



**COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF BUSINESS MANAGEMENT
FORMATIVE ASSESSMENT TWO**

MODULE:	COMMERCE
CODE:	COM100
TIME ALLOWED:	supplementary, 8am open, due 23:59
TOTAL MARKS:	100

EXAMINER(S):	Mrs S Hughes
MODERATOR:	Ms C van Tonder
NUMBER OF PAGES:	18 pages

INSTRUCTIONS:

- This is an open-book assessment. However plagiarism and collusion will not be permitted.
- Please answer all the questions and number your answers clearly, answering only what is asked!
- Structure your answers by using appropriate headings and subheadings.
- All questions should be answered using your own words and own examples. Do not simply copy from the textbook or other sources.
- You may use your module notes, but may not ask any other person for assistance either personally, through social media or any other form of communication.
- Please type your answers in a word document and upload to blackboard before the deadline. Please note that your submission will generate a safe-assign similarity (ie. plagiarism) report, avoid plagiarism and collusion (input/assistance from anyone else) as these will impact your marks negatively.
- You will have three opportunities to submit, if you note that your report indicates incorrect referencing or plagiarism, correct your submission by noting the Harvard referencing guidelines and resubmit timeously. Note that the system will keep a record of each of your submissions.
- If it is found that your work is similar to the textbook, other sources or any of your peers, Student Ethics and Judicial Services will be informed. This would lead to a disciplinary hearing which may include expulsion.

- You are required to sign and submit the cover sheet with the signed anti-plagiarism declaration along with your submission.
- By submitting your assessment, the general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.

SECTION A**[100 MARKS]**

ALTHOUGH YOU RECEIVED THE CASE STUDY IN ADVANCE IT IS INCLUDED HERE FOR YOUR CONVENIENCE. PLEASE ANSWER THE QUESTIONS BELOW WITH REFERENCE TO THE CASE:

FlySafair –the sky is the limit

FlySafair (*pronounced: "fly-saf-air"*) began operations in October 2014, but the company behind the airline, Safair, has been in operation for over 50 years. Safair has been one of Africa's foremost suppliers of specialised aviation services since inception in 1965. The business operates six Hercules L100-30 aircraft stationed in Northern Africa, predominantly involved in humanitarian aid and relief work. In 2014 Safair decided that they had the skillset to compete in the South African domestic flights market and so they launched with 260 employees!

FlySafair's Vision & Mission

When we launched the airline we saw a great opportunity in the South African market to make a difference. We wanted to create an airline that would open the skies to many who had never flown before thanks to great fares, and we wanted to do this while offering a really solid service. As a result of this we have the following vision and mission.

Our vision is simple:

We want to be South Africa's favourite airline.

Our mission is to unite people with who and what they love, by providing a low-fare, hassle-free, and on-time travel experience.

Our People

The people that work at Safair are a very special breed. We love everything about flying: We love aircraft and the miracle that is modern flight. We love adventure. We love connecting people, and most of all, we love sharing our passion for flying with our customers.

The Credentials

FlySafair boasts a full IOSA safety accreditation. IOSA is the IATA Operational Safety Audit and represents the foremost measure of the safety for airlines across the world. While Safair has held these credentials for a while, Audits are conducted periodically and our last audit, which we passed with flying colours, was conducted in September 2015.

Safair is also a Level 5 BBBEE contributor

Elmar Conradie, Chief Executive (CEO) at Safair Operations and FlySafair said "We've

always leased to other airlines, and having seen so many low-cost carriers fail in South Africa, we realised that we had the knowledge and experience to make it work. We successfully launched FlySafair in October 2014," he says.

Here is a short account of Elmar's career journey from starting out in audit to becoming CEO of Safair, South Africa's biggest domestic low cost airline. Elmar attended the University of the Free State before pursuing his interest in business and gaining the CA (Chartered Accountant) designation, which he believed was the best way to get into business.

He worked at PwC but left in 2002 and took on several different roles, all of which he regards as having been rewarding in some way. But he feels that being CFO (Chief Financial Officer) at the time FlySafair was started was a great experience. He had to learn about marketing, low-cost airlines, and all kinds of other things – and of course again had to get involved on the IT (he is also a certified information systems auditor) side of things and was initially responsible for all the systems and the website. Indeed, his greatest career highlight was to be part of the growth and current success that FlySafair is enjoying.

The best advice he ever received was to follow his gut instinct and back this up with data. He is passionate about doing things right and improving on them, and loves using data and systems and processes to achieve that. Elmar balances his time between work and family responsibilities by being very conscious about the issue and making sure that he spends enough time with everyone – but he remarks that his family is pretty good at reminding him when he doesn't make enough time for them.

His inspiration has been the many influential people in his life, from his older brother, to Hantie Bouwer (his partner at PwC). But the person he believes inspired him most was his COO (Chief Operations Officer), Wimpie Davidson, who was his mentor before he passed away.

He was drawn to the aviation industry when he got to know Safair as an article clerk at PwC – he was on the audit. He loved the people and the culture, which is why he was excited to join Safair. Elmar has been with Safair since 2005, when he started as CFO before taking over the reins as CEO in 2015. He lives by the motto 'Success and failure are written on ice – and tomorrow the sun will shine'.

When Elmar Conradie was asked why he chose to join Safair, he says he saw a company "that wanted to do good, honest business, by principles that aligned with my own". Aircraft

maintenance has always been a big part of Safair's business. Currently, it operates long-term contracts for a number of humanitarian aid organisations in Africa, for instance.

In the beginning, FlySafair operated just two aircraft, mainly flying between Johannesburg and Cape Town. By December 2014, its fleet had grown to four aircraft. Currently, it has 17 Boeing 737s, performing on average 2 500 flights per month. Currently FlySafair connects 7 airports (Cape Town, Johannesburg, Lanseria, Durban, George, Port Elizabeth and East London) with 83 daily flights staffed by their 1131 skilled employees.

As for the current state of SA's aviation industry, Conradie says there has been little growth over the past three years in terms of the number of passengers travelling - mainly due to SA's current low economic growth. He admits the low-cost airline sector in SA is very competitive - to the benefit of consumers. "As an airline, we need to be at the top of our game, ensuring that costs are controlled, operations are flawless, passengers are happy and that there's enough meaningful innovation in the pipeline to give us an edge tomorrow," he says.

"Our strategy is to keep our costs low and, therefore our fares; to be punctual and to make the journey as hassle-free as possible. Our focus has been - and will remain - on what our customers want." He says FlySafair is going ahead full steam with expansion plans. FlySafair has shown profits for the past three years despite declining airfares, the movements in oil prices, and the exchange rate presenting a challenge. "We are the biggest domestic carrier. In terms of seat capacity, FlySafair operates 24 percent of any seats on any routes in South Africa," Kirby Gordon, head of FlySafair sales said. "The fleet that we've got, we utilise fully and that is part of our model that you utilise every opportunity, every available flying hour because aircraft cost you money on the ground."

Interview with Fin24: What are the biggest challenges for the aviation industry in SA?

Conradie: The biggest challenges we face are the lack of growth of the economy, which has a direct impact on our demand; and the price of oil and the exchange rate, which have a direct impact on our cost. Skills shortages have also become a much bigger issue in the local aviation sector.

Fin24: How does Safair deal with these challenges?

Conradie: With regard to demand, at this stage we've managed to grow our business significantly, despite low economic growth. We believe we've made FlySafair an attractive option through highly competitive pricing and a punctual, compelling service. The macro-economic factors of exchange rate and oil price are something we as an industry face

collectively, and need to negotiate through proper planning, effective cost control and efficient distribution.

Fin24: What are Safair/FlySafair's successes?

Conradie: One of the first successes is that Safair is 53 years old, which is a remarkable testament to the culture of the company and the hard-working people there. On FlySafair's side, one of our successes is our leading 94% on-time performance. We've also received a number of accolades over the past four years, having won multiple Airports Company SA (Acsa) feather awards; being named Aircraft Operator of the Year at the South African Civil Aviation Excellence Awards; and being named Best Airline Africa and Indian Ocean in the 2018 Tripadvisor Travellers' Choice Awards.

Fin24: In the context of state-owned SAA's financial woes and a number of private low-cost airlines which have not managed to survive in the SA aviation space, is it possible to be profitable?

Conradie: Yes it is – and we are.

Running a profitable airline is an exceptionally complicated and challenging undertaking. But there are examples around the world which illustrate that efficient management of core principles and sticking to the business model can yield a profitable result. We're always looking at expanding. We're further expanding our fleet, and by May 2019 we will have added three more Boeing 737-800s. The added capacity we will get from these aircraft will mean increased frequency on some of our existing routes, and the ability to expand our route network regionally.

FlySafair showed profits for our second and third operational years, in 2016 and 2017 respectively. Although movements in oil prices and the exchange rate in 2018 presented a challenge, we are pleased that we managed to even improve on those results and have had our most profitable year yet.

One of the reasons we are able to have such high on-time performance is because we are not reliant on anyone else to maintain our aircraft, which has proven to be a challenge for some of the other airlines. Safair is one of the biggest maintenance organisations in South Africa capable of maintaining Boeing aircraft operated by most of the domestic airlines. Beyond the technical dispatch reliability, it's about a great team and the right culture within the company and, more importantly, a constant focus on punctuality for every flight.

Fin24: What role do partnerships play in the airline industry and for Safair?

Conradie: We are heavily dependent on all our partners in the business, from catering, ground handling, check-in counters and baggage to the airports themselves. So, having the right partners also plays a big role. They say it takes a village to raise a child, and it takes a community to run an airline. There are several partners, like our ground handling company

Swissport, catering company LSG Skycheffs, the airports themselves (ACSA and Lanseria) and First Car Rental, who have been incredibly supportive along the FlySafair journey. Hopefully they have also grown themselves as a result of our growth, creating more job opportunities for South Africans

Towards open skies

"We still believe there are lots of opportunities within our borders, but we've been looking at expanding into the regional market for some time and I think it's something that all airlines in Africa are looking at as well," Conradie says.

"But I think one major issue is the lack of open skies agreements (on the continent), which curtails where you can fly to. You can't just pick a destination and start flying there – you need to be allocated traffic rights." He emphasises that one needs to pick your market carefully and establish where there is actually enough demand.

The FlySafair growth and jobs journey

Elmar Conradie said, "When FlySafair launched in 2014...we couldn't have envisioned the creation of 820 new jobs within five years. We did, however, see a great opportunity in the South African market to make a difference. Not only have we opened the skies to more than 8 million fliers, we've created employment opportunities for South Africans from all walks of life, both directly and through our partner network".

One such organisation is at First Car Rental. Melissa Nortje, Executive Head: Strategy, Development and Marketing at the organisation said, "FlySafair's growth over the last few years has allowed us to push more volume through existing branches, creating both job security and the ability to serve customers more efficiently. Given that all FlySafair renters arrive in the same plane, at the same time, we are also able to continue the customer satisfaction journey".

Since its launch, FlySafair has single-handedly disrupted South Africa's aviation industry. Due to its low fares, air travel has become accessible to more South Africans. People who would never have considered air travel - now can - making FlySafair's journey one of diversity and inclusion and a true South African success story. According to the World Travel & Tourism Council (WTTC), South Africa's travel and tourism industry contributed 1.5 million jobs and R425.8 billion to the economy in 2018, making it the largest tourism economy in Africa. It is estimated that by 2028, almost 2.1 million jobs will be created by

travel and tourism, 11.1 percent of the country's total employment. As this trend continues, FlySafair is ideally placed to boost both employment and tourism in South Africa.

FlySafair's accolades

FlySafair has officially been named **Best Airline Africa and Indian Ocean in the 2018 AND 2019 TripAdvisor Travellers' Choice™** awards for Airlines. The airline also walked away with the Best Economy Class award in the same region.

The Travellers' Choice Awards highlight the world's top carriers based on the quantity and quality of reviews and ratings for airlines worldwide gathered over a 12-month period. "FlySafair is extremely proud to have been ranked number one in the Travellers' Choice awards – particularly because this is a reflection of what our passengers feel about us. When FlySafair first launched in 2014, we set ourselves the task of championing air access for all South Africans by providing an affordable and reliable service. To have travellers acknowledge FlySafair for these exact traits, gives us confidence that we are on the right track," says Kirby Gordon, Head of Sales and Distribution at FlySafair. Indeed, words which travellers most frequently use to describe FlySafair, include "always on time", "value for money", "better rates" and "friendly staff". The airline performed well across the ratings categories scoring particularly high marks under Value for Money and Cleanliness.

One of the major criteria for these awards when it comes to the airline categories is the airline's on-time performance track record. ACSA measures this record for each carrier, and a flight is determined to be on time if it departs within a 15-minute window of the scheduled departure time.

FlySafair has a record on-time performance of 93.31% for the year. This is the leading on-time performance record among all airlines operating in South Africa and among the top in the world.

Kirby Gordon, Head of Sales and Distribution at FlySafair says, "A major factor contributing to FlySafair's on-time performance record is the fact that we perform our own maintenance. Being able to independently maintain our aircraft at our own technical facility has kept our standards high and guarantees our passengers a reliable service that will be unaffected by external issues, keeping our planes in the sky and our passengers happy."

In the years since FlySafair began operation, the airline has done much to dispel the notion that a budget service somehow entails lower quality. In fact, the airline has maintained its ranking from OAG as the most on-time airline in the world for two years running and the

confidence this has instilled in travellers has been telling. President Cyril Ramaphosa himself was recently spotted flying with FlySafair, entrusting the airline with his tight schedule.

South African Civil Aviation Excellence Awards in 2019

In addition to taking home top honours in the Aircraft Operator of the Year category, FlySafair was also named a finalist in the Aviation Safety category and took second place to business jet charter company, ExecuJet, in the Aviation Customer Services category. FlySafair CEO, Elmar Conradie, was full of praise for the high-performing team at FlySafair, saying that awards and achievements of this caliber are only possible when each and every team member is committed to excellence in everything they do. "I'm privileged to work with such an outstanding group of people - well done to the entire team," he said.

FlySafair CEO Elmar Conradie was also honoured with the Aviation Professional Award. In the category People Development, FlySafair was the runner up, with ATNS taking the top spot. "We are extremely proud to be honoured with such prestigious awards and would like to thank the SACAA. Having the hard work and dedication of our remarkable teams acknowledged on this level is hugely appreciated and we will continue to strive to be the best airline operating in South Africa," says Kirby Gordon, Head of Sales and Distribution at FlySafair.

R4 flight sale a massive hit

17 May 2018. Low-cost airline FlySafair, again today hosted one of their massive blow-out sales, where they sold over 30 000 flight tickets for just R4 including airport taxes. The company started this annual tradition in 2015 when they sold the same number of tickets for just R1 each and South Africans have been waiting with baited breath every year since. As per last year the airline created a "waiting room" where visitors were held and released onto the FlySafair website in small batches so as to protect the site from crashing.

"We're thrilled that the site held up so well, because the volume of traffic that this sale generates is absolutely incredible" says Kirby Gordon, Head of Sales and Distribution at FlySafair. The doors to this digital waiting room opened for the first group of customers at 9am and tickets sold incredibly quickly. Just before 11:30 the airline announced that the tickets were all sold out. "By 11:30 we'd sold 32 758 tickets for just R4, bringing the days sales totals to just over thirty-eight thousand when factoring in the full fare tickets that people also purchased".

As per previous years, Twitter was littered with posts from various people bragging about

their bargains as well as those bemoaning the fact that they weren't getting picked from the waiting room to enter the site. "At one stage we were looking at over 260 000 users sitting in our waiting room". "It's a big day for us, but when you get the messages afterward from people who wouldn't have otherwise been able to fly, it makes it all worthwhile. We also love how incredibly creative and funny people on Twitter are, we get send some of the most fantastic memes" says Gordon.

FlySafair continues to build on its legacy of industry-firsts, launching Express Check-In

In September 2018 FlySafair launched Express Check-In, a new technology that allows the airline to service passengers more quickly than ever before. Express Check-In, which has already been rolled out at all the airports from which FlySafair operates, enables the airline's queue combers to check-in those passengers without checked-in luggage before they even reach the check-in counter.

"Helping passengers stick to their tight schedules has always been a massive priority for FlySafair. It's this mission that drove us to be named the Most On-Time Airline in the World in 2017 by airline data specialist, OAG, and now sees us develop the capability to check passengers in while they are still queuing," says Kirby Gordon, Head of Sales and Distribution at FlySafair. The innovative new check-in technology was developed in conjunction with Blue Market Retail Solutions, the same company that partnered FlySafair in becoming the first airline to offer card transactions on all its flights using ground-breaking Point Of Sale technology.

Using this same technology, FlySafair attendants can search for the passenger's flight ticket using their reference number, surname or date of birth, and then produce their boarding pass directly from the device. Designated queue combers will be easy for passengers to spot as they will be wearing pink sashes to identify them.

"This solution will play a major role in helping to reduce queuing times, especially at airports like George where wait times can be problematic," says Theron Uys, Director of Business Development at BlueMarket Retail Solutions. "In true FlySafair style, the airline continues to challenge what can be done within the aviation sphere. It truly is one of the most dynamic and innovative companies we've come across," he adds. FlySafair is proud of its reputation for industry-firsts. "To the best of our knowledge we're the first airline in South Africa to offer passengers this service and we are confident that it will make travelling much more

convenient for our customers,” comments Gordon.

FlySafair looking to increase their dominance as SAA continues to falter

In February 2020 SAA announced that it would cease operating its domestic route network including Durban, East London and Port Elizabeth, save for Cape Town on a reduced basis. The State-owned carrier is on an optimisation drive to conserve cash as it is buckling under liquidity challenges. SAA was placed under business rescue after it hit major turbulence in December 2019. The national carrier, which has not tabled its financial in the past two years, last made a profit in 2011.

FlySafair is looking at increasing its dominance in the low-cost domestic airline market as cash-strapped South African Airways (SAA) continued to halt operations in the domestic travel market. Gordon said SAA's reduction of domestic flights theoretically presented lowfare carriers with an opportunity to expand. He said FlySafair had increased its market penetration locally to 24 percent, making it the largest domestic airline in the country.

SAA has received more than R16 billion worth of bail outs or loans in 10 years. In the low cost airline market, SAA operates Mango. FlySafair said that it had contacted SAA's business rescue practitioners to convey its interest should any of SAA's assets be put up for sale.

Air transport economist Joachim Vermooten said it was inevitable that SAA would offload some of its assets to streamline its business to a manageable capacity. Vermooten said competitors would be eyeing assets like Mango and SAA Technical, which he said was profitable and not constrained by bilateral agreements. However, it is unlikely that SAA would sell a profitable Mango. SAA said that customers booked on cancelled domestic flights will be re-accommodated on services operated by Mango and that domestic routes operated by Mango will not be affected by the changes.

Gordon said as much as market dominance was ideal, FlySafair would not wish to have monopoly of the market as competition was healthy. “We don't want to see the market developing some kind of reticence to fly or losing confidence in aviation. That's not good for any of us,” he said. “It sounds contradictory to say we like having competition, but aviation is such a small market in terms of a number of players. So in order for us to maintain economies of scale, we need healthy participants in the market.”

How is the company dealing with Covid-19

FlySafair sees capacity increasing by 15% this year, and the airline has yet to see any impact on bookings from the spread of the coronavirus, which has forced international carriers including Delta Air Lines Inc. and Air France-KLM to cut thousands of flights. The South African carrier doesn't carry many international passengers, the CEO said, while only 13 cases of the virus have been identified in the country to date. "It's not having an impact on us yet," Conradie said in early March 2020. "It could become much worse."

The following update was then communicated to clients on their website; In accordance with the directive from the president, our final flight was operated on, 25 March, flights will resume once the travel restrictions have been lifted. While we respect that lockdown only starts on Thursday, we have to execute certain maintenance activities on our aircraft to put them into storage before our technicians go into lockdown themselves.

All customers are welcome to make penalty-free changes to flights departing before or after the lockdown. While there will be no penalties, please expect that fare differences may apply if the flight you are looking to buy costs more than the one you initially purchased. Changes can be done under the My Booking Section of the website. Cancellations to a voucher can also be made in the My Booking section of the website. You can use vouchers at a later date to book new flights. These vouchers will need to be redeemed within 12 months – that's to say that you need to spend them within twelve months, but you can purchase any available flights.

During the lockdown, our call centre will be closed. But we have developed a self-help line with several options available which we hope will give customers the answers they are seeking. Alternatively, we've loaded much information onto the help section of our website and have created several instructional videos on our YouTube channel. All FlySafair staff will be on leave, during the lockdown.

However, passengers who purchased FlySafair tickets are not happy that the airline is issuing vouchers instead of a full cash refund. Many passengers have taken their frustration to Twitter, some stating that other airlines offered the option of a full refund.

IOL Travel reported on Friday that the airline would not offer a cash refund on tickets booked before March 15, 2020, as it was not feasible for the business. FlySafair spokesperson Kirby Gordon said customer's had two options if they chose not to fly due to the current coronavirus outbreak. They could change without incurring any penalties. However, fare

difference costs will apply. Or, they could opt to take a voucher for the full amount, which is valid for redemption within six months.

User @ChelseaCromps said the voucher didn't help as he lived in the UK and was travelling back home.

"I don't want a voucher. I live in the UK and am flying home on Tuesday. Neither do I want to change it. I want to cancel the flights and get a refund back to my credit card," he tweeted. (sic)

User@MsYonwaba tweeted:

*"We have these places money, we did not use the money but now they are giving us vouchers. WHY @FlySafair ??? Why won't you give passengers back their money, is our fault that we can't travel. Nah, this is some **."(sic)*

User @TracyCandice responding to a FlySafair tweet commented: *"How come your Vouchers that are being issued are only valid for 6 months? What if Corona carries on beyond 6 months? According to section 63 of the Consumer Protection Act, vouchers expire after a period of 3 years after the date on which they are issued." (sic)*

@Making_of_a_Mom commented: *"In times like these it is only right for @FlySafair to offer full refunds for flights. Not vouchers. You have no idea when the borders of Africa will be open again. I want a full refund now for my sister!" (sic).*

Some applauded the voucher idea but said six months was little time.

User @SashtonSean tweeted: *"@FlySafair, I applaud the policy of issuing travel vouchers for cancellations of airtickets. However, I implore you to reconsider the 6 month validity. With respect, we have no idea what will happen in the next 6 months, let alone booking travel within 6 months. 12 months better!" (sic)*

Gordon said that the issuing of refunds was not feasible for the business. "We are trying to strike a delicate balance to cater to our passengers and the business. We are also trying to ensure our survival in the short to medium term," he said. As a company with awards based on customer service they are in a tough position, keeping customers happy with cash refunds, or vouchers with longer validity or protecting the company's longer term sustainability.

Did they see the extension of travel bans coming? On 28 April FlySafair removed flight inventory from their website until May 31 following the government notification of an extended and tiered lockdown schedule beyond April 30. Head of Sales and Distribution of FlySafair, Kirby Gordon, said that the airline was seeking urgent clarity on when it would be

permitted to resume services and in what capacity. A notification on the airline's website also states that the airline will resume flights once travel restrictions have been lifted.

Before that date FlySafair was talking about its plans to implement social distancing seating when it resumed services, the airline was originally operating under the understanding that the South African national lockdown would be in place until April 30.

Fears are mounting in the aviation sector that commercial airlines will not survive without significant financial assistance from government due to the original 21-day lockdown being extended. At the start of the lockdown, jittery airline bosses told journalists that, should authorities fail to arrest the spread of the Covid-19 coronavirus and if the lockdown is extended, commercial airlines would crash if government did not intervene with a financial rescue package.

In an unprecedented move, the airlines were forced to place about 10 000 employees on paid annual leave due to government's decision to lock down the country for 21 days to flatten the infection curve. The airlines, including SAA, British Airways, SA Airlink, SA Express and low-cost carriers Kulula, Mango and FlySafair, were already running a fraction of their usual operations after President Cyril Ramaphosa announced a ban on international travel early in March.

FlySafair CEO Elmar Conradie, whose airline has been voted the best domestic airline for a number of years, said it was unlikely any of the commercial airlines would survive a lockdown that lasted beyond two months unless they got financial assistance. "At some point, all the airlines will need assistance from government," he said. He added that, fortunately, the company had enough cash reserves to see it through the next two months.

Airlines expect to lose "hundreds of millions" of rands during the 21-day shutdown, Conradie said, adding that passengers on the company's aircraft had dropped by 70% after the initial travel ban was instituted. "The estimation is that we will be down by as much as 70%. But for the month of April, we will be down by 100% year on year as we will have to go for the entire month without revenue. All our 1 180 employees are on annual paid leave, but we believe we will survive this period," he said. FlySafair, he said, was luckily not heavily indebted because the company owned most of its assets, excluding aircraft.

"We are in discussions with some of the companies from which we lease our fleet of aircraft,"

he said, adding that the message that should go out to the public was that everyone should stay indoors.

While this sounds grave, to put in in perspective, during the lockdown SA Express has been placed under involuntary business rescue. Comair has forced employees to take annual leave, and for some employees this has been at 40% of their salary or unpaid leave, depending on if they had leave available. Additionally SAA's well documented financial woes which saw it go into business rescue in 2019 is now on the verge of liquidation.

Source:

<https://www.FlySafair.co.za/about-us>

<https://www.pwc.co.za/en/about-us/alumni/meet-our-alumni/elmar-conradie.html>

<https://www.iol.co.za/business-report/companies/FlySafair-reaches-1000-employees-five-years-after-the-companys-launch-21984582>

<https://m.fin24.com/Companies/Industrial/5-questions-safair-ceo-on-why-it-is-possible-for-an-airline-to-be-profitable-in-sa-20190118>

<https://www.fin24.com/Companies/Industrial/the-sunday-read-safair-ceo-on-doing-good-honest-business-20190118>

<https://www.FlySafair.co.za/media-centre>

<https://www.iol.co.za/business-report/companies/FlySafair-looking-to-increase-their-dominance-as-saa-continues-to-falter-42270232>

<https://www.iol.co.za/business-report/companies/FlySafair-is-bullish-about-its-growth-plans-as-saa-hits-major-turbulence-42399906>

<https://www.moneyweb.co.za/news/companies-and-deals/FlySafair-interested-in-buying-saas-low-cost-arm-mango/>

<https://www.FlySafair.co.za/travel-tools/national-lockdown>

<https://city-press.news24.com/Business/aviation-sector-will-collapse-without-state-intervention-20200327>

NB: Note that as this is an open book Case Response Assignment, identifying the right theory to address the question will attract no or minimal marks (as indicated per question). However, this theory forms the structure of your answer and insights from the case should be presented in light of the theory, that is where marks will be allocated!

QUESTION 1

The changing nature of managerial work is reflected in the concept of the upside down pyramid. Relate FlySafairs approach to their business and to their customers by discussing the upside down pyramid with reference to FlySafair.

(8 marks)

QUESTION 2

FlySafair has aspirations to grow when other airlines are trying to survive. However, a travel ban and nationwide lockdown was not part of their plan for 2020. Explain how FlySafair can use an evidence based management approach to navigate the next 12 months.

(6 marks)

QUESTION 3

The lockdown announced by President Ramaphosa in response to the Covid-19 virus has created many situations that businesses need to respond to, creating countless ethical dilemma's along the way.

- 3.1 Discuss the different approaches to moral management with reference to FlySafair's decision to pay their employees during the lockdown period. (6 marks)
- 3.2 Deciding not to refund customers but rather to give them vouchers with limited validity (that customers may not be able to use due to extended travel bans) has been a controversial decision. Examining issues from different viewpoints provides a more complete picture than one view alone. Discuss this flight ticket voucher decision from the perspective of THREE different ethical approaches. (9 marks)

(15 marks)

QUESTION 4

FlySafair prides themselves in being innovative and often being the first to offer new products, services or approaches. Discuss the wheel of innovation with reference to an innovation that FlySafair has implemented.

(10 marks)

QUESTION 5

FlySafair has aspirations to grow their low cost airline footprint outside the South African borders. Which TWO strategies would be most appropriate for them to grow, considering the nature of their business? Remember to justify your selection.

(4 marks)

QUESTION 6

FlySafair stated plans to buy Mango (SAA's low cost carrier) if it becomes available for sale:

- 6.1 Evaluate whether making this decision is structured or unstructured and whether the accompanying decisions are programmed or non-programmed, justify your answer with evidence from the case (4 marks).

- 6.2 Describe the degree (low, moderate or high) of certainty, risk, and uncertainty for success that Flysafair faces if they purchase Mango. Remember to refer to the case. (3 marks)

(7 marks)

QUESTION 7

Discuss the five steps of the planning process with reference to a plan that FlySafair has made, remember to refer to the case in your explanation.

(10 marks)

QUESTION 8

Consider the input-throughput-output cycle of FlySafairs business. In light of these different phases suggest specific examples of feedforward-concurrent and feedback controls that FlySafair could implement to increase the likelihood of high performance.

(9 marks)

QUESTION 9

Conduct a SWOT analysis of FlySafairs operating environment, mention at least TWO elements for each component of its environment.

(8 marks)

QUESTION 10

In light of the environment that FlySafair operates in, discuss whether the organisation should be more bureaucratic (mechanistic) or adaptive (organic). In your evaluation discuss FlySafair using at least THREE dimensions.

(6 marks)

QUESTION 11

The lockdown and phased restart of the South African economy will undeniably bring a period of change for FlySafair where they have to adapt to a new way of operating, possibly with new regulations. Describe Lewin's model of change with reference to the situation that FlySafair finds themselves in.

(6 marks)

QUESTION 12

Based on the evidence in the case identify FOUR specific traits that Conradie displays as the leader of FlySafair.

(6 marks)

QUESTION 13

Under the difficult operating conditions that they currently are operating in it is very important for FlySafair to have motivated and engaged employees. Explain the importance of job satisfaction, employee engagement, organisational citizenship and job performance to the managers at FlySafair.

(5 marks)

END OF ASSESSMENT