



MBA 620 Company A Information

Location, Size, and Age of the Firm

- Name:
- Location: Miami, FL
- Size: 165 employees
- Age: began operations in 1981

Customer Segment and Target Market

- Market: Caribbean Islands
- Destinations: 15 (Guadeloupe, Guyana, Martinique, Puerto Rico, St. Kitts, St. Lucia, St. Maarten, St. Thomas, St. Vincent, Trinidad, Antigua and Barbuda, Barbados, British Virgin Islands, Dominica, Grenada, and Tobago)
- Market segment: luxury tourist and business class
- Aircraft capacities: 20 to 60
- Market share of Caribbean destination airlines: 4th at 18.9%
- Customer segment: vacationers, tourists, Caribbean business, and government clients
- Retention: 66% return customers
- New customer growth: 22% annually
- Seat occupancy average: 74% (top quarter of benchmarks)
- Average customer fare: \$450 USD

Major Competitors

- Delta Connection
- American Eagle
- Bahamas Charter Airlines
- Cape Air
- Seaborne Airlines

Company Leadership

Privately held, with a board, president, VP admin, CFO, COO, VP sales

Company Strategy and Direction

The company is well positioned for a transition and strategic investment. Its cash position is especially positive, providing ample flexibility. Long known as a premium upscale provider, there is an awareness of the need to broaden the customer base, attract younger travelers, and modernize both the fleet of aircraft and customer-facing technologies.

The president and leadership team have adopted these goals for the coming five years:

- Improve public image and brand in ways that attract new customers
- Improve employee retention; reduce turnover by half
- Address aging fleet of aircraft; reduce average age of fleet to eight years
- Achieve 20% improved fuel efficiency; leverage this into brand and public promotions
- Reduce on-ground aircraft turnaround time from two hours down to 45 minutes (industry average is 90 minutes)

Current Financial Highlights



- Annual revenues: \$28–29 million
- Annual growth YoY: 2.5–2.9%
- Gross profit margin: 45%
- Net profit margin: 8%
- Aircraft in fleet: 55
- Average age of aircraft: 14 years (25 years of useful life is typical)
- See financial statements for further details

Background

- The company is recognized as a premium provider.
- In 2016, the company sold a portion of its fleet and its real estate holdings, resulting in a substantial influx of cash.
- Employees (excluding pilots) have frequently discussed unionizing, but have not acted in this direction.
- The management team is experienced and focused on revenue growth and customer satisfaction.
- Customer feedback *at or above industry benchmarks* (at industry benchmarks 60th percentile or higher; positive feedback):
 - On-time arrivals/departures
 - Airplane cleanliness
 - Amenities
 - Employee courtesy
 - In-flight entertainment
- Customer feedback *below* industry midpoint (negative feedback):
 - Frequent flier program (none)
 - Check-in convenience and speed
 - Baggage handling
 - Convenient departure times

Internal Process Highlights

- The reservation system is an early version of Radixx Galaxy; cloud-based upgrades have not been implemented.
- Customer check-in and ticketing is manually processed using hard-copy tickets.
- Bookkeeping is accomplished using QuickBooks and an external accounting firm.
- HR hiring and benefits packages are administered by a third-party provider.
- On-ground operations teams rated very good against industry-standard benchmarks.

Human Resource Highlights

- Employees: 165
- Employees with a post-secondary degree (two-year or higher): 75%
- Average turnover rate: 12% annually
- Internal training offered:
 - FAA Basics (five-day course, required of all new employees)
 - FAA Safety Assurance System (online two-hour course; all new hires)
 - Customer Service (eight hours annually)
 - Regulation refreshers (20 hours per year)
 - Quality Control Through Six Sigma (optional, up to eight hours per year)
 - Using MS Office (on-demand, online offerings; optional)