

The Darkest Day in Lufthansa's History

TEACHING NOTES

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.

Teaching plan

This teaching plan serves as a complete guide on how to teach the presented case of Lufthansa and Germanwings. The case is an example of a real-life managerial crisis in the field of corporate brand management. The role of this guide is to provide assistance to the presenter with the preparation, organization, and structure of the case. With the help of these teaching notes, the presenter would be able to handle an effective presentation and engaging the audience into an interesting and challenging discussion, with the aim to achieve the key learning objectives mentioned below. The target audience of this case would be master degree students participating in the course Corporate Brand Management and Reputation. The teaching notes consist of a summary of the main takeaways of the case, followed by a presentation of the learning objectives. Moreover, the main and assisting questions are introduced. In the end, the teaching suggestions give some recommendations for teaching techniques, represented by a board and time plan.

Case synopsis

On March 24th, 2015, at 10:41 the flight 4U9525 executed by an Airbus 320 of Germanwings, with the route from Barcelona to Düsseldorf crashed into the French Alps, killing all 144 passengers and six crew members. The victims were from 17 different countries, although majority from Germany and Spain. According to a final report of the French Bureau of Enquiry and Analysis for Civil Aviation Safety (BEA), the crash was deliberately caused by the co-pilot Andreas Lubitz. This became “the darkest day in Lufthansa’s 60-year history” as stated by the Lufthansa CEO, Carsten Spohr during a press conference just a couple of hours after the tragic incident. All people, no matter whether they are regular passengers, or fly once a year, started to feel uncertain about flying with Germanwings, Lufthansa or in general. Facts like “flying is the safest way to travel” were questioned. This was the beginning of a company-wide crisis, therefore the question arose on:

How should Lufthansa and Germanwings manage the crisis situation and how can it influence the corporate reputation of both companies?

Rationale for being an evergreen case

This case can be considered as an ‘evergreen case’ due to the abundance of learnings and insights from the management decisions that were made during and after the crisis. The case provides a benchmark for successful crisis management of the highest degree. The fact that a renowned and respected market leader is faced with challenging decisions allows for key considerations on specific courses of action facing the management team. Given the nature of the case and important surrounding underlying issues, this actively encourages one to think about the proposition for different alternatives and their implications regarding potential management decisions. As the loss of human life is at stake, this encourages one to think beyond purely business contexts, by balancing financial decisions with morality and humility – the crucial foundation for this being considered an evergreen case. Finally, as the

management decisions are extremely crucial to all stakeholders, both internal and external to the organization, they may evidently stimulate the future success, or demise, of the business as a whole.

Learning objectives

During the presentation, discussion and evaluation of the crisis situation of Lufthansa and Germanwings, the case audience should achieve several learning objectives. In the subsequent section, the learning objectives will be defined in connection with relevant literature. The main topics that were found relevant were identified within the area of corporate brand management are corporate brand identity and reputation, corporate communication and crisis management. The aim of the models and theories presented is to understand how relevant concepts relate to the case and how they can be applied in similar situations. This case has broad implications when it comes to issues of corporate brand reputation, not only for companies like Lufthansa and Germanwings but also for other companies in the industry, as well on the reputation of a country.

Corporate brand identity and reputation

Corporate Brand Identity and Reputation Matrix

A corporate brand is, in essence, the promise between various stakeholders and the corporation (Kapferer, 2012). It is made up of various elements such as culture, value proposition and the brand's core, its values and promise (Roper & Fill, 2012). This is effectively at the kernel of any brand and has implications for all elements of a brand. In Lufthansa's case, the core values are quality, innovation, safety, and reliability. The relationship between the core identity and surrounding elements is depicted by the Corporate Brand Identity Matrix (CBIM) (**Exhibit 1**). When applying the model to Lufthansa, we can analyze the elements of the brand. For example, the personality of the brand may be considered as 'a reliable friend', whilst the competencies include 'economies of scale and mutual synergies across business segments'. The complete application of the CBIM model is seen in **Figure 1** below. In a management decision situation, a brand must consider its identity and use it as a guiding principle to address any strategic decisions (Roper & Fill, 2012). A key takeaway from applying the CBIM to Lufthansa is the strong identity and guiding principles, the company had in place prior to the crisis, which they could fall back on in an emergency situation. However, a brand must not only consider its identity but surrounding factors such as reputation (Urde, 2018). In order to explore the linkage between identity and reputation a development of the CBIM, The Corporate Brand Identity and Reputation Matrix (CBIRM), is presented in **Exhibit 2**. It provides a single managerial framework and is extended to include reputational elements (Urde & Greyser, 2016). Eight key reputational elements are incorporated into an existing corporate brand identity framework, to further define, align and develop corporate

brands. These reputational elements include differentiation, performance, and willingness-to-support, to name a few. The model depends on linkages between identity elements and reputation elements through a sequential analysis across these connections.

Figure 1 Corporate Brand Identity Matrix (Urde & Greyser, 2016) applied to Lufthansa

<p>Value proposition: Actively shapes the global aviation market - financial stability ensures manoeuvrability</p>	<p>Relationships: Strategic pillars of network airlines, point-to-point airlines and aviation services</p>	<p>Position: Leading aviation company in a dynamic market environment</p>
<p>Expression: Distinctive Lufthansa yellow and logo</p>	<p>Brand core: Quality, innovation, safety, reliability</p>	<p>Personality: A trusted friend</p>
<p>Mission & Vision: Be the first choice in aviation for customers, employees, shareholders and partners</p>	<p>Culture: One of Germany's largest employers, with a strong corporate and leadership culture</p>	<p>Competences: Economies of scale and mutual synergies across business segments</p>

In a crisis situation, the CBIRM and the relevant guiding questions may be used to evaluate how, and more specifically which part of a company's reputation has been affected (Urde, 2018). When examining the Lufthansa - Germanwings case, it can be deduced that the majority of elements have been affected to some extent, whether the effect is in the short-term or the long term. These may include performance or trustworthiness, highlighted through the short-term decrease of flight sales for Germanwings. However, it may be argued that elements such as credibility increased in the long term, as the crisis was managed in a respective and humanly sensitive way and this may have in turn highlighted the human characteristics of the corporate brand. When examining corporate brands the essence of the brand itself may be affected in a case of serious reputational crisis (Greyser, 2009). The need of "talking, being, staying and defending authentic" in times of a serious crisis is key to ensure minimal damage to a company's reputation (Greyser, 2009).

Stakeholder Management

Stakeholder theory gives a theoretical grounding for corporations to understand the impacts that their actions have on business groups such as employees, suppliers,

community, shareholders, customers and more. Stakeholder theory suggests that negligence of a certain stakeholder group can evidently lead to a negative impact on the organization itself (Freeman 1984; Freeman & Gilbert 1987). When relating stakeholder theory to crisis communication, the importance of existing strong interrelationships between a company and its stakeholders before a crisis situation can play a crucial role in how an organization resolves a crisis situation (Ulmer, 2001). The benefits of investing in stakeholder relationships pre-crisis can have colossal implications for a corporation, as they may either benefit or be severely impaired by the amount of support provided. Stakeholder relations need to be strong during a crisis so specific groups do not withdraw their support when most needed (Ulmer, 2001). Furthermore, a corporation may also influence advocacy from groups of stakeholders in times of need (Ulmer, 2001). An application of this theory in relation to the Lufthansa - Germanwings crisis can be demonstrated through the support shown to the community, a wider stakeholder group. The families of the victims were provided support, both financial and social, following the crisis. Another aspect of crisis communication in relation to stakeholder management is the evaluation of prioritized communication, as to whom the first point of contact is in a crisis situation. Another key takeaway can also be the way Lufthansa prioritized addressing stakeholders, by choosing to focus on the media first, which could be considered a secondary stakeholder group in this situation compared to the victims' families. In this way, the case highlighted the need to address a key secondary stakeholder. Lufthansa was open in disseminating information to the larger public through media and established open communication patterns, which ultimately led to effective crisis management of the entire situation.

Place Branding

A key development in corporate branding is the shift to 'place branding', which can incorporate branding of regions, cities and in the focus and scope of this case, countries as brands (Roper & Fill, 2012). A country's image results from its art, music, geography, history, and proclamations, amongst other features (Kapferer, 2012; Kotler & Gertner, 2002). In a modern day and age, place branding can be leveraged to provide a competitive advantage for governments who compete for resources, tourism, investments and sports events. Whilst it may be considered difficult to gather consensus on what the core brand values are for a certain place, it is certainly growing in importance. This is highlighted through the development of place branding in both managerial and academic developments, such as specialist literature journals (e.g. Journal of Place Management and Development). It is a well-established mentality that a 'made in Germany' label on a product is commonly regarded to be of high quality, mainly due to the reputation that Germany has as a world-class exporter and manufacturer (Kotler & Gertner, 2002). It can be speculated that the crisis involving Germanwings and Lufthansa, both being prominent brands from Germany and also

containing the actual word 'German', may have caused implications for the wider Germany as a country brand. A plane crash of this magnitude is likely to produce media speculation surrounding issues of quality, particularly before the full timeline of events was known to the general public. However, in practice, this is difficult to quantify and can only be left to one's own interpretation.

Brand Architecture

The brand architecture, or structure, is vital to a company's overall corporate strategy and business model (Kapferer, 2012). Appropriately structured brand architecture can better meet the demands of segmented markets and allows for best market coverage (Kapferer, 2012). Lufthansa's brand structure consisted of a mother brand, in this instance Lufthansa, paired with many daughter brands serving as regional partners; Swiss and Edelweiss Air, Austrian Airlines, Brussels Airlines, and of course both Germanwings and Eurowings (Urde, 2017a; Lufthansa Group, 2018). During the crisis, this brand architecture played a crucial role in mitigating the overall damage to the mother brand, Lufthansa. As the crisis situation involved a crash for Lufthansa daughter brand, Germanwings, minimal spillover effect could have occurred. There was the possibility that the majority of people did not automatically associate Germanwings with Lufthansa. However, the crucial action of Lufthansa CEO deciding to speak about the crisis and get involved in solving it led to a much greater risk of spillover. Although the consequences of this actions are still reflected today through, for example, Google searches for Lufthansa displaying Germanwings related crash on the first page, a crucial action regarding Germanwings was made to minimize these. During the start of 2016, the Germanwings brand was incorporated into its sister brand, Eurowings, which had been part of a long-term business strategy (Lufthansa Group, 2016). This re-branding decision was undertaken to fulfill a market-orientated approach to business (Urde, 2017b), as the demand for low-cost carriers was significant and Lufthansa, having spotted this opportunity, decided to capitalize off it and prevent further losses to their current approach. Whilst not specifically intended as a result of the crisis, the opportunistic move of re-organizing of the brand architecture, contributed to the reduction of the spillover effect in the long-term, as ongoing media publications after the crash referred to the Germanwings brand, while Eurowings searches display no relation to the crash.

Corporate communication

Corporate communication may be regarded as a strategic stakeholder activity and is used to influence the way stakeholders perceive an organization (Roper & Fill, 2012). A principal category for the use of corporate communication relevant for this case is regarded as 'strategic events', which is used when a crisis or disaster occurs. The corporate communication mix, in this instance, needs to consist of a fine balance between primary, secondary and tertiary communications in order to incorporate

messages from the CEO right down to media commentary surrounding the specific incident (Balmer & Gray, 1999).

Another key dimension that is necessary to address, are the different roles and tasks of corporate communication. Roper and Fill (2012) describe two separate levels of intended outcomes; functional and transitional. Of particular relevance to the Lufthansa - Germanwings case, are transitional outcomes, and in particular, the task of informing. This is defined as a formalized approach to the way an organization may deliver information to stakeholders, either through linear communication in which the organization is active and the stakeholders are passive, but also by engaging both the firm and the stakeholders (Van Woerkum & Aarts, 2008; Roper & Fill, 2012). Interestingly, this extends to discussion boards and virtual boards in order to deliberately provide a forum for dissent (Roper & Fill, 2012). When examining the communications made by Lufthansa and Germanwings, an observation that can be made is the fact that the company leveraged on utilizing a discussion board, or virtual board, highlighted through the fact that they provided information on their respective websites. Moreover, they made use of social media, namely Twitter, which allowed for the accurate and fast dissemination of information while allowing an active participation of the stakeholders. Further, Lufthansa combined the tasks of information and relating, by creating a dedicated website where messages of sorrow addressed through the hashtag, #indeepsorrow, would be posted as a way of commemorating those who lost their lives.

A further development of dimensions of corporate communication was outlined by Riel and Fombrun (2007), who identified three different broad types of communication, which are considered to be task-related. This includes marketing communication, organizational communications and most importantly, management communications, which is highly applicable to the Lufthansa - Germanwings case. Management communications encompassed messages made by managers, such as a CEO, to communicate a message on behalf of the company. These messages are considered particularly significant by media as they are considered to be of symbolic leadership (Roper & Fill, 2012). Furthermore, messages made by a CEO may enhance a company's credibility and provides objectivity (Roper & Fill, 2012). This is applicable to the Lufthansa - Germanwings case, as a strategic decision was made by the CEO of Lufthansa to appear as the face of the crisis, in order to address the details of the incident. He had the task of portraying the image of the company and by addressing the media himself, directly and transparently, it conveyed this transparency to the company image.

Once the type of communication which is to be used is chosen, a key consideration to make is to establish how to successfully ensure that the corporate communication is effective. A number of criteria have been developed to ensure

effective communication, which includes form, style, timing and tone (Roper & Fill, 2012). When applying different style models of communication to the Lufthansa - Germanwings case, it is evident that a combination of both a public information model and the two-way symmetric model was used. The public information model is relevant as this approach seeks to disseminate truthful information in a one-way flow. This was seen to be used by the company as they ensured that the public was made aware of any available information as soon as the company knew details of the incident. An example of this is the transmission of information through updates, seen through the use of their Twitter account. Whilst there was little or no focus on persuasion, there was a focus on the provision of information, particularly to the victim's families and the media. Furthermore, a two-way symmetric model was also incorporated as the intent of the communication flow was considered to be reciprocal. A dialogue emerged between company representatives, particularly the CEO, and the media. An effort was made to ensure an unbalanced flow of information which allowed for questions to be asked regarding the details of the incident. Furthermore, transparency ensured that expectations were set as to how much information was readily available based on the timing of the events. Additional criteria also include timing and tone, which can also impact the message. In application to the case, a high level of formality and solemnity in the tone was used, and communication was delivered in a timely manner by company representatives and therefore these criteria were utilized in a manner which enhanced the corporate image in the crisis situation. However, Lufthansa can also be shown to have lacked in the content they communication in relation to timeliness. While the information was distributed in a timely manner, the content of the information lacked accuracy, weakness which offered other media outlets the opportunity to provide detailed information about the crash, before Lufthansa was able to confirm them.

Fombrun and van Riel (2004) suggest that reputation is developed and established around five key dimensions, which are outlined as visibility, distinctiveness, authenticity, transparency, and consistency. When focusing on the aspect of 'visibility', the logos, signage, and names are crucial as they signify the existence of the organization and reinforce reputational status and stakeholder attributes. Fombrun and van Riel (2004) state there is generally a strong connection between visibility, recognition, and reputation. The aspect of visibility can be applied to the case, seen through both Lufthansa and Germanwings intentionally changing the color of their logo on their social media accounts from the original colors to black and grey, after the crisis had occurred, to signal respect for the fallen victims of the crash. This coincides with the aspect of 'transparency', which serves to reduce uncertainty and increase trust. Through this action, the companies were able to create a visual identity which consumers could associate with, and evidently displayed a case of humility from Germanwings.

Finally, an evaluation of the different ways in which organizations reach stakeholders is crucial in order to understand the management of corporate communication. An important distinction to make here is that customers represent a major stakeholder audience, not only as they are current customers but may be future potential customers (Roper & Fill, 2012). If their attitude towards a certain product, service, or organization is unfavorable then they are unlikely to commit to a purchase (Roper & Fill, 2012). A crucial stakeholder also includes media, or the press, who generate information designed to capture the attention of customers. Much of this information is of high credibility as it is portrayed by opinion-formers and is therefore actively and willingly consumed by consumers. Key strategies which may be used by companies to address the media are both press releases and press conferences (Roper & Fill, 2012), both of which were orchestrated by Lufthansa during the crisis, as multiple press releases were issued. This included written statements by the company outlining information as it became readily available, and more importantly, could be confirmed. Furthermore, press conferences were used to go beyond just a written report, in order to convey the appropriate tone of humility and apology.

Crisis management

Brand essence and reputation reservoir

Stephen Greyser article on Corporate brand reputation and brand crisis management is highly relevant in the case of how Lufthansa managed their Germanwings crisis (Greyser, 2009). The authors consider that the most serious situations are the one related to the essence of the brand – most closely associated with the brand’s meaning and success. In the case of Lufthansa and the crash of their daughter brand Germanwings, the consequences associated with such an event and the perceived negligence that the company showed in relation to the screening of their pilots, as well as the endangerment (death) of passengers supposedly in their care, while priding themselves as one of the safest airlines (their brand promise), could have led to devastating consequences for their reputation. However, during the crisis, Lufthansa was able to not only frame this event (Roper & Fill, 2012) as an accident and a completely unavoidable mistake, but they were able to evaluate and understand the seriousness of this crisis towards their brand essence and could explain why Lufthansa, with the intent of addressing gravity of the situation, involved itself in the crisis that could have been owned by its daughter brand Germanwings. Lufthansa and Germanwings also appeared to recognize and prioritize the most relevant stakeholders, such as the media and the victim families, as stated in the stakeholder management section.

It can also be demonstrated how the company made use of Greyser’s third lesson, by communicating and behaving credible and appropriately considering the crisis

type. This case can also show that both Lufthansa and Germanwings had a strong “reputational reservoir” to draw from, as they managed to emerge from the crisis almost untouched in terms of financial performance. Trust can be considered to have been affected only in the very short-term, reflected in the very low decrease of Germanwings’ booking numbers, with Lufthansa booking numbers even remaining unaffected. Furthermore, this particular case can provide a perfect example of Greyser’s fourth lesson: CEO is the ultimate guardian of the corporation’s reputation, as Carsten Spohr, Lufthansa CEO ensure he was at the forefront of managing this crisis. However, a lesson also emerges from this case. As the face of the crisis, Spohr failed to contact the victim families personally, which sparked a negative response, showing how important it is to involve the face of the crisis at every step.

Six steps to preventing and managing a crisis

The article by Augustine (1996) on “Managing a Crisis You Tried to Prevent” details intensively about crisis management and can be effectively applied in the case of Lufthansa and the Germanwings crash. The author details six stages of crisis management presenting avoiding the crisis as the first step, where he mentions how can companies prevent a crisis by making a list of all potential trouble making things, consider the potential consequences and estimate the cost of prevention. As a high-profile company and a business operating in the airline industry, Lufthansa had previous experience with aircraft accidents, both due to human and technical error. It is therefore likely such a book of scenarios and variables, potential cost and consequences, exists in Lufthansa. However, it is worth noting the very special circumstance of this particular incident and its reflection on the public perception. While it can be deduced that Lufthansa was prepared for an accident, the likelihood of the company foreseeing the scenario in which one of their co-pilots intentionally crashes the plane to commits suicide is low and should be treated with enhanced caution and sensitivity.

Augustine identifies the second step as preparing to manage the crisis. Here, he discusses the importance of making a plan to deal with a variety of undesirable outcomes if disaster strikes it. Even though it is uncertain whether Lufthansa had or not a plan, the way they reacted can be more than telling they indeed had such a strategy in place beforehand. Although the incident falls between an accident and a preventable cluster (Roper & Fill, 2012) due to the co-pilot prior history of depression while enrolled in Lufthansa training programs, leading to a debate whether or not it was just an accident, is most than likely that the company had a prepared crisis management plan, as showed by the speed and appropriateness at which they communicated, the emergency flights and camp set-up for the victim families, and the emergency funding these families received combined with further compensations. Through these actions, it can also be shown how quickly the company was able to

recognize and act on the crisis. However, Augustine's fourth step of containing the crisis demonstrates just how difficult it can be to manage crisis situations, especially ones including unforeseen circumstances such as the Germanwings crash. The demand for the CEO to clarify an ambiguous and obscure situation, combined with conflicting advice on what message should be communicated regarding legal matters, makes the situation even harder to deal with. Although the case demonstrates that Lufthansa was very quick to act in communicating with the public about the crisis, the content of the information was lacking. Other news outlets were able to report details about the crash, while Lufthansa and Germanwings were still waiting to provide more information. Augustine argues for over disclosing, even at a risk of harming the company's legal position, as it will build credibility. Augustine also argues for a sense of empathy from the communicator, regardless of the legal consequences. On one hand, it can be demonstrated how Lufthansa employed this principle in the messages they communicated, continuously emphasizing the sorrow felt for the loss of life. On the other hand, Lufthansa had to endure a conflicting situation about who should be addressed first. They knew they needed to get the information out fast and that they needed to be the first one to tell it, however, that put them in the insensitive situation of communicating first through Twitter and addressing the public before addressing the victims families.

The crisis was coming to an end by the time the flight co-pilot was identified as the culprit for the crash. It can be demonstrated how Lufthansa enacted Augustine's fifth step and resolved the crisis by implementing the two-person rule for the cockpit, where minimum two people have to be present in the cockpit at a given time. Moreover, Lufthansa also began implementing regular check and mental health screening for their employees. In this way, they managed to transmit how committed they are to prevent such accidents from happening again. The company proactive attitude helped them recover from this crisis and diminish the impact on their reputation. It can also be deducted that Lufthansa was able to profit from this crisis through the elimination of the Germanwings brands. Although incidental to the previously decided strategic action of divesting the brand, Lufthansa was quick to react to the opportunity of making the decision faster, in the light of the tragic incident.

Stakeholder roles in crisis situations

This case can also be looked at from the perspective of stakeholder management in crisis situations. Roper and Fill (2012) detail in Chapter 12 of their Corporate Reputation book, what kind of roles stakeholders can assume in a crisis situation (**Exhibit 3**). It can be concluded the role of the hero and protector, in this case, was assumed by Lufthansa CEO, who was quick to take responsibility, communicate and help Germanwings out of the crisis. The victims of the crisis consist of not only the dead passengers and crew but also their families. These families were the ones

motivated enough to discover what had happened that lead to the crash, transforming the whole group organization into the villain when it was identified that the co-pilot who intentionally crashed the plane, has been trained by Lufthansa pilot school. After the crisis, these families assumed the role of the enemy, as they tried to perpetuate the crisis by opening a lawsuit against Lufthansa. Ultimately, the company was their own rescuer as they took decisive actions which helped them out of the crisis. It does not appear Lufthansa had any allies throughout this crisis.

Overview of Key Learnings

The discussion and the study of the crisis situation of Lufthansa and Germanwings should allow the reader and the audience to achieve several key learning objectives, presented below using the Bloom’s taxonomy of learning domain and displayed in **Table 1**.

Table 1 Key Learning Objectives

Key Learning Objectives		
<i>Remembering</i>	...how companies can best manage a crisis situation and how this affects their corporate reputation	Here: Lufthansa and Germanwings
<i>Understanding</i>	...how different techniques, methods and communicational models can be used to mitigate any reputational damage for a company as a result of a crisis	Here: Use key concepts from the teaching notes and the Corporate Brand Management and Reputation course.
<i>Applying</i>	...key corporate brand management concepts and models to frame and solve crisis situations which have possible impacts on corporate reputation	Here: Crisis communication, stakeholder management theory, strategy and leadership, human resource management, brand positioning, brand portfolio strategy and crisis management
<i>Evaluating</i>	...the way the crisis was managed and the results, both long-term and short-term	Here: The actions of Lufthansa and Germanwings, CBIRM and crisis management theories
<i>Creating</i>	...an action plan for crisis management and measures for reputation impact	Here: Construct crisis management plan based on “Compassion”, “Honesty” and “Transparency”

Discussion Questions

In order to achieve an engaging and thrilling discussion with the aim of accomplishing the learning objectives, is recommended that the presenter prepare the main question and assisting questions that will start and keep the discussion going. If specific questions deter the involvement of the participants, the presenter can follow

the broad themes of stakeholders, communication, crisis management (decisions), reputation and identity.

Main question

How should Lufthansa and Germanwings manage the crisis situation and how can it influence the corporate reputation of both companies?

The assisting questions play the role of guiding the discussion and leading towards answering the main question.

Assisting questions

- Who are the relevant stakeholders in this case?
- Who should communicate right after the incident and why?
- To whom they should communicate the details first? (considering the stakeholders listed from answering the first question)
- When should they communicate the details of the incident?
- What should be communicated regarding the incident
- How should they communicate the details regarding the accident in the first 72 hours of the crisis?
- What specific decisions can be directed towards the Internal and External stakeholders in the first 72 hours?
- What specific decisions can be directed towards the Internal and External stakeholders after the first 72 hours?
- How did this incident affect Lufthansa's reputation and how would you assess the impact?
- How do you think Lufthansa was financially affected by the crisis?
- What brand decisions should be taken?

The presenter can make a decision on the sequence and the amount of the questions that the target audience will be asked. However, a smooth transition in between the questions is recommended.

Teaching Suggestions

The following chapter provides suggestions related to unique techniques that can enhance the process of teaching. The aim is to propose interactive teaching approaches (e.g. media usage) and general teaching recommendations that will assist the presenters in the process of planning the presentation.

Pre-presentation and introduction phase

In the pre-presentation phase, if there are several presenters, it is advisable to divide the responsibilities. The main roles needed are two moderators and person writing down the audience's ideas. One of the moderators should also be in charge of tracking down the time. In situations in which the presenter is alone, then that person should aim to assume all the roles and responsibilities.

Moreover, it is advisable to provide all participants with an outline containing information on the case background, in order to ensure a more clear and better understanding of the case. The outline will be provided in an electronic format (before the day of presentation) and physical print (just before the start of the presentation).

Before the beginning of the presentation, the presenters should ask the audience to prepare name tags, which would help to a more effective and personal communication.

The use of media during the presentation is highly suggested as it will not only get the attention of the audience but also provide clear structure and add more to the spoken words. As examples of visual aids, the use of PowerPoint and video material that can show important moments from the incident and/or the management decisions of Lufthansa and Germanwings, presenting the case from different perspectives. Apart from the visuals, the presenters are supplied with speaker notes and detailed description on each slide. When the discussion starts it is advisable to use the whiteboard to compile the main key discussion points, providing the presenter with the opportunity to see the order of the ideas and to show the focus of the presentation. In the board plan section, the main points that are expected to be given during the discussion phase are outlined. Before starting the discussion, it is recommended to ask the audience if any questions have emerged so far.

Discussion phase

It is suggested that the discussion phase starts with asking the audience to assume the role of members of the Executive Board of Lufthansa. The participants should be divided into four categories, assuming the roles of Germanwings CEO and Lufthansa CEO, Marketing and Finance representatives. This is done with the intention to develop a more participative atmosphere in the room and incentivize the audience to consider and provide ideas from these specific perspectives.

The role of the case presenter is to facilitate and guide the discussion. He or she should keep a neutral position with the aim of not influencing the ideas and perspectives of the members of the audience. In order to maintain a flow of interaction, the presenter can write the main question on the board or maintain a visual on the

screen showing the question, to remind the audience their task in this specific case. Furthermore, it is important to keep a balance between the students that are more active and the others that have a more passive standpoint. An essential recommendation is to divide the ideas of the students into Challenges, Alternatives, and Actions, which are elaborated more upon in the board plan section. At the end of the discussion, the presenter can pick a voluntary participant to present a summary of the main issues and the negotiated managerial actions.

Concluding phase

If the discussion phase does not appear to come to an end, the presenter should moderate the atmosphere as to not exceed the given time and miss the opportunity to conclude the presentation. After the discussion phase is completed, the speaker should present the management decision of the company and ask for an evaluation of these actions from the audience. Once the public has given their opinion, the presenter should conclude by expressing gratitude towards the audience participation and engagement.

The main aspect to be defined in the process of the planning of a class presentation is clear view on desired objectives to be achieved. Therefore the presenter is advised to create a tentative board plan before the presentation. That board plan will gather the possible ideas and topics that could evolve during the discussion phase, guided by achieving the learning objectives established. According to Harvard Business School (2015), there are miscellaneous approaches to use the board in a case method teaching process. The approach applied to this case will be the problem solving approach, hence the board will be used to summarize the plan developed by the target audience to the challenge presented.

Board Plan

The board plan will consist of two parts. The first will display the relevant stakeholder for this case. The possible answers are shown in **Table 2**. This table will support the audience to provide input for the creation of the second board plan. The recommendation for second board plan is to create two tables containing three columns each, named Challenges, Alternatives, and Actions. The first table will relate to events that occurred within the first 72 hours of the incident (**Table 3**), while the second table will refer to actions that happened after the first 72 hours (**Table 4**). For an incident such as this one, the action taken within the first 72 can greatly influence the long-term results derived from how was the crisis the managed. However, impacts on reputation, identity, and financial performance are impossible to measure in a short-time frame, therefore, it is recommended to use the same familiar frame to assess these implications in a long-time perspective. The challenges segment consist of the

target audiences ideas for main issues faced through the prism of the different roles within the company. Moreover, the alternatives will show assessment of potential solutions. The actions will display the managerial decision proposed by the audience.

Table 2 Possible mapping of internal and external stakeholders

<u>Internal stakeholders</u>	<u>External stakeholders</u>
Employees	Media
Investors	Customers
Managers	Victim’s families
The executive board	The co-pilot’s family
	The public
	Government
	Competitors
	Community groups
	Germany as a country
	Partners (suppliers)

Table 3 Possible challenges, alternatives, and actions for the first 72 hours

Challenges	Alternatives	Actions
Lack of information	<ul style="list-style-type: none"> → Assemble a team of people to find out more information → Create a system for better information intake 	<ul style="list-style-type: none"> → Contact and request information from French Authorities → Communicate limited factual information about the crisis
Dissemination of incorrect information	<ul style="list-style-type: none"> → The company can become the main source of information → Let official authorities communicate on the incident → Be the first to communicate 	<ul style="list-style-type: none"> → Conduct a press conference as soon as possible with the amount of information known for the moment
Uncertainty of who in the company should communicate	<ul style="list-style-type: none"> → CEO of Germanwings → CEO of Lufthansa → German Authorities → French Authorities 	<ul style="list-style-type: none"> → Lufthansa CEO communicates through a tweet → Lufthansa CEO holds a short press conference → A long press conference is being held two days after the incident, where both Lufthansa and Germanwings CEO speak
Uncertainty of to whom should the company communicate	<ul style="list-style-type: none"> → Create a priority list with the involved stakeholders → Assess which stakeholders are a priority in this specific situation 	<ul style="list-style-type: none"> → Lufthansa seems to have priorities addressing their stakeholders in this way <ul style="list-style-type: none"> → Communicates first with the general public → Addresses the media → Addresses the families
Uncertainty of when should the company communicate	<ul style="list-style-type: none"> → Evaluate the impact of the incident and define the appropriate time → Communicate right after the crash → Wait until the incident has been addressed by others 	<ul style="list-style-type: none"> → First communication comes an hour after the crash (11:52) → To communicate during the day and the following days
Uncertainty of what should be communicated	<ul style="list-style-type: none"> → More details about the incident → Appeal to emotional side of the problem → Only facts 	<ul style="list-style-type: none"> → Communicate to families of victims and provide transportation and compensation → Communicate how can Lufthansa be reached by people interested in the crash

	→ Compensations	→ Communicated rumors of the crash → Confirmed rumors of the crash → Confirm accident responsible → Expressed sadness and sorrow for the deaths
Uncertainty of how should the company communicate (channels)	→ Through press releases, press conferences, social media → Through media outlets → Updates on company website	→ Update their company website with information about the incident → Organized a press conference and engaged with media outlets to convey information → Provided additional factual information through press releases → Posted tweets
Uncertainty about what decisions should be taken towards Internal and External stakeholders	→ Internal restructuring with particular focus concerning CEO, Executive Team, Board, etc.	→ Kept the internal structure as is with no major changes at top level management
Costs (e.g. getting victims families close to the incident)	→ Do it immediately! The more time in waiting the most costly it will become.	→ Provided both transportation and compensation to victims families

Table 4 Possible challenges, alternatives, and actions for after 72 hours

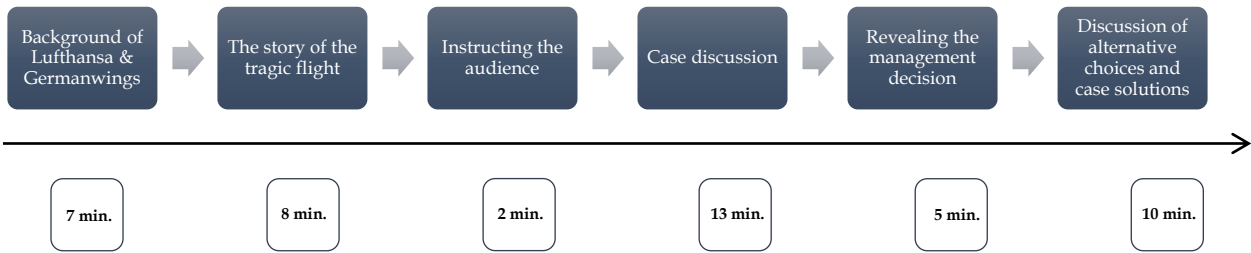
Challenges	Alternatives	Actions
Impact on country's reputation	→ Conducting a press conference by Germany leaders → Lufthansa to support the consequences of the impact → Do not react and keep a low profile	→ The chancellor of Germany Angela Merkel addressed the public by expressing her condolences, on the same day of the crash.
Uncertainty about what decisions should be taken towards Internal and External stakeholders	→ Internal restructuring with particular focus concerning CEO, Executive Team, Board, etc. → Address specific legislation to adhere to regulatory bodies e.g. government	→ Change in laws regarding mental health checks
Impact on corporate reputation (brand essence, core values, upcoming lawsuits)	→ Change core values, company mission, company mission → Change company logo	→ Changed company logo colors to grey temporarily to showcase condolences to the victim's families
Assess financial impact of crisis (share price, costs, upcoming lawsuits)	→ Engage legal team and prepare them for possible lawsuits → Track share price of company after the crisis had occurred → Evaluate sales of services to assess any damage to consumer perception of company	→ Released press release for stakeholders to convey current financial position, and future projections of the company → Analysis of deferred costs (future costs) that will occur as a result of insurance and compensation payouts
Branding decision regarding daughter brands	→ Strengthen brand identity → Repositioning → Rebranding → Sell or divest brands → Absorb the brand	→ Eventually incorporated the Germanwings into Eurowings, however it must be noted that this was a long-term strategic decision, not strictly a brand decision as a result of the crisis

Time Plan

Additionally to the expected outcomes from the discussion with the audience, a prediction of the time needed for this presentation is also important. A time plan would provide the presenter with an overview of how much time is needed for each part, ensuring all the material is covered. **Figure 2** shows the proposed time plan with the approximate distribution of time for every section. The total amount of time given

is 45 minutes. Concerning the background information about Lufthansa and Germanwings, it was assumed that majority of the people have previous information about both companies therefore only essential information concerning the case was included. It is recommended to adjust this time with respect to the specific audience and therefore, the presenter should consider gaining a preliminary understanding of his or her audience. The time plan continues by presenting the story of the beginning of crisis by presenting the incident leading to it. Before entering the discussion phase, the audience will be asked the management decision question and instructed to assume different roles. That is followed by the discussion phase, based on asking the assisting the assistant questions or following the recommended themes in order to generate possible Challenges, Alternative, and Actions. Subsequently, the management decision and the specific actions taken by Lufthansa and Germanwings will be revealed. The last part of the presentation will be used to discuss alternative choices and solutions that the companies could have taken.

Figure 2 Proposed time plan



Epilogue

The key learnings of this case are to learn how to deal with a crisis situation and understand how it can impact the reputation of a mother and daughter brand. Even for a company like Lufthansa, that had previous experience with aircraft accidents, it was hard to foresee the scenario in which a Lufthansa trained co-pilot crashes the plane purposefully. The case also shows that having a strong brand identity in place and strong reputation reservoir can help in situations of a crisis. It is also worth noting that being prepared and communicating appropriately in a pressing situation can make or break the outcome of the crisis. However there are minor actions, like the prioritization of the stakeholder from a communication perspective or the fact that the CEO, as the face of the crisis, did not address the families of the victims personally, that should be carefully considered. Even a minor issue, that is not managed can lead to an amplification of the crisis, therefore all decisions made by the company should be implemented with caution and sensitivity.

The detail and depth of this case allow it to be used as a basis for brand and reputation management teaching, and also other business topics such as general management, communication management, stakeholder management, and human resources management. The broad scope of this case caters for interesting discussion and analysis.

Reflection

A deliverable requirement from the BUSN35 Corporate Brand Management and Reputation course at Lund University was to not only write but present, a management decision case which encouraged fruitful discussion amongst fellow class students. With a group of three students, possible brand management cases were formulated based on former real-life managerial problems within the business world. The process required a formal supervision with Mats Urde, academic professional, and professor of the course, in order to decide on a case which would be best suited to present to the class. The case of the Germanwings' crash was chosen as a topic based on its many underlying facets, engaging event timeline and successful mitigation of reputation damage by the company.

Thrilled by this opportunity, many group meetings were organized among us throughout the duration of the course in order to dedicate enough time into the case, with the overall goal to create a meaningful and in-depth assignment. The case proved challenging at times, in regards to capturing a true case discussion and problem formulation approach. Based on the nature of events and the desolate outcome for the flight's passengers, it naturally stirred up emotions. Furthermore, the vast amount of heavily opinionated articles and news stories regarding the case made it was important to keep an unbiased approach to our analysis and case formulation. The frequent group meetings and study discussions with other student groups ensured our assignment stayed on track and captured all details of the case. Whilst writing our case the visual presentation was conjointly made on Microsoft PowerPoint as details progressed to ensure a fit and synergy between the written case and the presented case. This presentation was practiced thoroughly to ensure smooth transitions between sections and to practice our timing.

It has to be stated this assignment was extremely beneficial as it not only allowed us to practice key presentation skills in a case environment but allowed us to improve managerial capabilities and problem-solving skills. It feels that these learned skills will be highly important and relevant in the context of business management, and the learnings from this course will be leveraged in the application of 'real life' business problems during future employment.

References

Augustine, N. (1996). Managing the Crisis You Tried to Prevent, *Harvard Business Review*, [e-journal] November-December, Available through: LUSEM Library website <http://www.lusem.lu.se/library> [Accessed 15 February 2018]

Balmer, J., & Gray E. (1999). Corporate identity and corporate communications: creating a competitive advantage, *Corporate communications: An International Journal*, [e-journal] vol. 4 issue: 4, pp. 171-177, Available through: LUSEM Library website <http://www.lusem.lu.se/library> [Accessed 15 February 2018]

Fombrun, C. J., & van Riel, C. B. M. (2004). *Fame and Fortune: How Successful Companies Build Winning Reputations*, New Jersey: FT Prentice Hall

Freeman, E. (1984). *Strategic Management: A Stakeholder Approach*, Boston: Pitman

Freeman E., & Gilbert R. (1987). *Managing stakeholder relationships, business and society: Dimensions of conflict and cooperation*, Lexington MA: Lexington Books

Greyser S. A. (2009). Corporate brand reputation and brand crisis management, *Management Decision*, Vol. 47, Issue 4, pp. 590-602. Available online at <https://www.emeraldinsight.com/doi/abs/10.1108/00251740910959431> [Accessed 10 February 2018]

Kapferer, J. N. (2012). *The New Strategic Brand Management*, London: Kogan Page Ltd

Kotler, P. & Gertner, D. (2002). Country as brand, product, and beyond: A place marketing and brand management perspective, *Brand Management*, [e-journal] vol. 9 no. 4-5, Available through: LUSEM Library website <http://www.lusem.lu.se/library> [Accessed 4 March 2018]

Lufthansa Group. (2018). *Company Portrait*. Available Online: www.lufthansagroup.com/en/company.html [Accessed 10 February 2018]

Lufthansa Group. (2016). *Annual Report 2015* [pdf] Available at: <https://investor-relations.lufthansagroup.com/fileadmin/downloads/en/financial-reports/annual-reports/LH-AR-2015-e.pdf> [Accessed 10 February 2018]

Roper, S., & Fill, C. (2012). *Corporate Reputation: Brand and Communication*, Essex: Pearson Education Limited.

Ulmer, R. (2001). Effective Crisis Management through Established Stakeholder Relationships, *Management Communication Quarterly*, [e-journal] Vol. 14, Issue 4,

Available through: LUSEM Library website <http://www.lusem.lu.se/library> [Accessed 4 March 2018]

Urde, M. (2017a). Lecture 5: Business-to-business branding, BUSN21, PowerPoint presentation, LUSEM Lund University, 12 September 2017

Urde, M. (2017b). Lecture 10: Brand Orientation and Market Orientation, BUSN21, PowerPoint presentation, LUSEM Lund University, 4 October 2017

Urde, M. (2018). Lecture 4: Corporation Brand Management and Reputation, BUSN35, PowerPoint presentation, LUSEM Lund University, 30 January 2018

Urde M., & Greyser, S. (2016). The Corporate Brand Identity and Reputation Matrix - The case of the Nobel Prize, *Journal of Brand Management*, [e-journal] vol. 23, Available through: LUSEM Library website <http://www.lusem.lu.se/library> [Accessed 4 March 2018]

Van Riel, C. B. M., & Fombrun, C. (2007). *Essentials of Corporate Communication*, Abingdon: Routledge

Van Woerkum, C & Aarts, N. (2008). Staying connected: the communication between organizations and their environment. *Corporate Communications: An International Journal*, [e-journal] vol. 132, pp.197-211, Available through: LUSEM Library website <http://www.lusem.lu.se/library> [Accessed 28 February 2018]

Appendix

Exhibit 1 Corporate Brand Identity Matrix (Urde & Greyser, 2016)

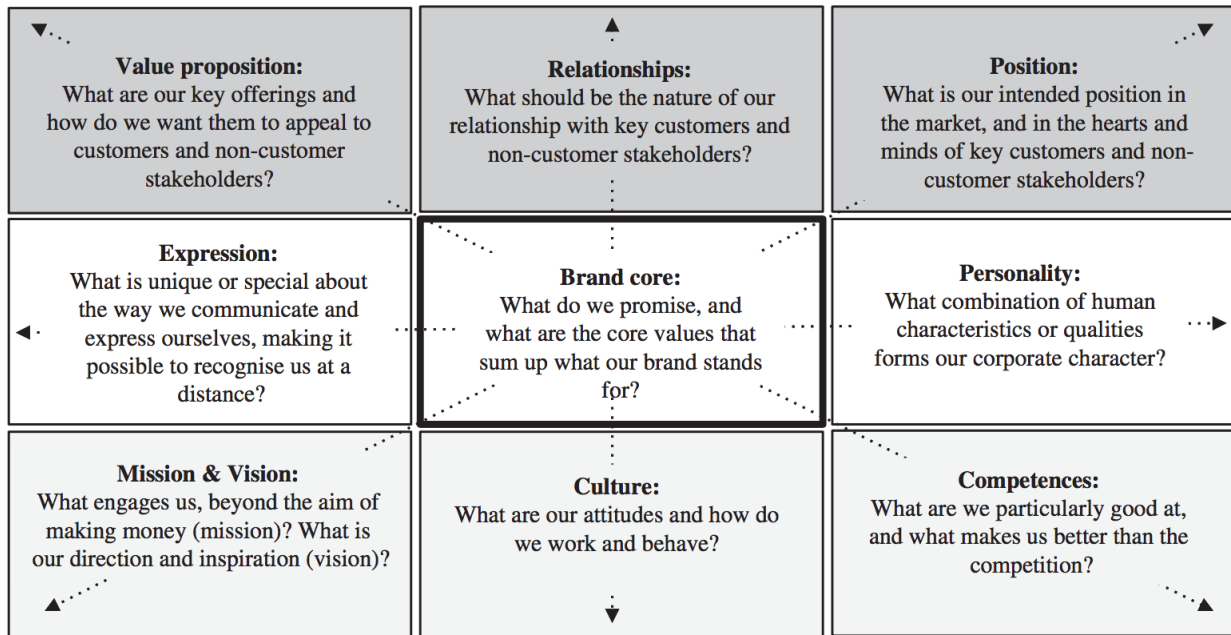


Exhibit 2 Corporate Brand Identity & Reputation Matrix (Urde & Greyser, 2016)

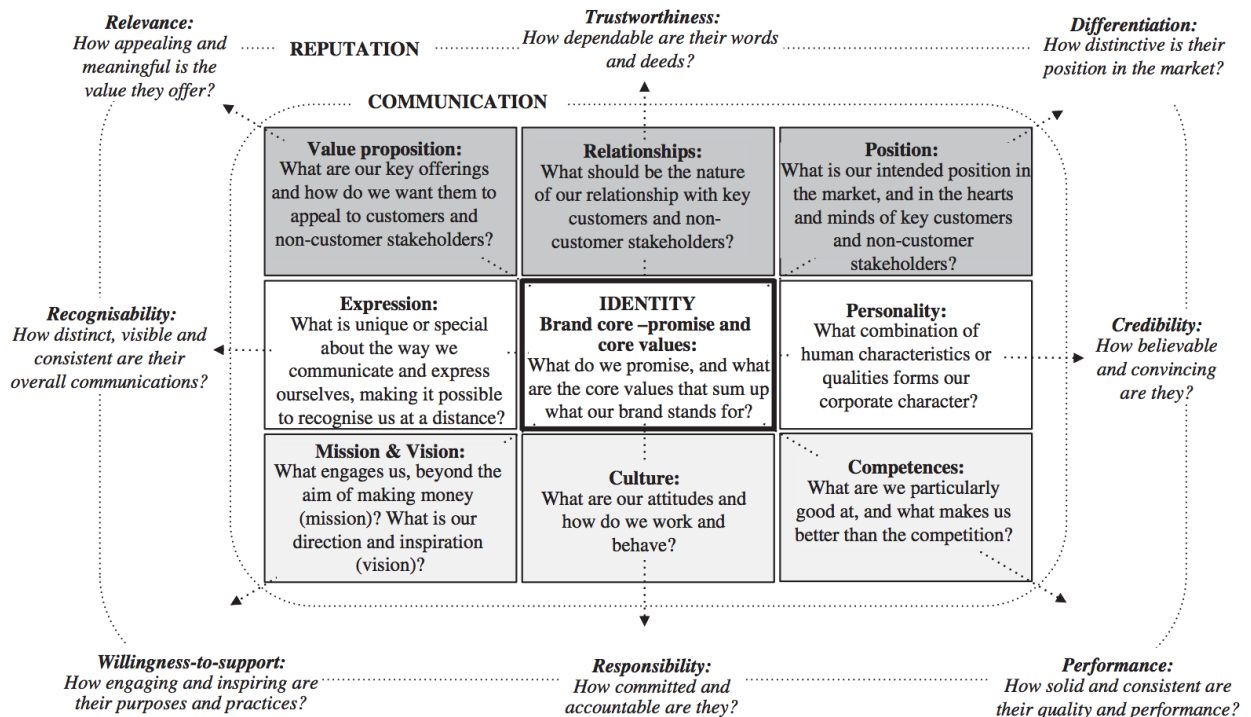


Exhibit 3 Stakeholder roles in a crisis situation

Table 12.3 Roles assumed by stakeholders during a crisis

Stakeholder 'crisis' role	Explanation
Rescuer	A stakeholder organisation that provides a solution or which saves the organisation by terminating or abating the crisis. This can be achieved directly through collaboration and skills, an injection of finance, by opening new markets, or perhaps alleviating pressures of regulation and legislation. Very often finance companies, tax authorities and management buy-outs are perceived to rescue organisations.
Hero	A stakeholder organisation that achieves fame or notoriety as a result of making claims or acting on behalf of the stricken organisation. Heroes might emerge as a result of speaking out on behalf of the crisis organisation, avoid compiling further pressure or buy a part of the crisis-torn business. Again the tax authorities can be in the hero role if they withdraw or postpone claims, enabling the crisis organisation to continue trading.
Victim	Victims are other organisations that suffer financially, lose customers or market share, or endure reputational loss as a result of the crisis that the victim did not instigate. Suppliers are often victims of their customer's crisis.
Protector	An organisation that shields the focus organisation, rallies support during the crisis and works with the media to present another side of an argument or issue. Legal and public relations practitioners have the potential to protect an organisation in crisis.
Ally	An organisation that provides support during the crisis and shares the views and opinions of, or acts in a similar way to the organisation in crisis. Alternatively, an ally might try to explain the reasoning for the actions taken originally that may have led to the crisis. Trade unions and employees can act as allies on behalf of the crisis organisation.
Enemy	An organisation that brings about the crisis or maintains hostile and aggressive actions, with a view to perpetuating the situation in order to ruin the crisis-ridden organisation.
Villain	A villain might be the organisation generally perceived to have caused the crisis (e.g. an oil company negligently causing an oil spill) or an organisation regarded as having engineered the situation that led to the crisis (e.g. a bank calling in a loan that leads a company to collapse and creates redundancies). In some cases the villain may be seen to be an individual, often the CEO, a negligent employee, or ruthless politician.