

Ryanair - Destination Unknown

MANAGEMENT DECISIONS

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Reactions and Decisions

Reaction towards the public

The initial reaction from Ryanair towards the public was to host an emergency press conference. The press conference was broadcast live on a host of news channels including the BBC and Sky news. Michael O'Leary fronted the press conference, in a change to Ryanair's recent strategy of moving him out of public view and using Kenny Jacobs as the face of company. "This is our mess up and when we make a mistake in Ryanair we come out and explain why we have made the mess and pay compensation to those affected passengers" explains O'Leary. He goes on to say "On behalf of everyone in Ryanair and myself, I want to apologise. We will try to learn from the mistakes we have learnt in this case". This was a very honest Michael O'Leary and one that had a more mellow and genuinely apologetic tone than he had previously shown.

Management decisions

Ryanair's first priority was to release lists of the flight cancellations in order to stop people worrying that their travel plans may be affected. O'Leary explained that although 700,000 customers would be affected it only accounted for two percent of the overall passenger numbers.

Secondly Ryanair would immediately contact all those affected customers and would be offering alternative flights or a refund along with \$40 for the inconvenience. However, some of the alternative flights were not until days after the cancellations and left a number of passengers stranded. O'Leary also said customers would be able to claim EU compensation, which would cost the airline \$20 million. However, the lack of transparency around how passengers could claim their EU entitlement caused the government and Civil Aviation Authority to threaten the company with legal action. Ryanair were slow to respond and eventually agreed to cooperate with the CAA after a huge public backlash. This had all the attributes of the old Ryanair and they appeared to only comply once legal action was threatened.

The next phase included sorting out the rostering issues as "there should have been an early warning procedure in place for any upcoming operational issues". In the press conference O'Leary announced Michael Hickey, Chief of operations would be resigning with immediate effect. With Hickey at fault for the rostering case this was a good way of reassuring the public and shareholders that they were dealing with the issue. Peter Bellew, a previous member of the Ryanair management team replaced him and instantly set to work to sort out the mess. Going with a tried and trusted member of the old management team would also suggest a move back to the Ryanair of old.

Finally, Ryanair pressed ahead with its always getting better strategy promising that they would learn from the mistakes of this crisis. Throughout the crisis O'Leary

continuously mentioned it would continue to offer the lowest fares re-emphasising Ryanair's core value.

Leveraging the negative reputational reservoir

The airline always delivers on its promise of low fares and this is always emphasised in all of its marketing and in all of its value propositions. The crisis for Ryanair in many ways was positive as it allowed O'Leary to leverage the negative reputational reservoir which Ryanair has 'worked' so hard to create. O'Leary even acknowledged in the press conference that "there is clearly a reputational issue as a result of these cancellations, but we will try and do better in the future". He didn't seem to be too concerned, knowing that the reputation is consistently ranked as one of the worst in Europe. The crisis allowed Ryanair to use the poor reputation to remind customers that even with the improved customer service, the low-cost promise is at the heart of everything that it does and therefore people should still have no expectations. Bringing O'Leary back to deal with the crisis signalled that Ryanair where leveraging O'Leary's poor reputation in order to take the emphasis away from the airline and put the crisis on the CEO. This is a learning point for other organisations to use anything at their disposal in order to take emphasis away from the organisation.

The sensational growth in passenger numbers, would suggest that the management team were not fully prepared and a basic rostering issue of a billion-dollar business highlights this. Therefore, another positive effect of the crisis Ryanair to implement new processes and reshuffle management to respond to the growth. The Ryanair crisis resulted in an increase in passenger numbers and profits underlining how a crisis can sometimes be a good thing. In a wider management context, organisations can learn from Ryanair and use a crisis in order to put the brakes on and reset certain things that will benefit them in the long run.

To be continued?

As this issue further develops, it is unclear what the long-term effects will be for Ryanair. Ryanair's current actions make it seem as if they are partially reverting back to their old way of doing things, which makes it seem as if Ryanair itself is not entirely sure about which direction it wants to take. Whatever the case, the actions taken by Ryanair so far do have the potential to create uncertainty amongst some of their stakeholders. Thus, making it more difficult for Ryanair to have a clear position and identity. Nevertheless, only time will tell.