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Case Study 4: Nationwide Airlines and the case of pathetic employee communication.

The recent and sudden closure of Nationwide Airlines (Nationwide), without warning, provides a classic case study of how not to communicate to your staff in times of crisis. The airline closed shop on 29 April 2008 and left over 1000 staff members in the dark – literally.

“In a crisis, communicating openly and immediately with your staff is as important as communicating with clients and the media,” says Evan Bloom, MD of Crisis Communications Consultancy. “Often management thinks that in times of crisis they can deal with their staff last and fob them off with a letter or a phone call. Management sometimes forgets that the media will always try to speak to staff at a company in crisis to get the employees’ perspective and there is nothing worse than a disgruntled employee.”

The following short analysis of Nationwide’s ‘crash landing’ looks at the horrendous internal communication errors that management made and also proposes alternative steps that should have been followed.

The background

On the 7th November 2007, an engine fell off a Nationwide Airlines Boeing 737-200 flight CE723 while it was taking off from Cape Town International Airport. The pilot brought the plane under control and safely landed it without any injury in what has been termed a perfect and textbook emergency landing.

By late evening on the 29 November 2007, the South African Civil Aviation Authority notified Nationwide via a fax that it had revoked its aviation maintenance organisation licence and this effectively grounded the entire Nationwide fleet.

By 9 December 2007, Nationwide had been given permission to commence operations and business slowly started to pick up. In March and through April 2008, the airline flew into trouble again with a 30% increase in the cost of aviation fuel and declining passenger numbers.

While all of this was taking place, the airline was working towards securing an investment from a Black Economic Empowerment partner. This also proved fruitless.

With cash flow drying up and nothing to show from a potential BEE deal, Nationwide Airlines closed its doors on April 29th 2008 and was placed under a Provisional Winding-Up Order.

The fallout

Soon after the airline ceased operating, the fallout for the staff started with some receiving early morning telephone calls (at 6am) on April 30th 2008 telling them not to come to work.

TV pictures broadcast after the announcement showed Nationwide staff standing outside the company head office and at Cape Town and O R Tambo International airports looking confused, angry and most importantly, not knowing what to do.

A Nationwide pilot allegedly used his cell phone to film one of the company's newly unemployed ground staff drink himself into oblivion and pass out face first on a bar table. The pilot then sent the image to Nationwide's CEO, Vernon Bricknell with a short message: "Now look what you have done." In addition, it was also reported that staff also found out that the airline cancelled the staff medical aid membership a month before it closed, while still deducting contributions from their salaries (The Independent, 3 May 2008).

Out of desperation, some of Nationwide's staff turned to their unions for help. One of the unions, the SA Transport and Allied Workers Union (Satawu), called the airline's management 'arrogant and insensitive' and said that the management team had proven itself incapable of managing an airline and workers in employment. {Business Report (online), 8 May 2008}.

Media reports also stated that Bricknell saved himself first by allegedly selling a coastal property in Durban and allegedly flying his exotic car collection out of South Africa prior to the collapse of his airline (Saturday Star, 10 May 2008). However, one week later, in a Saturday Star article (May 17), Bricknell stated that the cars – two Porsches – were in South Africa for racing purposes and were being flown out of South Africa. All Nationwide had done was to act as a carrier for the cars and the racing team. Bricknell also said that he had not sent any cars belonging to him out of the country.

To add insult to injury, the airline's staff also received letters informing them that they were receiving massive pay hikes. Staff at the operations centre in Cape Town received April pay checks with 100% increases while cabin crew, ground staff and other staff received the letters indicating that they would be receiving a 50% increase, effective from the end of May.

Bricknell admitted that he and his management team had communicated poorly with staff and passengers during the crisis. He also said it was impossible to talk to every single staff member but that special arrangements had been made. This included the HR director communicating with all out-stations telephonically (Saturday Star, 17 May 2008).

What should Nationwide have done?

What Nationwide faced is arguably one of the worse crises any company could face. One certainty is that the airline did not have an internal crisis communications plan that was integrated into their overall crisis management plan. The following are some of the proposed steps Nationwide could have taken:

Prepared for a worst case scenario

Identifying potential crises and worst case scenarios and then preparing for them should have been at the top of Nationwide's crisis PR plan. Closing down due to various events would have been identified by the company if they had undertaken a vulnerability audit and gone through a scenario planning exercise. Once various situations were identified, Nationwide should have established a crisis management team and then ensured that all necessary steps to deal with a crisis had been taken.

This should have included putting the correct processes in place to deal with whatever came its way. Clearly, this was not done.

Practice, practice and then practice again

Nationwide should have practiced time and again how it was going to manage all aspects of its potential crises, internally and externally. The more a company practices, the more the key roll players become comfortable with who does what, why they need to do it and when it must be done.

Nationwide would have done well to hold table-top exercises at its various offices around the country and overseas in the United Kingdom.

Initiate internal communications with key employees and unions

In this case, Nationwide knew ahead of time that it was going to end up in a crisis situation and close shop. It should have proactively communicated to staff and met unions to explain the situation and then formulated a plan to help staff receive their final payments, obtain letters of recommendation and service, and also put some measures in place to help staff find new jobs.

Nationwide had a variety of communication channels available to it for internal communications; these included face-to-face meetings and video and teleconferencing. These should have been backed up with an open door policy from management for staff to discuss their concerns.

Communicate directly with key external audiences

The media, vertical stakeholders such as travel agencies and tour operators and relevant government departments should have received the same communiqué as staff. The external communication should have been sent out soon after the staff received their communication.

Passengers are obviously a key audience and Nationwide should have set up an inbound hotline, situated in a call centre. Passengers should have been able to call in and the call centre could have been used to proactively call passengers. The company website should have also been used as a communication medium, telling passengers how to apply for refunds, etc.

Monitor the situation

Nationwide should have monitored the media and all internal communication channels on a daily basis to gauge how well their communication was being received and what new developments were arising. These developments should have been swiftly dealt with by using the appropriate messaging and action.

Apologise and face the music

Bricknell and his management team should have apologised and referred to all the actions they had taken to save the airline. Saying nothing and hiding the facts from staff and the media has significantly damaged Bricknell's reputation and he will most certainly not be trusted by staff should he decide to open shop in South Africa again.

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