

The following is the feedback from passenger survey conducted.

Passenger 1	I know Corjetz offer value for money service, its air fare is reasonable compared to market rate but that doesn't mean that there will be frequent delay in their flight. Each time there is a delay we passenger were told that due to operational reason the flight is delayed. I'm sure that more can be done here.
Passenger 2	Lately I have been getting a lot of unsolicited messages on my phone after I install and book my flight through Corjetz mobile app. I think the security of the app is rather poor or someone is sharing my details without my permission.
Passenger 3	I had the worse experience on Corjetz, my baggage was send to a totally different location even though they claim to have a fully automated system. One thing for sure, I printed out the baggage tag using their system and then I personally tagging it so I cant understand how can my luggage ended up in a totally different location when they are point to point airline.
Passenger 4	I know that Corjetz is point to point airlines but its still their mistake when the flight was badly delayed causing me to missing my connecting flight to my final destination even though I have booked the flight with more than 3 hours in-between

Assess the passenger survey and suggest internal control actions that can be implemented to address the above issues.

Board of Directors Minutes

- Chief commercial officer: We should consider forming an alliance with another full-service international carrier to further expand our business in this competitive business environment.
- Chief Marketing Officer: This is rather interesting, I'm not sure how are we going to market it given that we sell a totally different product and if we are able to even find one to cooperate with us.
- Chief commercial officer: As we have an extensive network within the Honduria region, we should capitalised on our reach and then provide our customer with an alternative to flight internationally by connecting them to the full-service carrier. With this we will be able to tap into new category of passengers who wanted to travel internationally and not just limited to regional travellers.
- CEO: This is rather an interesting proposal. But I'm more worried about its implementation given that we are low cost airlines how to ensure the smooth transition for our passenger onto another airlines with a different business model.

You have been appointed as a business analyst and are required to advice to the CEO on how to ensure the success of the strategy by analysing the holistic impact of the strategic change to Corjetz.

Magda (CEO) is pursuing aggressive strategy of growth for Corjetz. He believes that being a low-cost airlines it is imperative that the airlines is being the lowest cost operator in Honduras. Thus, he believe that all investment & capital expenditure has to justify its benefits. His proposal include:

1. Owned rather than lease

However, the institutional investors are not very pleased with Magda and has indicated to him that they prefer Magda to focus on long-term sustainability of the business thus more attention should be given towards carbon emissions.

Discuss Magda Fisk focus in relation to the requirements of the institutional investors./ Evaluate the proposal of the CEO in relation to the requirement of the institutional investors.

Other than that, by owning aircraft would mean that Corjetz need to keep on maintain old aircraft, hence high maintenance cost. Whereas leasing could help Corjetz to own modern or fuel efficient aircraft and change to new aircraft when contract ended.

Large capital needed to obtain owned aircraft rather than lease thus they should consider whether it has adequate capital

The latest technology will be changed rapidly, thus own aircraft is costly than lease the aircraft, thus lease the aircraft is more suitable. Once the latest aircraft is launching, Corjetz could lease the latest aircraft without spending too much of money to buy aircraft. The latest aircraft will be more fuel efficient and meet the institutional investor need.

CEO proposal of owning aircraft is better as the aircraft will be newer and thus more fuel efficient and could potentially reduce carbon emission. If leasing, the aircraft might be old and less fuel efficient.

Leasing is the common form of financing in the industry, however the maintenance is dependant on the vendor. By owning the aircraft, Corjetz can work closely with the vendor to supply and custom made an aircraft that meets the purpose of fuel cost efficiency and environmental friendly.

Through leasing the aircraft, Corjetz will able to lease the latest aircraft and the maintenance cost is beared by the lessee. This will enable the Corjetz to use the most latest aircraft that is fuel efficiency and low carbon omission.

Leasing aircraft may help Corjetz to get the latest model of aircraft which might reduce the emmision, compare to own the aircraft which with the old tecnology

CEO proposal of owning the aircraft rather than lease is clearly to save on the cost of financing related to leasing, however when the aircraft is owned, it will be held on longer-term basis as it will be a challenge for Corjetz to replace their aircraft regularly. Thus, they will be limited in terms of access to newer & lower emission aircraft.

Under leasing, Corjetz has opportunity to enter into shorter-term lease that enable them to replaced the aircraft with newer version when it is avaiablae, this will clearly ensure that Corjetz is operating more efficient carbon emissions aircraft thus meeting the latest govt regulations.

Although leasing might be higher cost, but with more efficient aircraft, Corjetz is able to enjoy greater cost savings and being more attractive to passenger who are environmentally focus thus this will offset the higher financing cost.

Benefits of Purchase aircraft

- Cheaper cost
- Customisation
- Longer term use - lower cost

- lower obligation (no rental commitment)/lower gearing
- suitable for low cost operator

Benefits of leasing

- Latest aircraft
- better cash flow mgmt
- avoid large capital investment
- avoid risk of ownership such as resale value, maintenance
- Flexible

Strength

- IT focus
- Modern fuel efficient aircraft, 4.5 yrs (newer than average)
- Higher density - lower prices - target customer leisure passenger
- High frequency
- Range of destinations (choices)
- Point to Point

Weaknesses

- target passenger (limited to leisure)
- *Poor internal*
- Punctuality deteriorating
- Regional airlines

Threats

- Climate change
- Geopolitical events (terror threats, cyber attacks)
- FOREX
- Fuel price
- Congestion air traffic
- Intense competition

Opportunity.

- Technological change rapidly - Corjetz is leader in tech
- increasing demand for low cost travel
- Biofuel
- New routes
- Point to point is getting popular
- Increasing environmental awareness

Task 2

Passenger 1

The frequent delay of Corjetz will have an impact on their reputation although recent result of customer satisfaction is still improving but it doesn't mean that Corjetz can ignore this issue completely as it will impact on their performance.

Corjetz may conduct a detailed investigation to assess the reasons of delaying flights. The controllable factor should be focused and Corjetz should take action to minimize the chance for flight delay, for example,

Corjetz could work together with airports to optimize flight arrangement

Regular maintenance and inspection should be conducted to ensure the airplane is able to function effectively if the delay is due to aircraft that breakdown during service.

In-flight and ground engineers should be ready in duty to assist, conduct and resolve the aircraft operational issues as soon as possible to minimise the delay.

Passenger 2

From the passenger survey, it can be concluded that Corjetz failed to achieve one of its value of building customer trust as they failed to protect the customer data.

Corjetz should conduct regular monitor and audit log in order to track who access to our customers data information system. Thus, by doing this, Company can identify and address any abuse of data to protect customer data information.

Passenger 3

Baggage sent to different location cause the inconvenience of psgr in claiming back their own baggage. It would increase the risk of the loss and damage of the baggage which might incurred high cost as compensation to customers incurred.

Corjetz need to provide sufficient training to their employees to handle baggage segregation based on tags to prevent baggage wrongly delivered.

Passenger 4

Passenger 4 should be aware that Corjetz will not be in knowledge of the passenger's connecting flight. Passenger 4 should bear the risk of missing connecting flight.

Corjetz should outline in the passengers guidelines the responsibilities of the company to them and conditions that are out of the company control.

A reminder or notification should be send to customer while booking the air ticket to ensure that they are aware with the risk attached.

Corjetz can provide the notice that they are point to point model and would not bear the risk of the delay in connections.

The terms and conditions must clearly shows to customers that Corjetz will not responsible for the missing connecting flights that is not scheduled by Corjetz.

PEOPLE

The change may lead to a cultural clash seeing that the existing staff is lack of experience in providing service to the business passenger.

Existing Employees workload will be increased due to extra baggage handling process of unloading and loading the baggage to the next connecting flight which will increase the risk of baggage losing.

Organisation

Alliance with full service international carrier is not align with the current business model of Corjetz - low cost model. It might cause the services provided with high cost and Corjetz loss its competitive.

PROCESS

Corjetz marketing method will be affected and current marketing strategy that emphasize on low cost carrier might no longer suitable for the company.

It is no frill airline. Joining alliances for full service airline can increase cost since they have to provide full service to operate.

Extra local legislation and compliance such as baggage scanning during the transit will cause extra cost of ground handling to Corjetz. Any non compliance will expose Corjetz to legal and reputation risk.

The policy of conducting international full service carrier might be more complex to the current process implementing in Corjetz. Risks that Corjetz would missing out important procedures might affect the operations of Corjetz to be inefficient.

The alliance may require Corjetz to have a better flight arrangement to ensure there will not have badly delay that will cause their passenger miss the connection flight offer by full-service international carrier.

The process of running a regional airlines and international airlines will be different in terms of compliance with rules and regulation in other regions and hence brought challenges to Corjetz

Corjetz business operation will be highly impacted as they're now need to collaborate their flight schedule with international flight to ensure smooth transition for customers.

IT

Integrated mobile app booking with alliance will cause confusion to the customers about which airline company app to use.

Alliance with another full-service international carrier requires Corjetz to update their information technology to fulfil the international standard of information provided. This will increase their IT investment cost and hence their low cost business model is not achieved.

Corjetz will need to relook into its mobile apps as full-service add more features to the international airline.

the mobile app of corjetz has to be updated by providing more info regarding international flight schedule to the customers

As Corjetz is heavily invested in technologies, alliances with international carrier will result in the requirement in updating its technologies. For example, the mobile apps will need to be updated in order to align with current operations.

Identify operating risk of Corjetz

Operating risk	Risk mitigation
1. Correct passenger boarding plane	staff checking boarding pass against passport/documents Face verification automated machine
2. Touchpad malfunction in-flight	Backup hardcopy spare device touchpad is checked pre-flight
3. Mobile app down	regular maintenance of app during off peak availability of alternative centre in airport to print boarding pass in the event app is down

4. Data theft	Firewall

All Corjetz's aircraft are fitted with big data servers to collect continuous in-flight data about flight and engine performance

Benefits:

- improve safety of flight
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- optimize the flight path to reduce CO2 emission
- improve punctuality

Problems:

- cost
- extra weight on aircraft increasing fuel cost & emission
- security of data

