DELTA AIR LINES RESEARCH

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**Abstract**

**Delta Air Lines** headquartered in Atlanta Georgia, in the United States. Delta Airlines operates extensive domestic and international network serving all continents except Antarctica. Delta is the sixth-oldest operating airline by foundation date, and the oldest airline still operating in the United States. Delta Air Lines is one of the four founding members of the Sky team airline alliance, the other three being Korean Air France Air and Aeromexico. The loyalty program for Delta Air Lines is Sky Miles. Delta Air Lines is the World’s largest airlines in terms of fleet size, the world’s second-largest airlines in terms of revenue passenger-kilometers flown, and the world’s largest airlines in terms of scheduled passenger traffic.

Delta Airlines is an airlines company that serves over 150 million customers each year and offer service to 341 destinations in 61 countries including the United States (Delta, 2012). The headquarters is in Atlanta, Georgia and is the one of the oldest airline still operating in the United States. One of the company’s largest hubs (a transfer destination at an airport for passengers to go to catch their flight if their flight they are attending is not direct) is located at their headquarters site of Atlanta at [Hartsfield-Jackson Atlanta International Airport](http://en.wikipedia.org/wiki/Hartsfield%E2%80%93Jackson_Atlanta_International_Airport) (Delta, 2012). Delta has a variety of hubs all around the country such as in New York City with the John F. Kennedy International Airport and LaGuardia Airport in the boroughs of Queens and the internationally (Delta, 2012). The airline company has the frequent flier program called “SkyMiles” in which gives a person an X amount of points on the Delta Airlines credit card every time on a flight using the card. The company encourages its customers to use this credit card to save money in the long run on their next flight (Delta, 2012).

The Chief Executive Officer (CEO) of Delta Airlines is Richard H. Anderson who is also member of the Board of Directors for the company. Anderson is a native of Galveston, Texas and graduated from the University of Houston in 1977 with a degree in Political Science and have a Juris Doctorate from South Texas College of Law that he has earned in 1981 (Reed, 2008). Anderson’s aviation career began in 1987 at Continental Airlines where he was the Staff Vice President and Deputy General Counsel. In 1990, history repeats itself in his career when he was Vice President and Deputy General Counsel, Senior Vice President of Technical Operations and Airport Affairs, Executive Vice President and Chief Operating Officer at Northwest Airlines. In his last four years at Northwest from 2001 to 2004, Anderson became the CEO of the company (Reed, 2008).

In September of 2007, Anderson joined Delta Airlines and serves as the Executive Vice President in the beginning of his career with Delta Airlines. On April 30, 2007 he became the CEO of Delta Air Lines. He also serves as the director of the Federal Reserve Bank of Atlanta since December 2009 (Bloomberg BusinessWeek, 2010). The company has a mission statement that is unique and prophetic. The mission statement is “We—Delta's employees, customers, and community partners together form a force for positive local and global change, dedicated to bettering standards of living and the environment where we and our customers live and work (Delta Air Lines, 2012)."

This is the company’s vision statement: Our customer commitment is to proactively provide simple and creative solutions that drive our mutual profitability. Delta Cargo will be the preferred choice for our customers’ global shipping needs. We invest in people and processes that ensure the reliable movement of freight and information.

In 1945, Delta Air Lines, Inc. was the first airline to ship cargo of 160,000 tomato plants, and we haven’t stopped making shipping firsts since. Today, we ship cargo to more cities and countries than any other airline and are continuing to add more destinations every month.

Delta has been on a fast track to rebuild and restructure our cargo division around the things the customer cares about: the accurate and reliable movement of both freight and information. We are investing in our people, with a new executive leadership team with a proven track record of performance. We are reorganizing our sales organization in Europe around Delta personnel, and have recruited new cargo operations talent with a strong process track record.

We are investing in our processes with the re-engineering of the Atlanta Gateway. We’re implementing new scanning features to bring you up-to-date information concerning your shipments and adding new product offerings, such as Cool Chain. We will bring a total transparency into the way we handle our business.

We are investing in our facilities with the overhaul of the Atlanta Gateway. We have adopted Envirotainers™ and are building a fully integrated perishables center. We are also pursuing a new, state-of-the-art facility in New York's JFK airport.

We continue to look for ways to be the best in the industry. We want to ensure that Delta Cargo doesn't just serve the customers' needs, it serves them well.

"Delta's ability to operate service to more worldwide destinations than any other airline has created a strong platform from which to build Delta Cargo into one of the world's most extensive airline freight operations". Neel Shah, Vice President-Delta Cargo (Delta, 2012)

"Delta is firmly committed to our environment, safety, and social responsibility. We demonstrate these commitments in hundreds of ways throughout the world on a daily basis as we partner with our employees, vendors, customers, civic, and non-profit organizations to make a difference in the communities where we live and work. Many of our programs are award-winning and industry-leading. We don’t do them for the awards. We do them because they’re the right thing to do." Richard H. Anderson Chief Executive Officer (Delta, 2012)

Delta Air Lines is one of the largest domestic airlines in the US. There are over 378 worldwide destinations in sixty-six countries. After the merge with Northwest Airlines, it allowed Delta to improve services for customers as well as to achieve strategic objectives that it has set forth. The company has many strengths as well as weakness so let’s take a moment to focus on the strengths. Its biggest strength would be its ability to be a strategic merger as stated previously. Delta focuses on the strategic merger to expand its business. In October of 2008 the company merged with Northwest, which focuses on transportation of passengers and cargo and operates in the North America, Asia/Pacific region. The merge increased the company’s operating revenue two billion dollars, a smart decision to say the least. The merge increased Delta’s flexibility to adapt to economic challenges that may lie in the future. Strength would be the International alliances that it has created. It also has a consistent top line growth.

With a company’s strengths there are weaknesses. One of Delta’s weaknesses is the overdependence on the North American Market because of the merge with North West which operates in North America; Delta has to depend on them for over half of their revenue, sixty-six point four percent actually. Another weakness would be the high indebtedness back in 2008 the company witnessed high debt obligations that amounted to over sixteen million dollars and they recorded a long-term debt of over fifteen million. The high debt makes it difficult for Delta to pay principal and interest and it also reduces the company’s ability to use cash flow to fund working capital and other general corporate requirements.

Delta has come up with innovative ways to attract employees and potential employees, by adding international flights at a faster rate than any other major U.S. airline and is a leader across the Atlantic with flights to 43 transatlantic destinations. Their new routes include flights: To Latin America and the Caribbean, Delta offers more than 500 weekly flights to 52 destinations.   
In a more advance approach Delta's marketing alliances also allow customers to earn either Sky Miles or World Perks on nearly 16,000 daily flights offered by Sky Team and other partners. Delta is a founding member of Sky Team, a global airline alliance that provides customers with extensive worldwide destinations, flights, and services. Sky Team and worldwide code share partners, Delta offers flights to 567 worldwide destinations in 112 countries. Delta is a Delaware corporation headquartered in Atlanta, Georgia, and is subject to government regulation under the Federal Aviation Act of 1958, as amended, as well as many other federal, state, and foreign laws. Delta also offers incentives for interested personnel’s, Delta Intern/Co-op program, consisting of internships and co-operative education opportunities, was developed to provide a benefit to both the company and participating students. While Delta receives assistance from talented students with projects and an expanded candidate pool for future full-time hiring, participating students receive real business experience and a valuable look at future careers. In addition, students who have participated in a Co-op of Intern program also increase their marketability for full-time position upon graduation.

On April 6th 2012 a threat outbreak alert lounge because of fake Delta Air Lines tickets e-mail messages.Cisco Security Intelligence Operations has detected significant activity related to spam e-mail messages that claim to contain Delta Air Lines ticket attachment for the recipient. The text in the e-mail message attempts to convince the recipient to open and view details. However, the zip attachment contains a malicious file that, when executed, attempts to infect the system with malicious code (April 6, 2012).

On July 25th 2011 Belize City -- A Delta Air Lines flight from Atlanta, Georgia, to Belize was searched by a police bomb squad at Belize's Philip Goldson International Airport after the pilot reported suspicious activity by a passenger and "the possibility of a bomb threat." Delta Airlines said in a statement that a passenger was removed from the flight and questioned by local law enforcement authorities. The plane was met upon arrival by police and soldiers, and the police bomb squad went through the plane with sniffer dogs, who did not find anything suspicious (2012, June 10).

This section of the paper will describe the Strengths-Weaknesses-Opportunities-Threats (SWOT) analysis conducted on Delta Air Lines, Inc. (Delta).  The Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix will be presented; it is an important matching tool that helps develop four types of strategies:  (a) SO (strengths-opportunities) Strategies; (b) WO (weaknesses-opportunities) Strategies; (c) ST (strengths-threats) Strategies; and (d) WT (weaknesses-threats) Strategies (David, 2009).    
 Strategies use a firm’s internal strengths to take of advantage of external opportunities.  WO Strategies aim at improving internal weaknesses by taking advantage of external opportunities.  ST Strategies use a firm’s strengths to avoid or reduce the impact of external threats.  WT Strategies are defensive tactics directed at reducing internal weakness and avoiding external threats (David, 2009).

A schematic representation of the SWOT Matrix for Delta is provided in Figure 2.1, and is composed of nine cells.  The SWOT matrix is widely used in strategic planning; however, the analysis does have some limitations.  First, SWOT does not show how to achieve a competitive advantage.  The matrix should be the starting point for a discussion on how proposed strategies can be implemented as well as cost-benefit considerations that ultimately could lead to a competitive advantage.  Second, SWOT is a snapshot in time.  Keep in mind as circumstances, threats, and strategies change, the dynamics of a competitive environment may not be revealed in a single matrix.  Third, SWOT analysis may lead to a firm to overemphasize a single internal or external factor formulating strategies.  There are inter-relationships among the key internal and external factors that SWOT does not reveal that may be important in devising strategies (David, 2009).    
This section will identify one business strategy that will benefit Delta.  A firm’s strategy is defined as its theory about how to gain competitive advantages.  A good strategy is a strategy that actually generates such advantages.  The ultimate objective, of the strategic management process, is the realization of a competitive advantage.  Delta will have competitive advantage if it is creating more economic value than its rivals.  Economic value is defined as the difference between the perceived customer benefits from purchasing a product or service from a firm and the total economic cost of developing and selling that product or service (Barney and Hostelry, 2009).  
  
The business strategy Delta will need to implement is product differentiation.  Product differentiation is a business strategy whereby firms attempt to gain a competitive advantage by increasing the perceived value of their products or services relative to the perceived value of the other firm’s products or services (Barney and Hostelry, 2009).  The strategic recommendation for Delta is to completely overhaul, improve, and implement a plan to transform Delta’s reputation in customer service to become the best, not the worst, service provider.  This is a forward vertical integration because Delta will be incorporating more stages of the value chain within its boundaries.  Delta will utilize components within the organization to directly bring about this needed change (Barney and Hostelry, (2009).

# Works Cited

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