

9. Jet Blue the airline company that continues to do well even in rough times

Current year plans for Jet blue:

- Add nine new planes
- Expand into 8 new cities
- Hire 2300 new people
- In Q 2 it earned a net profit of \$14 mio,

When its rivals are

- Retiring aircraft
- Slashing capacity
- Laying off thousands
- Losing a billion dollars collectively!

Mantra- take care of customers and employees:

- Topped all airlines in J.D.Power annual customer survey
- Friendly relations with crew members
 - 'Culture'- the CEO Barger says " The human side of the equation is the most important part of what we are doing."

What do they do differently?

- **Jump at opportunities:**
 - When other airlines cut flights to the Caribbean- Jet blue jumped in to serve a passenger base called 'VFR' – visiting friends and relatives.

- VFR has become the biggest part of its passenger base!
- Take away: Are you taking the opportunities when they arrive? (Their other name is problem!)
- **Customer delight-T 5 the JFK terminal (cost \$875 mio)**
 - A rage among passengers
 - More security lanes than any other terminal in USA
 - Free Wi-Fi
 - Abundance of desk tops and outlets for laptops
 - Piped channel music instead of irritating announcements
- **Other customer delights:**
 - Unlimited free snacks
 - Reserved seating
 - Direct TV
 - These are not offered even by Southwest which is its role model!
 - Take away: Are you delighting your customers all the time?
- **Be Innovative:**
 - \$599 All-You-Can-Jet passes that allow unlimited travel between Sep 8 and Oct 8, a typically slow period.
 - This sold in thousands helping Jet Blue reach its BELF- break even load factor.

- Take away: How innovative are you? What is the new product or service offering or idea you have introduced recently?
- **Use of the new social media-** The CEO says : “What’s really significant is the word of mouth advertising.”
 - Internet traffic to company’s route map jumped 700% when the All-You-Can deal was announced.
 - It has 1.1 mio followers on Twitter more than any company except Whole foods and Zappos.
 - Take away: Are you using internet effectively?
- **The tone at the top**
 - Barger has volunteered a cut in his pay
 - No one was laid off or furloughed but the hours were cut
 - Take away: Are you really leading/ showing by example?
- **Be Efficient /keep costs under control:**
 - Newer more fuel efficient planes
 - Younger workforce
 - CASM one of the lowest –Cost per available seat mile - 8.88 cents as against 9.76 cents for Southwest!
 - Take away: Are you keeping your costs low /being efficient by smart methods?

Source: Fortune 14 Sep 2009