose profit.

### Main activities

Businesses are involved in a huge number of activities. Business activities are what a

business does to keep running and serving customers and consumers.

Easyjet is a low-cost airline, but, the owner Stelios Haji-laonnou (owns the most shares) has started smaller businesses with the name “ easy” at the start of them. He controls these “ easygroups” which are: easyInternetCafe, easyCar. com, easyMoney, and easyValue.

There are no “ cross-shareholdings” between Easyjet and these other easyGroup companies. Easyjet operates independently from the other companies, although some “ cross-marketing” agreements do exist.

The services easyjet offers are aeroplane trips, car rental services, credit cards, on-line shopping and an internet café. The leading branch of the easyGroup is easyjet as I will explain.

Easyjet provide services. Services are products which are not physical and which cannot be touched. Easyjet is a client service- tailored to meet the needs of particular individuals or groups of consumers. In this case, easyjet are for people who like to travel to destinations in Europe for a value price. Easyjet also is a transport service.

Although Easyjet is a service it is possible for it to have products within it. These products are low cost flights on 89 routes from 36 European destinations. These are consumer goods for consumers to use. Since launching in November 1995, Easyjet has expanded from its base in Luton offering two routes from Edinburgh and Glasgow, served by two boeing 737

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airplanes, to now offer low cost flights on 89 routes from 36 European destinations, controlling 64 airplanes in November 2002. Since Easyjet bought Go-fly in August 2002, Easyjet became Europe's number 1 low cost airline.

Easyjet is a public limited company (plc). This means the shares of Easyjet (shares are parts into which the value of the company is divided) are traded on the stock exchange (place where the shares of plcs are traded). The general public can buy these shares.

Easyjet is in the private sector. This means Easyjet is owned and controlled by a person or partnership or shareholders. It is paid for by the owner(s). Easyjet is out to make a profit that is why it is called a business. Easyjet is owned by lots of shareholders (people who own limited companies).

Domino's Pizza is in the UK pizza delivery and take-away market. Their main products are pizzas and other home delivery fast foods.

Domino's sell products which are obviously fast foods. They also have a service which is delivering the products if you want them to.

Domino's Pizza is a public limited company. It is owned by shareholders and they elect a director each year to represent Domino's Pizza. Again the business is in the private sector. It does provide services to the public however it does make a profit in doing so.

Ownership

Ownership defined is basically how a business is owned, control, deeds between the business and what sector the business is in. Also if it is a franchise and if the company is private or public. Not forgetting what liability the company is in/has.

Easyjet is owned by its shareholders. Limited companies are owned by shareholders. Easyjet is a European business so it is international company. Seeing as Easyjet is a large limited company it has thousands of shareholders, each one has little control over the business so they elect a director each year. The biggest shareholder in Easyjet is Stelios Haji-Iaonnou, he is also the founder of Easyjet (owns 41% of shares). He is the director of easyjet so he decides company policy and appoints managers to run certain segments of the business.

Each shareholder in Easyjet has limited liability, this means they are only liable for they have put into the company. If Easyjet closes down they will only lose what have put in the company or what they have invested, not for anything else.

The profits in Easyjet are shared un-equally. This is because the bigger the shareholder the more profit they get. Stelios get the most profit out of easyjet as he is the major shareholder. He gets 41% of the profit. The shareholders receive dividends which are some of the profit. After the profit the money that is left is re-invested into the company, this money is anything under the break even.

This type ownership is suitable for Easyjet because simply it is a massive European business. If easyjet was a sole trader it would be impossible for him/her to control and manage it, same for a partnership. It is much better for Easyjet to have the main shareholder to represent the company and to make the policy.

Equivalently Domino's Pizza is also owned by shareholders. Unlike Easyjet, Domino's Pizza is a global company. The company is so huge they had to split it into groups eg. Domino's Pizza UK& IRL. At the end of the day it comes under the roof of Domino's Pizza group ltd. Domino's Pizza group is the main company of Domino's pizza in all of the countries it is in. You cannot invest in Domino's Pizza group ltd, but, you can in Domino's Pizza UK& IRL.

Also here the shareholders have limited liability, however, because this is a global company the shareholders will lose lots of investment money. The profits are shared in the same way as easyjet- biggest shareholder gets most profit. Domino's Pizza also uses directors. Domino's Pizza is a Franchise; this means Domino's Pizza allows another business to use its name and image.

This ownership is suitable for Domino's Pizza because it is realistically impossible to be a sole trader or partnership and run a global business. It is much better for Domino's Pizza to have the main shareholder to represent the company and to make the policy.

Because Easyjet and Domino's Pizza are owned similarly, I will explain the main

advantages and disadvantages for both businesses. Advantages are:

- Limited companies can raise extra finance by issuing shares; this can help the business to grow.
- Unlike a bank loan, the money does not have to be paid back so you won't get in debt.
- Shareholders should expect more return if the business is doing well.
- Because both companies are big, they can appoint lots of managers to take control of different segments of the business.

Disadvantages are:

- The accounts of these limited companies are available for everyone to see at company house, so rivals can find out information on my chosen companies eg. Profit or sales.
- Domino's Pizza and Easyjet were small sole traders but now they are limited companies- it is very hard and complicated to set up limited companies.
- They must follow certain rules when selling shares.
- If the director quits the businesses could grind to a stop in order to get the next director. Massive profits could be lost.

### Human Resources (H / R)

Human Resources are the people employed in a business or organization, personnel. It is also the field of personnel recruitment and management. The H/R department tries to recruit the best employees. They also need to make sure the employees work safely and effectively. H/R staffs are experts in dealing with the people who work within their business. Also, they handle

such things as recruitment, training, retirement, redundancies and working conditions. H/R has a big responsibility in recruiting new staff and making them work effectively and safely.

Easyjet has a director within the company who is responsible for his workers development and cultural issues. This is in addition to a human resources director. Easyjet ask their cabin crew to comment on the areas of work. If there is something the workers do not like the human resources come in and try to fix the problem for example low wages.

Easyjet also get job applications, the human resources will deal with this. The department will call the applicants and send them to training in the company. Training is a big part of human resources and will help make staff more reliable in their job. Easyjet have an open management style so they broadcast comments, complaints and suggestions publicly.

A wide range of people work at easyjet thanks to the training and development scheme of their H/R. All employees have an equal opportunities policy. Easyjet also try to motivate employees to make them work at their best.

When Easyjet train their new applicants, they do not do it in proper job, instead the train them in simulators because it is very dangerous to train new cabin crew on real flights as may do something very wrong. But, the ground staffs are trained with a helper in the real situation.

Domino's Pizza Human Resources is very similar to Easyjet's Human Resources. Different to Easyjet, Domino's Pizza train their staff in the actual



shop as it is not that serious as in an aeroplane. The new members still need a professional worker with them though.

Domino's have a wide variety of people working for them. They all have an equal opportunities policy and Domino's also try to motivate their employees to make them work at their best.

A director heads the H/R of domino's setting in managers to take care of each aspect eg, training, laws etc.

Both Easyjet and Domino's Pizza use ICT in their Human Resources. They use it to train and develop their staff. This to make them become more skilled with the technology that comes around them and also it may help the staff to get promoted.

ICT in H/R also has employee records; this will tell someone all about the employees, what they do in their job, promotion and demotion, salary, address etc.

ICT is also used to set up a website to support customers; the websites will have a "contact" link which you can use to contact the company. Anything sent here will go straight to the Human Resources to be dealt with.

Human Resources help Easyjet and domino's Pizza achieve their aims. This is because both companies want the best out of their staff- H/R trains their staff to make them good at their job

Both companies want to be good to customers- H/R teaches staff how to deal with customers appropriately.

Both companies want to retain their customers- H/R will offer good pay and conditions or the chance of promotion in order to retain their employees.

Both companies want to be successful- H/R will recruit employees with the right skills to make the company be successful.

Both companies want their workforce to strong-H/R will dismiss employees who are not doing their job properly.

Both companies need to negotiate with trade unions or other representative organisations- H/R staff usually negotiate on behalf of the business to agreements between employees and employers.

### F i n a n c e

An important part of management is controlling the money coming into, and going out of the business. As a business grows, this job becomes even more important. This is because the amounts of money involved get larger and the business has more to lose. Large firms (like Easyjet and Domino's Pizza) often have a separate finance department to manage their finances.

All! most finance departments have a;

- Senior accountant- Head of the finance department and is responsible for accounts, recruiting and supporting staff, reporting to the board and handling the department's budget. The senior accountant might also be involved in financial decision-making.

- Sales ledger clerk-Deals with customer accounts and records the details of all sales transactions. The sales ledger clerk also deals with enquiries about customer accounts.
- Purchases ledger clerk- Records all transactions relating to purchases from suppliers. The clerk enters details of purchases onto the computer system and speaks to suppliers when there are enquiries.
- Payroll clerk- To calculate staff wages. Take home pay for each worker must be calculated by subtracting tax and other deductions from gross pay. The clerk will also deal with queries.
- Cashier- Responsible for all banking and cash transactions. the cashier may check bank statements to see if they agree with entries in the bookkeeping system. The cashier might also be responsible for the petty cash system, which staff can use to buy small items such as stamps.
- Credit controller- businesses sometimes make credit sales. This is where they allow customers to take goods now and pay later. When a business gives credit to customers, the credit controller must make sure that customers pay when the payment is due. The controller may chase late payers and is likely to work close with the sales ledger clerk.

Large businesses also have;

- Financial accountants- They control bookkeeping and prepare final accounts such as profit and loss account. Also calculate how much tax the business has to pay.

- Management accountants- Provide information to help a business make decisions. They may be involved in forecasting and controlling costs.
- Cost accountants- Provide cost information eg, calculating the cost of making new products or building a new factory.

Easyjet has a senior accountant, a sales ledger clerk, a purchases ledger clerk, a payroll clerk, a cashier but not a credit controller. This is because Easyjet do not make credit sales. Easyjet's senior accountant works with the main owner of Easyjet Stellios. Their sales ledger clerk also sells tickets for Easyjet. Whenever Stellios buys an aeroplane, his purchases ledger clerk comes with him to record all transactions between them, however Stellios speaks to the suppliers when there are enquiries. Easyjet's payroll clerk deals with their staff wages. Stellios also works with the cashier and is responsible for banking and cash transactions. In Easyjet, financial accountants are appointed to keep control of bookkeeping and preparing final accounts, such as profit and loss account. Stellios likes to keep a connection with the financial accountant. Stellios also works with the management accountant who provides information to help make business decisions. Stellios also works with the cost accountant who provides cost information. Stellios make the final decision between these three accountants. Also Stellios brings his management accountants and cost accountants whenever he buys a plane to help make decisions and talk about the money.

Domino's Finance department works abit different to Easyjet's one. This is because Domino's has branches al across the country and a lower rank

financial assistant collects the data from the branch and sends it over to the head office.

In Domino's Pizza's head office they have a finance Department. They have a senior accountant, sales ledger clerk, purchases ledger clerk, payroll clerk and a cashier. Financial accountants to produce final accounts and do bookkeeping, Management accountants to help make conclusions to business problems, and, and cost accountants to provide cost information. The senior accountant will handle Domino's budget and he sometimes partners up with Domino's management accountants to discuss controlling costs. Domino's purchase ledger clerk will deal with suppliers and tells them where to deliver the products. The purchases ledger clerk will send assistants to receive the delivery and check whether everything they ordered is there. Domino's cost accountant works with their production department. When a new pizza product is produced, the cost accountants will work out the cost; try to get a profit, tax effects etc.

The finance department uses ICT. This helps them achieve their aims because it is an easy and quick way of getting things done as I will explain. The main aim of the finance department is to deal with their company's finance. ICT helps achieve this as it aids all of the employees in the finance department (shown with bullet points above). The senior accountant needs a computer to assess the budget to see what can be spent and what can't in large quantity. The sales ledger clerk needs ICT to record details of all transactions and customer accounts. The purchase ledger clerk uses ICT to record all transactions relating to purchases from suppliers, he also enters details of purchases onto a computer. The payroll clerk uses ICT to calculate

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staff wages. The computer does this automatically after he has typed in information from employees' time sheets. The cashier needs a computer to find and check banking and cash transactions. The bookkeeping is done on a computer; this will help the financial accountants keep records. The credit controller needs a computer to keep track of customers on credit and their payments. The management accountants use ICT to keep the spending of money evenly and to put limits on what to buy. The cost accountants use ICT to calculate cost information and to calculate the cost of new ideas.

The finance department helps to achieve the company's aims. This is because it controls the money of the business and can determine whether the company makes a profit. The finance department can work out total earnings of a business and can help to buy new equipment for the business. Also, they provide financial data to show the best prices and to keep as much profit as they can. In Easyjet the finance department sets a budget to improve the aeroplanes and quality of travel, this is so customers will think easyjet is a good airline and come back- this is a way of retaining customers.

Similarly domino's Pizza does the same as the first example I have given.

Also they obtain

the capital and resources for the company, which is an important part of the business as the business needs capital to expand the business without losing money and they need resources because without the resources the business would not have much to work with. If it weren't for the Finance Department the business would not be able to expand or employ the workers properly.

Marketing

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**Business**