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MANAGEMENT SYSTEM OF VIRGIN GROUP

Аннотация: статья исследует теоретические аспекты стратегического управления конгломерата «Virgin Group». Автор выполнил сравнительный анализ компаний Virgin Group и Аэрофлот, чтобы выявить их эффективность.

Abstract: the article examines theoretical aspects of strategic management considering the case of Virgin Group. The authors perform comparative analysis of Virgin Group Airlines and Aeroflot to find out information of their efficiency.

Ключевые слова: стратегическое управление, авиалинии, компания, ССВУ-анализ.

Keywords: strategic management, airlines, company, SWOT Analysis.

Strategy of a modern commercial enterprise in Russia has a sufficiently large amplitude both in periods of development and types of covered and functional subsystems. Therefore, we decided to consider the case of Virgin Group in terms of strategic management [2, с. 7].

Virgin group is recognized as one of the most successful and powerful private companies which operates in the whole world. It has about more than 300 companies in different industries around the world. One of the strategies of Virgin Atlantic is its ability to promote its brand names all over the marketplace. This strategic promotion has made the airline companies being continuously known locally and internationally [3].

The aim of this papers is to examine theoretical aspects of strategic management considering the case of Virgin Group. We have made some comparative analysis of

two greatest airlines in the world – Virgin Group Airlines and Aeroflot to find out their working efficiency.

Table 1

<i>Swot</i>	<i>Virgin atlantic</i>	<i>Aeroflot</i>
<i>Strength</i>	<ul style="list-style-type: none"> – cargo; – strong brand loyalty; – brand awareness; – effective communication, campaigns, innovation; – unique; – most attractive cabin and crew; – profit making airline; – efficient management team; – strong organisational structure; – strong financial positions 	<ul style="list-style-type: none"> – Aeroflot has been transformed from a state-run enterprise into a semi-privatized airline; – it is one of the oldest airlines and during the Soviet era; – with a fleet size of over 125 it provides services to nearly 120 cities in 50+ countries. Good brand reputation and visibility
<i>Weakness</i>	<ul style="list-style-type: none"> – fleet size; – limited routes; – small fleet. 	<ul style="list-style-type: none"> – weak image of airlines in the world market; – low loyalty; – image and reputation; – bureaucracy; – weak intercommunications;
<i>Opportunities</i>	<ul style="list-style-type: none"> – expansion into Asian market; – brand value; – bio fuel; – increased tourism; – increase in trans-pacific cargo; – partnership with ANA. 	<ul style="list-style-type: none"> – opportunities for steady growth in the domestic market and to obtain larger share of the domestic market; – potential to construct new terminal for the VIP aviation in Pulkovo St Petersburg; – Aeroflot intends to bid in a tender for privatizing Czech Airlines;
<i>Threats</i>	<ul style="list-style-type: none"> – price wars – economic downturn; ; – tied to Branson; – consolidation to airline industry; – unpredictable fuel prices; – terrorist attacks and scares deter passengers from flying. 	<ul style="list-style-type: none"> – increasing Fuel cost; – low cost carriers getting foothold in domestic market; – high expenses and considerable dependence on suppliers; – the competition from the western air carriers.

The success of Virgin Group is based on the corporate parenting strategy, i.e., every new business unit inherits company's brand name, values, management style, support and access to resources without expending anything to create them. Sustainability of its competitive advantage depends on how well it will manage to support Virgin culture and decentralization under a unified brand. It has been determined that in

order to create sustainable competitive advantage, the company should integrate its core competences into corporate culture and internal processes. According to the analyses that were made, there are some recommendations for both companies. First of all, these companies do not have much in common, because Virgin Atlantic mostly organizes flights in US and England, when Aeroflot is a completely Russian company. So, the companies have different backgrounds. However, we suggest the companies expand the area of the flights, so they can penetrate into foreign markets and have more customers. It was suggested that Aeroflot pays attention on creation of company value among personnel and increases leadership in the company team. As example, we can take Virgin Atlantic where it's highly valued to be a part of a team. Furthermore, it is recommended for Aeroflot to make internal organization more efficient in order to avoid bureaucracy and increase loyalty for passengers. For Virgin Atlantic it is recommended to expand flight routes to more countries in Asian region. Both of the companies have common problems and threats about increased fuel prices and risk of terrorism, so it's better for them to start searching for fuel alternatives and increase safety of the board and airport. In the end, it's considered to notice that Russian company Aeroflot needs to focus on personnel motivation and effective organizational structure.

References

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