

Jet blue

Business



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Business February 16, Essay Analysis of an entrepreneur: JetBlue Airways
Background Jet Blue Airways started operations in year 1999. From a small beginning, the airline has grown to become the nation's sixth biggest airline by passenger capacity. The company championed over rivals as it revolutionized the budget fare concept of air travel. While it is a copied strategy, JetBlue added value and introduced new strategies in its operation. Where its major competitors failed, JetBlue remained profitable even during crisis time. It drives its success from its innovativeness, expertise of its management team and its financial strength. Although it is considered a budget fare airlines it did not sacrifice the comfort of passengers while travelling. Entertainment options were introduced and more travel destinations were opened to add convenience to travelers. It operates 75 flights to 7 cities in 22 states in U. S, and Puerto Rico, Mexico, Caribbean and Latin America. Their fleets consist of 127 units of Airbus and 190 units of 53 Embraer Aircrafts and the number of aircrafts is ever increasing.

At present, JetBlue Airways employs 12, 080 employees and is able to achieve sales growth of USD \$4. 1b in 2011 to USD\$4. 6B in 2012(Bloomberg Businessweek. 2013). It has displayed operational efficiency as it was also able to drive down administrative expenses and cost of sales from 4. 88% to 4. 48% that attributed for its bottom-line growth, report stated. Market data showed USD \$5. 98 per share whereas competitors are priced higher, for example, \$49. 52 for Alaska Air, its closest rival.

2. Case Summary --Highlight concepts applied from class and text (cultural differences, political risk, corporate social responsibility, etc.)

Inasmuch as the company hires a big number of multi-levels of employees which are expected to come from different races and ideologies, cultural

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differences always subsist. Due to this, problems exist when cultural views are not understood. It is assumed that due to the technicality of airlines operation, there is a high context culture. This means the communicators assume a great commonality of knowledge and views so that less is spelled out explicitly and much more is communicated in indirect ways." (" Cultural differences" n. d.) For instance, management maintains a " cohesive culture and visible leadership".

What could be considered as political risks are the changes in government policies and regulations such as price policies for oil prices. Unstable oil prices could destabilize operation.

At JetBlue corporate responsibility are more than just donations to charitable institutions, but by creating programs to develop the environment, the youth, and the community (JetBlue Corporate Responsibility . 2013).

3. Case questions

a. How does being a second mover contribute to JetBlue's success?

The expertise of JetBlue's manager contributed largely to the success of the airline company. Being a second mover, the strategy of low cost airline has been a tried and tested formula for an airline operation and errors from the past could be corrected by a second mover for a profitable operation.

How does a second-mover strategy present potential difficulties for a firm?

A second mover strategy presents potential difficulties for JetBlue because of competition The second mover strategy, once proven to be successful is prone to be copied by other firms too, thereby crowding out the industry. For example, big airlines could be a big competitor of JetBlue.

Would a first mover strategy have been better, why, or why not?

A first mover strategy, when properly planned would have been better

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because it would create a monopolistic climate for the industry. It would take competitors off guard, and would take an ample time to take off. Meantime, the first mover enjoys profits and success.

b. Consider the factors that lead to success for entrepreneurial firm. In your opinion, does JetBlue have what it takes to be a success? Explain.

To me, factors that lead to success for entrepreneurial firm are high personal ingenuity specific capability on areas of operations, finance, marketing and human resources. In operations, entrepreneurs are concerned with the quality of services and products, selection of equipment, planning of competitive strategies and the improvement of product and services. It is also the concern of the entrepreneur to raise sufficient capital; and to promote its products and services. As the entrepreneur cannot work alone, he needs to develop human resources, and most importantly, is to understand the customer's needs.

JetBlue has all the attributes for success because of entrepreneurial skills of its manager, Neelema and his team of managers. He earned the trust of the financial community, and has come up with a different marketing scheme that considers the needs of its customers that consequently developed a niche in the market.

4. Consider the factors that lead to failure of entrepreneurial firms. In your opinion, is JetBlue likely to experience failure? Explain.

Several authors offered comments for failure of entrepreneurship, but one that I think is more relevant comes from Philips. Tito, Jr. (n. d.) He states that an entrepreneur is most likely to fail when the motivation in going to business is to acquire wealth rather than to create and add value. He said that if the entrepreneur starts with a wrong foot, and his drive is for money, <https://assignbuster.com/jet-blue/>

rather than to create added value that will make the world a better place, the entrepreneur is doomed in the first place. Another factor is inadequate knowledge. For one to succeed, he should have adequate knowledge in his field of endeavor. Sometimes, entrepreneurs fail because they lack focus or they tend to do many things at the same time, or aptly called “jack of all trades”. Other factors that to me mean failure are lack of vision, fear of risks, poor money management or extravagance, and the fear of insecurity. These factors portend failure. JetBlue I think, is most unlikely to experience these failures because its first motivation is to create add-on value for their services. They used differentiation and worked on a competitive advantage position. The management is knowledgeable because of experiences and expertise. They neither lack vision, proper management and financing. I think everything is designed according to the entrepreneurial spirit.

5. Current topic about JetBlue

JetBlue is not spared from losses, and operation hassles too. This is evident from the news from that said costs of cancelled tickets and flights due to the storm washed away some of its profits. Due to rising cost, revenue rose by only 4% to \$1.19 billion from \$1.15 billion a year ago, report said. (NBC News. Jan 23, 2013). Costs on fuels and labor are two of the biggest items the company is worried about. The company at this point was caught unaware due to an unwanted situation.

6. Conclusion.

Entrepreneurship offers unlimited opportunities to those who believe in and live in it. To some it is a way of life that can change one's life if the warning signals are misunderstood. It is either doing it right or wrong. Everything starts with a passion, or to provide a solution to improve something for the

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benefit of a lot. An entrepreneur must love and enjoy what he is doing so his passion for it is continuous, thus driving for excellence. As an entrepreneur, he must be ready to give all that it takes like his talent, time, and wealth.

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