

**United Airlines:
With Great Power Comes Great Response-ability?**

MANAGEMENT DECISIONS

Management Reactions and Decisions

CEO Actions: Apology Statements

One day after the incident (i.e. April 10, 2017), Oscar Munoz, CEO of United, published a statement declaring that the incident was “upsetting” and he apologised for “having to re-accommodate” customers for overbooked flight 3411. Later on the same date, Munoz circulated an internal email to employees, claiming that removed passenger was “disruptive and belligerent” while affirming that employees “followed established procedures” in the incident.

However, the public reacted negatively for the words used in the first public statement and the internal email was leaked out and reported by CNBC. A second public statement by Munoz was released on April 11, 2017, expressing his apologies for what happened and United would conduct a thorough review of the incident and would communicate the review result by April 30, 2017.

Company Actions: Compensation and Changes in Policies and Procedures

United confirmed to media that passengers on the flight 3411 would receive refund for the costs of their tickets on April 12, 2017.

The Company announced that it reached undisclosed agreement to settle the case with the removed passenger on April 27, 2017. On the same date, United also announced the investigation result for the incident, including (i) the process for how to conduct involuntary denied boarding, (ii) what it has done wrongly in association with the incident, (iii) objectives set for changing its policies and (iv) the changes made or to be made for its policies.

Overall, the Company reported that the involuntary denied boarding process is automated based on criteria such as fare class, type of itinerary, frequent traveler status or customers with special needs (e.g. disabilities). And the process is not subject to discretionary choice.

Additionally, United admitted inappropriate handling procedures associated with the incident in below areas:

“...calling on law enforcement to assist with policy enforcement when a security or safety issue didn't exist...

...rebooking crew at the last minute...

...offering insufficient compensation and not providing transportation/destination options to entice more customers to give up their seats willingly...

...providing insufficient employee training and empowerment to handle a situation like this...”

Through changing policies, it aims to be more customer-focused, avoid putting customers, employees and partners into impossible situations owing to policies

where the Company could control, as well as reduce involuntary denied boarding incidents to as close to zero as possible.

Such policy changes include

“...limit use of law enforcement to safety and security issues only...

...not require customers already seated on the plane to give up their seat involuntarily unless safety or security is at risk...

...increase customer compensation incentives for involuntary denied boarding up to \$10,000...

...establish a customer solutions team to provide agents with creative solutions...

...ensure crews are booked onto a flight at least 60 minutes prior to departure...

...provide agents with additional annual training...

...create an automated system for soliciting volunteers to change travel plans...

...reduce its amount of overbooking...

...empower employees to resolve customer service issues in the moment...

...eliminate the red tape on lost bags...”

Board of Directors Actions: Change in Future Employee Incentive Plan and Employment Terms for CEO

United Continental Holdings Inc., the holding company of United, announced that it was revising 2017 compensation programme to drive improvements in customer centricity and designing adjustments to ensure employees' incentive opportunities would be directly linked to progress in improving customer experience on April 21, 2017.

In addition, the employment agreement with Munoz, CEO, was amended where Munoz has initiated to remove the provision about his future appointment as Chairman of the Board and to leave the decision to the discretion of the Board.