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JETBLUE LIVES ITS OWN VALENTINE'S DAY MASSACRE

By Richard Nicolazzo

For JetBlue, it must have seemed like the second coming of the infamous St. Valentine's Day Massacre when Al Capone knocked off seven of Bugs Moran's men.

Feb. 14, 2007 will likely go down as the worst day in JetBlue's history. Thank God no one was hurt in this mess.

I guess one can give JetBlue Airways president David Neeleman some credit: within a couple of days, he stepped up and took responsibility for the stunning meltdown his airline experienced in New York City and around the country.

Taking a page from the current playbook on crisis management, Neeleman, his voice cracking a bit, told the national news media he was "humiliated and mortified" by the massive breakdown that hobbled the airline's operations for nearly a week.

He then pledged to institute a voucher system that would increase in value according to the length of the delay. The airline has also unveiled a "customer bill of rights" that will compensate passengers for slip-ups and ensure that they don't find themselves trapped for hours on planes waiting to take off or trying to return to a gate.

Crisis experts – me included – can probably agree that by taking the bull by the horns Neeleman and his low-cost carrier will stop thousands of customers from defecting to other airlines. In today's business environment, admitting mistakes has proven effective in rebounding from a crisis.

On the other hand, JetBlue gets an "F" for not having a crisis/operational management plan in place that could have avoided this fiasco in the first place. Shockingly for a CEO, Neeleman admits as much.

- He told *The New York Times* his company had an emergency control center full of people who didn't know what to do. Why weren't they better prepared and sufficiently trained?
- There were flight attendants sitting in hotel rooms for three days who couldn't get in touch with their own company. Where was the communications protocol?
- In a revelation that really stings, he admitted pilots were emailing him and saying, "I'm available, what do I do?" Why couldn't he answer?
- Neeleman said the crisis, which led to about 1,000 cancelled flights in five days, "... was the result of a shoestring communications system that left pilots and flight attendants in the dark..." Isn't this confirming a major failure on management's part?

Penny-Wise, Pound Foolish

While it's going to take a while to determine how much business JetBlue loses down the line, the immediate costs are staggering. On network television, Neeleman said the tab to reimburse passengers could cost the airline \$30 million or more.

Wall Street will also likely punish the stock in the short-term. The damage to JetBlue's brand is also likely to be huge. Some customers are already grumbling "they'll never be back."

One can speculate what would have happened if JetBlue had spent \$1 million on a rock solid crisis management and training plan that could have been deployed at a moment's notice.

Most CEOs I know would be happy to spend a million to save 30 times that, but surprisingly few CEOs are willing to invest the necessary resources to institute the right crisis avoidance policies and procedures.

In many crises, outsiders like myself often have to speculate what kind of contingency plans a company has in place. For the most part, these plans are highly confidential and only signed off on by top senior management.

This case is different.

The CEO himself admits JetBlue had neither the people or the plans in place to deal with a perfect storm like the one that hit on Valentine's Day. Candor was the only way out.

A media darling for most of its seven-year existence, JetBlue now finds itself in the cross hairs of its employees, customers, the FAA, airport personnel, consumer advocates and Congress.

This episode once again proves that strategic communications and crisis management plans are fast becoming the model that American businesses must adapt to survive in a crisis and retain brand and management integrity.

Increasingly, institutions are being judged not by the crisis itself, but by how the crisis is managed. Time and time again, we are witnessing major business crises in which institutions seem unprepared for the worst.

Time will tell if JetBlue becomes the poster child for how not to do it. Meanwhile, the crisis management planning business just got a major shot in the arm!