



MBA 620 Company B Information

Location, Size, and Age of the Firm

- Name:
- Location: Orlando, FL
- Size: 98 employees
- Age: began operations in 1988

Customer Segment and Target Market

- Market: Florida and nearby destinations
- Destinations: eight (the Bahama Islands; Savannah, Georgia; Atlanta, Georgia; Tampa, Florida; Fort Myers, Florida; Miami, Florida; Tallahassee, Florida; and New Orleans, Louisiana)
- Market segment: tourists and business
- Aircraft capacities: 12–50 seats
- Customer segment: vacationers, tourists, business travelers
- Retention: 40% repeat customers
- Seat occupancy average: 62% (middle of industry benchmark data)
- Average customer fare: \$249 USD

Major Competitors

- Delta Connection
- American Eagle
- Sun Country
- Frontier

Company Leadership

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

Company Strategy and Direction

As a smaller player, the company is more of a follower than a leader; however, the new president has a desire to shake things up. The image of the company as cheap transportation is no longer sufficient, and the leadership team seeks to demonstrate that even a small company can be an innovation leader. They hope to do this by emphasizing the potential benefits of agile problem solving and a lean and clean working environment.

These 10-year goals were adopted in 2015; they were reaffirmed in 2019 shortly before the arrival of the new president:

- Demonstrate adaptability, flexibility, and speed in decision making and innovation
- Build the best workforce; be a winning team
- Do the right thing; provide excellence in customer service
- Enjoy the short run; invest in the long run

Current Financial Highlights

- Annual revenues: \$26-27 million



- Annual growth YoY: 3%
- Gross profit margin: 33%
- Net profit margin: 0.2%
- Aircraft in fleet: 40
- Average age of aircraft: 18 years (25 years of useful life is typical)
- See financial statements for more information

Background

- The company is known as a value leader.
- In 2016, the company sold its ownership in a regional hotel chain, resulting in substantial cash holdings.
- The company has strong business relationships with area employers in the theme park industry.
- The company president is new this year; prior experience has been heavily influenced by organizational transformation initiatives.
- Turnover among employees is higher than many airline companies, but average for the central Florida economy; maintenance employees are increasingly more difficult to find and retain; overtime is common in the maintenance department.
- Wage levels in the Orlando area are growing, resulting in upward pressure in compensation.
- Customer feedback received that is *at or above industry benchmarks* (at industry benchmarks 60th percentile or higher; positive feedback):
 - Short wait times at counter
 - Ease of modifying reservations
 - Cost
 - Overall value
- Customer feedback received below industry midpoint (negative feedback):
 - Airplane cleanliness
 - Amenities
 - Food and beverages
 - In-flight noise

Internal Process Highlights

- Within the last 30 days, an investment and joint venture was established with SITA Horizon software system, including an industry-standard customer portal and a hospitality industry interface functionality.
- Bookkeeping is integrated with the new SITA system; an external accounting firm will still be used for audits.
- HR function is provided by a consortium partner in the local area (outsourced).
- On-ground operations teams rated fair against industry-wide efficiency standards.

Human Resource Highlights

- Employees with a high school diploma or higher: 95%
- Employees with a post-secondary degree or diploma: 60%
- Average turnover rate: 18% annually
- Internal training offered:
 - Regulatory refresher courses (as needed, with supervisor approval)
 - Quality and Customer Service Principles (self-study)