

One-on-One with Jeff Potter | CEO of Frontier Airlines



A few weeks ago I sat in Phoenix, waiting for my Frontier flight home, and another passenger started a conversation about airlines, "I used to fly a different airline all the time - I travel for work a lot - but now I just fly Frontier. Their attitude is so much better. Everyone -from the flight attendants to the counter staff- they always seem to be happy and willing to help. Not like the other guys."

I've heard this story many times over the past few years. And it's true. I was flying Frontier the day they switched over to a new computer system. As predicted in an e-mail sent by Frontier several days earlier, lines were long and patience was short. I saw Frontier executives passing out doughnuts to staff and passengers alike. The "frizzle" quotient among Frontier staff was low, and people were helping each other left and right. It was almost like I had walked into a mass-team building exercise where they were being graded on cooperation, helpfulness, and patience. Maybe I had.

BLUE: I was so impressed with your staff. They were doing everything they could to make the day easier for the passengers. I think people were a little frustrated, but they were very understanding and it had everything to do with how your staff dealt with that transition. So my question is, how do you create a culture of positive attitudes and helpful client service?

Potter: Well, it's a good question. I think when you go back to the start of this company, the original President was a guy named Hank Lund, and then of course Sam Addoms, and then myself. I think it was something that began very early and I know Hank and Sam would agree when I say that the type of culture we have here is surprisingly open. It can't be started at the top. You can certainly set a foundation. I think the old cliché - management by walking around and walking in other folks' shoes at an executive level - goes so far that the employees understand that you understand what they're going through.

On the day that you were traveling, this building (headquarters) darn near emptied. It wasn't only executives, it was a vast majority of the employees here. A good part of the employees knew that there was a need and they'd pick up and go. Sometimes we solicit volunteers over holiday periods, that type of thing, but most of the time you don't even have to do that. People just do it. You hear terms tossed around like "empowerment" and, while that's important, ownership is probably a better characterization. I don't mean financial ownership. I mean giving folks the knowledge and the background that they own a particular situation and they use their best judgment. What's so impressive about this organization, from my standpoint, is that it's almost an iterative process. It drives upon itself over the years and it just continues to grow to where now it's almost expected. We would never go out and say we expect you to be at the airport, but I think it's something we expect of each other.

BLUE: What do you do as a CEO that perpetuates a culture of client service?

Potter: Well, in my case, and in the case of someone like a Sean Menke, our COO, people know that we started in the “stations”, and we’ve been in front of the customer. I was a ticket agent. Sean worked on the ramp for another airline. It says something that you’re not sitting behind four walls in an office building away from the action; you’ve been there, and you don’t shy away from going over and helping when the need arises.

BLUE: How do you think the culture at Frontier is different from other airlines?

Potter: I think that the employees here have a sense of pride, and once again, a sense of ownership. They believe in what we are doing. They enjoy what they’re doing. I think a lot of it has to do with being very open communicators, and that leads you very quickly to a position of mutual trust.

BLUE: Is there a story that is emblematic of Frontier’s culture or values?

Potter: The blizzard of '03. Financially, it was very painful, but probably one of the moments that I was most proud of the organization. We knew a snowstorm was coming in; we all packed up. I had sleeping bags in the car and my wife put together care kits and movies. We rented hotel rooms for the employees because we knew it would probably be a couple of days. We didn’t realize it would be three to four days. We did a great job of preplanning. We had operational calls anywhere from four to six times a day and those calls were led by the Director of Stations. I could sit back and listen in on how every single person within the organization had prepared their specific departments. I think the part that was so impressive was that we would hear, “well, we’re short people down at the ticket counter, we can’t even get people here,” then you’d hear someone pipe in, “Well, okay we’ve got some people out here on Concourse A, we’ll send them to the ticket counter,” that type of thing. It was very well executed. I think our customers understood that we were going out of our way trying to get them to their destination, and it was really, really impressive. Other airlines serving the airport were, as it turns out, somewhat ill-prepared for the situation. Our employees even ended up digging out one of United’s airplanes.

BLUE: Does Frontier do anything in its training or in its institutional life to help instill your culture?

Potter: You create a foundation; you create a sense of openness. From my perspective if you’re accessible, as most people in the organization are, you know that if an aircraft cleaner has got a suggestion and they want to come see me, they can come see me. It happens a lot.

In orientation, it is instilled just by talking about it. I talk to most of them. Also, our bar of expectations for ourselves is much, much higher than I think anybody would expect of us, so we’re our own worst critic.

Joe Hodas, Frontier Communications Director: We knew that at the pace that we were growing, at some point the message gets diluted. The things that you try to maintain within a culture somehow get disrupted because you are growing so quickly and people just don’t recognize or fully embrace it. So, we put together mission, values and promise statements. It would probably surprise you because you would think a company with a culture as strong as ours would have had that already. The culture was really word of mouth; people just embraced that culture without actually putting it in writing. At that point in time, however, after the growth we had seen, we felt that it was important to give people a vocabulary to talk to one another about the culture so that we could inculcate the next group of employees as they join Frontier.

BLUE: Let's move on to singing penguins and sarcastic rabbits. You guys have been very, very creative in your marketing and also in your operations. Frontier's promotions, in-flight television, and your own television network have set you apart. What's the role of creativity and innovation at Frontier and how does it go beyond marketing?

Potter: Well, I think the rule is, you always have to have an open mind. Once again I'll use a cliché: there's no such thing as a bad idea. You have to keep an open mind. We have to believe that you as a traveler are interested in a value proposition as opposed to the lowest price. As long as we commit ourselves to that, we'll continue to be pretty creative in trying to differentiate ourselves. I read something this morning about how challenging it is for airlines because it is a commodity. You fly from point A to point B; you have very low expectations, and that's what you're looking for. I don't believe that. I think you can get from point A to point B, be welcomed with a smile, nice service, good product and still with very good value.

It's broader than just marketing. It is an extension of being an owner vs. being empowered. It's allowing people, as leaders, to think on their own and push down some of that responsibility.

BLUE: What do you and your management team do to encourage creativity and innovation?

Potter: There are often times where individually you might have a group of people that aren't the most creative, including myself, but collectively can be very powerful, very creative, and very innovative. A process that not only empowers the individual but also encourages teamwork goes a long way to building the culture we have here.

BLUE: Do you have any innovations coming up that we can look forward to?

Potter: We have a big one coming up with our frequent flyer program. We can't fill you in on the details, but it will be innovative and different.

BLUE: We'll look forward to that. Like Holland & Hart, your footprint is based in the Rocky Mountain Region. Give me an idea of your opinion on the economic health of the region, how it's changing, and how that affects Frontier?

Potter: Well, my view of the economic environment in Denver and Colorado is that it's been fairly sluggish over the last couple of years, a little bit more so than the national average. For this organization, that just means an opportunity. I do think things are picking up, and we've had just some absolutely stellar months over the last three or four months in terms of our load factor. The percentage of seats we fill has grown substantially year after year, and it's important for us because typically two-thirds of the passengers we carry are going to or from Denver. In many ways, it's directly related to the economic climate. During March and the summer months there's a lot of leisure travel. Based on what we've seen over the last several months and what we see in terms of bookings, it looks like fairly good news. I think the airline industry, by the way, is a pretty good economic indicator.

BLUE: Why is it important for Frontier to be based in Denver?

Potter: It checks all the boxes for us. It's a nice place to live and work for the employees that work at Frontier. A big part of being happy at what you do is where you do it, and so we're thrilled with that part of it. It was a time and place that made a lot of sense for Frontier to earmark Denver as its place of operations and, as it turned out, it was a pretty sound decision. When you look at the (airline) traffic and you know that two-thirds of our traffic is coming to or from Denver, that's a critical component to our business. When we're out selling the company, one of the things we don't have to sell is Denver or the State of Colorado. It sells itself.

BLUE: That's great and that's evident. You and your marketing folks have done a great job of being a big community player in Denver. You're ubiquitous. Everywhere you go there's a Frontier sponsorship and I think that's been really good marketing.

Potter: Having your headquarters in a city and a state is one thing, but to be a part of that community is something that we really focused on over the last few years. I won't say we ever did a bad job of it, but we all knew that we could probably get a little bit better at it and so it's been a terrific part of the evolution of the company. It's fun to be involved. It's not only the right thing to do, but it gets employees jazzed up and gets them involved in things they're interested in and they know is important to the community. It's one thing to get beyond the financial commitments, but when you can get a group of employees out and help rebuild an adult facility and feed a Thanksgiving dinner and you have to turn employees away because you have so many volunteers, that says a lot about the organization.

BLUE: Yes, it does. We have a Foundation at Holland & Hart that primarily gives time. We focus on community service projects.

Potter: Most charities that I know of prefer that. They all need a financial commitment somewhere, but when they see folks getting involved, seeing companies getting involved with time, it's priceless.

BLUE: Could you tell me a little bit about your leadership style and what do you look for when you're hiring leaders at Frontier?

Potter: I try to find people that know their area of responsibility and it's facilitating the team. We've got a terrific staff from top to bottom here and given the flexibility, they come up with this innovation, this creativity that we talk about and what our customers see. There are points in time where it can't be a democracy and a decision has to be made. But most times everybody is on the same page. You can't run an organization by consensus but I think you can build consensus, and I think to do that you have to be fairly open. I think it's fair to say that I have a big ego. I just want, as a team, everybody to get this thing to work.

BLUE: Great. Finally, lawyers.

Potter: Yeah we have a couple here. We know about you guys.

BLUE: Not to get into any details, but what do you expect from lawyers and how has that changed over time?

Potter: It's only part of running an organization. Running a business has become so focused, so detailed that with Holland & Hart we need your expertise. The reason Holland & Hart has been successful in this relationship is you have the expertise and have taken the time to understand our business. It is important to understand our business. I would tell you it's just critical. You have to understand the airline business, you have to understand a lot about this organization and about Frontier in general.

When you have that under your belt, it demonstrates several things: It demonstrates a true interest on your part, and I think it allows our organization, working with Holland & Hart, to come up with some better solutions than we would otherwise. This is something that is asked of all our partners. You can say a "whole different animal" goes beyond just the tagline. We try to be different, we are different and we want people to work with us to understand that and understand why that is.

BLUE: What's the best way for somebody to understand more about Frontier?

Potter: Spend a day here. The comments I always hear are, "I can't believe how casual (in a positive way) and open this organization is!" The animals on the airplane tail characterize Frontier. They are more than just animals. They represent individuals and how each of us are different individuals. I think when you look at our in-flight organization, we don't go in and ask them to be funny, we don't ask them to do anything. We ask them to be themselves. When you fly on Frontier you have some people who are comedians; you have some that sing. It is part of their own personality and the individual personalities that make up this company.

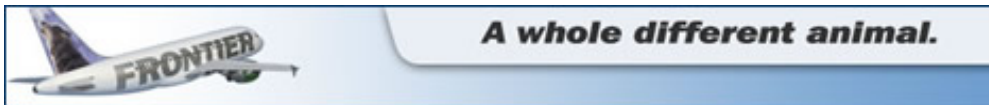
BLUE: You mentioned Frontier's values earlier. What are Frontier's mission and values?

Potter: Our mission is: We're in business to be the best loved airline and we will earn it one action at a time, no matter how big or how small, to create a different and better experience.

Our values:

1. We'll only become the best loved airline through safety and value.
2. People are priceless;
3. Respect the co-worker as a neighbor, a customer as a guest;
4. Trust; we're only as good as our word;
5. Collaboration; we're in this together;
6. Value; we don't charge for the extra mile;
7. Passion; this smile is real.

That's the mission and values.



Interview by Mark Beese, Marketing Director of Holland & Hart. (303) 295-8000.