

The Endless Strike: Avianca and the 700 Angry Pilots

TEACHING NOTE

The authors prepared this case solely as a basis for class discussion and not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. Although based on real events and despite occasional references to actual companies, this case is fictitious and any resemblance to actual persons or entities is coincidental.

Case Synopsis

In September 2017, the air traffic in Colombia was severely affected by a strike called by almost half of the pilots working for the airline Avianca. These pilots, members of the ACDAC Labour Union, were demanding a salary rise and additional benefits to their employer. While thousands of passengers were stuck at airports across the country due to several flight cancellations, Avianca attempted to negotiate with the pilots. However, after a week of discussions, no consensus was reached. The pilots rejected every offer that Avianca put on the table. From the start, the airline clearly stated that they considered this strike as illegal and were clear about their disagreement with the pilots' unreasonable demands. On September 26th, Avianca presented its final offer to the Union hoping that they would agree to lift the strike that was causing daily losses of USD 2.5 million. The Union rejected the offer and Avianca decided to end all negotiations.

Facing a wall, the executive board had to find solutions to minimise the damage of the strike and normalise the operations. This is where our managerial question stems from: what solutions or strategies you would recommend in order to manage the crisis going forward and how can these solutions minimise the damage to the various stakeholders involved.

Learning Objectives

When presenting this case, it is important to also adopt a holistic view in order to draw main learnings from this particular situation. This part uses theory to explain what the audience can learn from this case, and thus generalise the challenges as well as their managerial decisions. Thus, this part provides for reflection and assessment of Avianca's managerial decision: can it be qualified as successful? Is it transferable to other contexts?

Corporate Brand Identity

Firstly, for any organisation, it is important to understand its corporate identity. According to Roper and Fill (2012), the corporate brand identity defines the organisation's personality and what they stand for. The authors define the corporate identity as 'how the organisation wants to be perceived'. Among the five identities

described by Balmer and Greyser (2002), we can relate the latter question to the desired identity of the organisation. When managing its corporate brand identity, an organisation must pay attention to potential gaps between its five different identities: actual, communicated, conceived, ideal and desired. In this case, we focus mainly on the actual (during the strike) and the desired (desired perception) identities.

Additionally, as the values and value system define the corporate identity (Roper & Fill, 2012), it became necessary to understand the internal values of the company. In Avianca's case, a key value is to work as one and prioritise security. More importantly, their mission is to connect the world to Latin America and their vision is to be the preferred Latin American airline in the world. These values shape Avianca's desired identity. Based on this, we can argue that there is a gap with Avianca's actual identity at the moment of the crisis. The strike has skewed their actual identity. Indeed, as operations are dramatically reduced and their workforce is divided (unionised and non-unionised pilots), the vision and mission are not achievable.

Therefore, the responsibility and management task are to close this identity gap and rectify this deviance in brand identity. As the identity is essentially defined and created by the employees (Roper & Fill, 2012), it becomes crucial to rely on the internal elements of your organisation, and notably your employees, in order to sustain your identity during a crisis situation.

✓ **Understand** your organisation's corporate identity

➤ **Don't forget** your internal strengths

Call for unity to maintain identity consistency in the organisation

Corporate Brand Reputation

Another key element of this case is the corporate brand reputation. This case places particular attention to the reputational reservoir. In a crisis situation, the reputational reservoir is crucial to survive the crisis and minimise reputational damage (Balmer & Greyser, 2002). The reputational reservoir is defined by the past and present reputation of the company (Balmer & Greyser, 2002). While the brand image is important at the moment of the crisis and changes faster than the reputation (Urde & Greyser, 2016), the long-term brand reputation and the brand image are correlated and not mutually exclusive. Indeed, reputation is a strong and salient concept. Additionally, the reputational space is important in assessing the reputation during a crisis. If the organisation has a strong position on the market and a larger reputation than competitors, it implies that the organisation's reputation is rather salient with its stakeholders. Luckily, this is the case for Avianca. Nonetheless, as said

in the corporate brand identity paragraph, the strike has affected Avianca’s ability to fulfil its brand promise: ‘to connect the world to Latin America’. Indeed, by failing to transport its passengers, it has also failed in delivering its brand covenant (Roper & Fill, 2012). This impacts the image, and eventually will affect the reputation of the company if the crisis is not successfully managed.

Finally, a crisis often has wider implications and consequences than only hurting the organisation’s reputation, it also affects various stakeholders. Given Avianca’s leading position in Colombia, the strike is also affecting Colombia’s reputation as a country. Indeed, places also have their own brand (Roper & Fill, 2012). As the strike is inhibiting a normal functioning of the economy, Avianca’s responsibility extends outside of its own organisation.

- ✓ Assess your reputational strength and understand the scope of the crisis
- Have enough confidence in your own reputation to take responsibility and accountability for the crisis’ overall

Stakeholder Analysis

As said above, it is not only about you. A crisis affects many people. The main challenge in those situations is to identify and prioritise the organisation’s stakeholders. In a crisis situation, it is important to review who the key stakeholders are, as the crisis can skew the company’s priorities. One group of stakeholders can become more important during a crisis. The learning objective here is to analyse each stakeholder involved in the crisis. This can be done by using the stakeholder matrix and position each stakeholder in **Figure 1**.

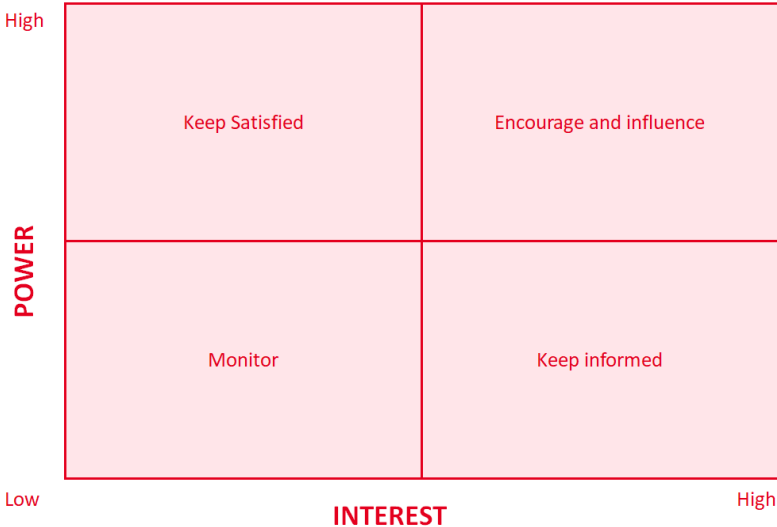


Figure 1: Stakeholder Analysis Matrix

The overall challenge is to decide who to satisfy and how to satisfy them? As recommended by Roper & Fill (2012), it is recommended to define each stakeholder's agenda to gain an in-depth understanding of the situation.

For instance, in this case, Avianca leveraged the support from their employees in order to overcome the crisis, therefore making the 'employees' stakeholder more important during the crisis. The stakeholder analysis indicates that stakeholders' importance has changed during the strike. For instance, it can be said that customers are the most important stakeholder as they have the biggest reputational influence.

The key learnings will become clearer during the class discussion and will actually be co-created with the class.

- ✓ Evaluate each stakeholder's position and apply the stakeholder analysis matrix
- Stakeholders' interests might change during a crisis: Review your stakeholder analysis

Corporate Communications

Corporate communications are an important tool to reduce stakeholder uncertainty and maintain positive relationships with them. In this particular case, the learning objective is about choosing the right communications model which will allow for the greatest stakeholder consideration and highest potential to contain the crisis. Among the different models, the public information model is appropriate given the holistic impact of the strike and how public it is (Roper & Fill, 2012). This model seeks to disperse truthful information in a one-way flow (Roper & Fill, 2012). Avianca notably focused on shaming and blaming the pilots for this strike. By divulging their outrageous demands, Avianca relied on information transparency to convince the public to support them. This helped to communicate that there is only 'one truth' out there. This was done by using message framing. Message framing means emphasising specific issues and drawing the attention of stakeholders to the positive elements rather than the negative ones (Roper & Fill, 2012).

Additionally, in order to gain legitimacy and greater support from the public, Avianca has leveraged its relationship with the government. This relates to an advocacy strategy, with the objective to change the opinion of key stakeholders (Roper & Fill, 2012). This helped Avianca to gain the trust of their customers as well as the general public during the strike.

Finally, it can also be mentioned that Avianca held a certain substance in its corporate behaviour during the crisis. Indeed, Avianca, despite the attenuating circumstances,

managed to support its communications strategy with authenticity. This entails talking, being, staying authentic and defending authenticity (Greyser, 2009). It can be argued that this was achieved by staying true to themselves and their opinion on the strike, therefore being consistent throughout the crisis. Since day one, Avianca said that the strike was illegal and that the demands were exaggerated. This discourse was held until the end of the strike, and still today. This reinforced their credibility and authenticity.

- ✓ **Analyse your communications strengths and exploit them**
- **Leverage your relationships and stay consistent no matter what**

Crisis Management

This case also teaches us that crisis management should be reactive and there is not always time to think through everything. As Augustine (1995) explained, decisions are critical to contain the crisis and speed is important when resolving a crisis. It can be said that Avianca followed these recommendations as they did not shy away from taking financial but also reputational risks. For instance, they hired foreign pilots which could have resulted in a public backlash.

Given Avianca's brand architecture, the airline had a favourable situation. Avianca managed to take on such financial losses caused by the strike thanks to their strong financial position and capacities. The parent company, Avianca Holdings, enabled them to contain and resolve the crisis rapidly and efficiently. The brand architecture was a key factor in this strike. It allowed Avianca not to go back on their decision and stand their ground; therefore, being consistent.

- ✓ **Remember your key competences and create efficient solutions**
- **Take risks and do whatever it takes to contain the crisis**

Overview of Key Learnings

The key learning objectives are gathered in **Table 1** below.

Theoretical concept	Learning objective	Lesson learnt
Corporate Brand Identity	<i>Understand your organisation's corporate identity</i>	Don't forget your internal strengths Call for unity to maintain identity consistency in the organisation
Corporate Brand Reputation	<i>Assess your reputational strength and understand the scope of the crisis</i>	Have enough confidence in your own reputation to take responsibility and accountability for the crisis' overall impact It's not just about you
Stakeholder Analysis	<i>Evaluate each stakeholder's position and apply the stakeholder analysis matrix</i>	Stakeholders' interests might change during a crisis: Review your stakeholder analysis
Corporate Communications	<i>Analyse your communications strengths and exploit them</i>	Leverage your relationships and stay consistent no matter what
Crisis Management	Remember your key competences and create efficient solutions	Take risks and do whatever it takes to contain the crisis

Table 1: Overview of Key Learnings

Discussion Questions

Main Question

- As an advisor to the CEO, what solutions or strategies would you recommend in order to manage the crisis going forward?
- How can these solutions minimise the damage to the various stakeholders involved?

Assisting Questions

- What are the biggest implications of the strike?
- What are the major risks?
- Who are the most important stakeholders? (based on the reputational influence/support matrix)
- What are the desired outcomes based on the stakeholder analysis?
- What are the solutions to satisfy the key stakeholders (to be identified with the class)?
- How should Avianca communicate these solutions?

Teaching Suggestions

To improve the effectiveness of teaching this case and to help students to engage in the discussion in the right way, various teaching suggestions have been provided below. These suggestions will guide the instructor of the case in how to frame the situation, use the board and the visuals (PowerPoint, videos) as well as help the students understand the case so they can come up with interesting solutions in response to the managerial questions.

To begin with, it is important that the instructor frames the crisis situation at Avianca and creates a sense of urgency. This is to get students' attention and dive right into the topic. To frame the crisis, the strike situation has to be introduced as well as the context in which it is happening. More particularly, emphasis should be put on Avianca's market position and what they represent as a company for the Colombian people. The use of multimedia, notably a video showing the chaos at the airport, will enable the

instructor to contextualise and visualise the situation as well as recreate the sense of urgency at the time of the strike.

After having set the crisis situation, an overview of the situation and the case will be presented. This allows to set the scene and communicate the important information composing the case. Then, a timeline describing the major events from the start of the strike to the key date of the 26th September should be shown through the PowerPoint. This is important in order to summarise the case and ensure that the students have understood the various and complex elements of the case.

Thereby, the instructor should define the role of the students as part of the crisis management unit. We believe it is also beneficial to frame the students' role during the class discussion. It is recommended to clearly describe the last day of negotiations and draw attention to the major decisions that the CEO of Avianca needs to take moving forward.

Before diving into the solutions, the instructor should remind the known elements of the case in order to ensure that the challenges and what is at stake is taken into consideration while students propose their solutions. This can be communicated with a simple recap slide.

As a first step in their role as the executive board, the instructor should suggest a stakeholder analysis as a way to identify the important stakeholders and decide which ones should be prioritised. Each stakeholder should be written on the board by the instructor to provide prior guidance. Then, a matrix should be drawn on the board to help the students decide which stakeholders their decisions should focus on during the strike (see **Figure 3**). In addition, if needed, actions verbs such as **satisfy**, **convince** and **retain** should be used by the instructor to guide students when identifying the most important stakeholders. Similarly, guiding questions such as 'What are Avianca's capabilities?' or 'What is a stake?' should be asked to the students to help them in their decision. When the stakeholder analysis is done, clear objectives should be identified. These are therefore co-created with the class. This also shows the uniqueness of this case, as objectives will vary depending on what the class says as well as the audience's participation.

Following the discussion on stakeholders, the instructor should ask students to suggest tailored solutions to the objectives that they have identified and deemed most important. For example, for customers it could be to continue to provide the best quality service. All the solutions should be written on the board. Additionally, further questions should be asked to students to encourage them to select the most appropriate solutions. The key ideas and solutions will be summarised and repeated. Finally, the instructor should reveal the managerial decisions and the lessons learnt from these.

To conclude, the instructor should ask the class open questions such as ‘Could Avianca’s strategy be replicated in other countries, in Europe, for example?’ or ‘In the long-term, what could be the consequences for Avianca?’. These questions are a good way to get the class to discuss the airline’s culture and employees’ trust as well as the functioning of labour unions in other countries. At the end of the case, the instructor should sum up the situation, lessons learnt and challenges.

Time Plan

In addition to the teaching suggestions, it is important for the instructor of the case to have an overall idea of how much time needs to be spent on each part of the case. In this situation, 25 minutes are allocated to the instructor(s) to present the case (see **Figure 2**). Considering this time constraint, less time should be spent on presenting this case and more time should be spent on the stakeholder analysis as well as the discussion with the students. However, if more time was allocated, then the instructor could spend more time on introducing the Avianca case and setting the context of the strike.

Based on a 25 minutes presentation:

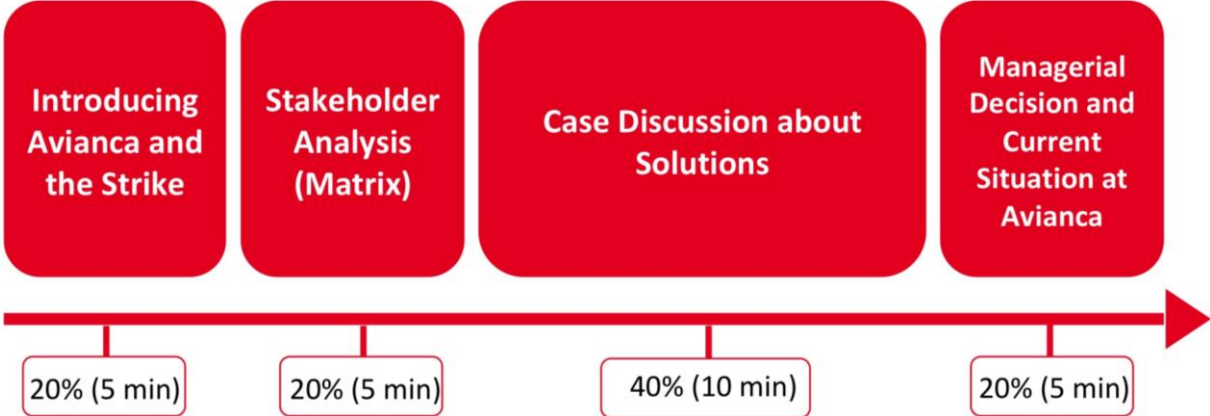


Figure 2: Time Plan

Teaching Plan

The teaching plan builds upon the teaching suggestions presented above. As mentioned previously, the board will be used to support the class discussion. Firstly, the different stakeholders will already be written on the board. This allows to set the basis for the discussion. Given the time constraint, it also allows to spend more time

on the discussion and ideas rather than enumerating the various stakeholders involved. Moreover, a matrix will be drawn on the board as a preparation for the stakeholder analysis (see **Figure 3**). We suggest to use a revised matrix of the stakeholder analysis seen in the learning objectives (see **Figure 1**). This matrix has been developed to maximise the relevance of the analysis and to tailor the analysis to this particular case.

The matrix has been developed with the reputation of the company in mind. Therefore, it includes ‘reputation influence’ as the horizontal axis and ‘support’ as the vertical axis. This allows to assess the level of support of each stakeholder during the crisis and their impact on the reputation of Avianca. This was designed in such way that the analysis would give a snapshot of Avianca’s situation at the time of the strike.

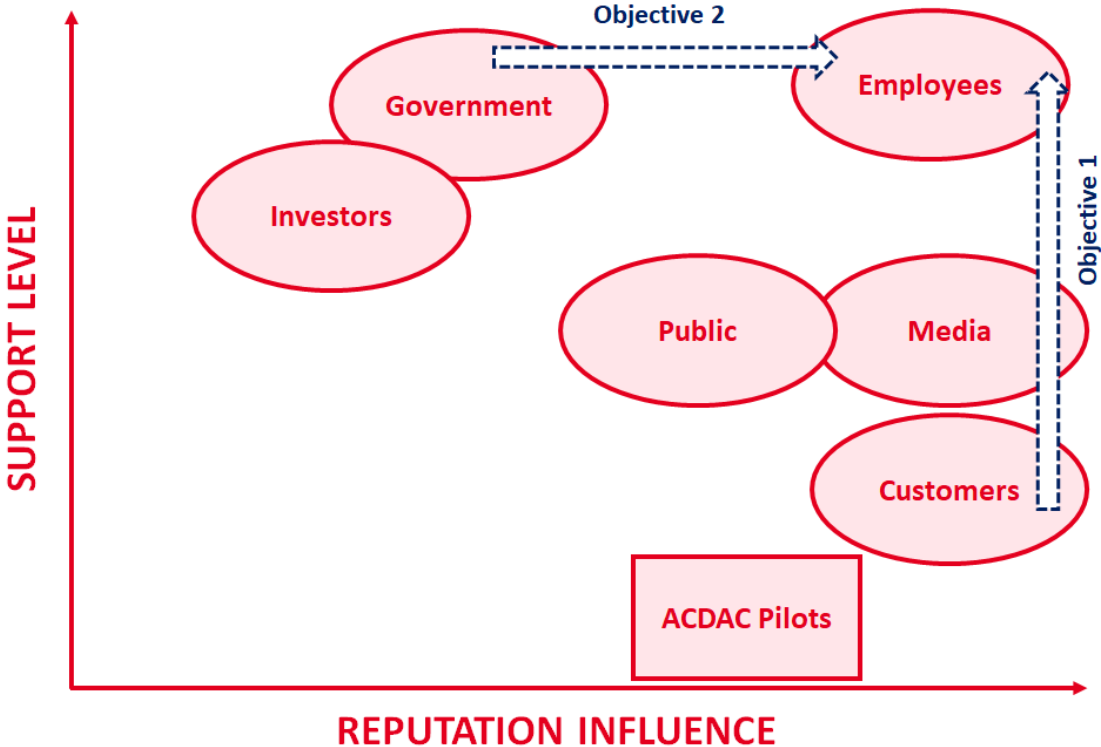


Figure 3: Example of Stakeholder Analysis

The board will also be used to define the objective, co-created with the class, and take the comments from the class when suggesting appropriate solutions. It is recommended to present the case with a minimum of two instructors so that one can lead the conversation and the other one(s) can write down the comments.

After taking suggestions from the class, the board will be analysed and the main ideas will be identified and summarised.

Epilogue

The dimensions and particularities of this case offer a unique opportunity to explore how a company can obtain positive outcomes out of a challenging situation such as a labour strike. Despite the fact that the strike caused substantial financial losses for Avianca, it also enabled the company to reinforce its position on the market and receive the support from most of the public. This result was possible due to the combination of different managerial and reputational strategies adopted by the airline. From the corporate communications perspective, it was possible to observe how the company's consistency in their message throughout the entire crisis was a key element during the 51 days of the strike. Avianca kept their customers and the public informed about their position in the conflict. This included the reasons why they would not cave in to the pilots' requirements and how they constantly strived to look for efficient solutions to normalise their operations. By constantly feeding updates about the situation, organising press conferences and responding to all media inquiries as well as addressing the customers' requests on the phone and directly at the airports, Avianca was able to gain the support, or at least understanding, of most of the public and their customers.

This case also illustrates the value of the reputational reservoir for a company in times of crisis. Moreover, it highlights the importance of establishing who are the main stakeholders in order to enroot all strategies into addressing their needs. It also provides an example of how a company can leverage its competences and organisational capacity to take risks and identify alternatives that enables it to maintain its position in a conflictive situation, such as a strike.

Reflection

The Avianca case was written as part of the Corporate Brand Management and Reputation course. The strike that affected the Colombian airline was chosen as the case for this assignment after a meeting with the professor of the course. It was selected due to its atypical features. The strike went on for 51 days which created an interesting situation and discussion in class. As we began writing the case, we encountered several challenges. One of the challenges was that it was difficult to find trustworthy information about the strike. Indeed, the situation was quite recent and there was a lot of conflicting information as there were two sides to the story: the pilots' side and the management's side. In addition, there was no information on the impact of the strike in the long-term. To overcome this challenge, we had to be source critical and verify each bit of information that we collected. Another challenge that we faced was during the preparation of the case presentation. We struggled with the organisation of the

case between background information and managerial decision considering the length of the strike (51 days). We decided to use a timeline as a way to effectively present all the different events that occurred during the strike.

In terms of finding relevant theory to match our managerial decisions, the challenge was to focus on a limited number of concepts. We had initially decided not to focus on the stakeholder analysis but we came to the realisation that it would be the best way to make sense of the strike. Additionally, we believed that using a matrix would help the students visualise the important actors in this crisis and help them to find tailored solutions to the issue.

References

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