



## FINAL ASSIGNMENT

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**Q.1:- Do you agree that good communication reduces uncertainty; in your opinion could it have saved Pan Am?**

Ans:- Yes, I agree that good communication reduces uncertainty because Effective risk communication can help people make informed decisions by providing structured ways to understand the uncertainties inherent in the choices with which they are presented.

So in my opinion it have saved the Pan Am by four steps of communication

#### **4 Steps to Effectively Communicate in a Crisis**

1. Gather the Facts:- Understand the situation, its components, results and future implications as much as possible.
2. Tell the Truth:- While you should work with your communications team on what information you will be sharing, whatever you share needs to be the unadulterated truth.
3. Plan Your Communications:- With the exception of FCC and/or regulatory requirements, all communication should be executed from the “inside out.”
4. Build Communication Skill:- No matter how successful the leader, there is one common truth — communication is a learned skill.

**Q.2:- Based on the case study do you think Pan Am was flexible in their decision making?**

Ans:- No, Pan am was not flexible in their decision making because Pan American World Airways, or "Pan Am," was principal international air carrier of the United States for most of its lifetime—first flying mail between Key West, Florida, and Havana, Cuba, in 1927. By the 1950s, Pan Am offered "around the world" service and its brand was as familiar abroad as Coca-Cola.

In the Jet Age, Pan Am faced growing challenges as international travel grew and U.S. airlines deregulated in the late 1970s. Pan Am increasingly competed with airlines expanding into foreign markets from extensive domestic routes. Attempting to quickly create a domestic system, Pan Am acquired Miami-based National Airlines in 1980. After selling most of its international routes to raise operating funds, Pan Am ended in bankruptcy in December 1991.

Pan Am was first with scheduled service across the Atlantic in 1939. Early routes to Germany and Western Europe dated to 1946 and American Overseas Airlines (AOA), the transatlantic division of American Airlines. Pan Am had purchased AOA from American on September 25, 1950, acquiring service to Amsterdam, Netherlands; Copenhagen, Denmark; Helsinki, Finland; and Berlin, Frankfurt and other cities in Germany.

**Q.3:- In your opinion where do you think they made a mistake that caused the failure to the airline.**

Ans:- For a while, Pan Am was the only company doing what it did with a technology advantage, a strong reputation for glamour and exclusive route authority. The airline enjoyed many advantages. This all changed after World War II, when competitors started competing for the same business. Pan Am kept up with its competitors for quite a while.

The downturn of Pan Am began with the 1973 oil crisis. Some of us remember people sitting in lines that wended down the road from gas stations where gasoline was rationed. Pan Am had already spent millions trying to keep up with the competitors. It had just purchased a fleet of Boeing 747s, assuming that the interest in passenger flight would continue to rise. Then the company was faced with skyrocketing fuel costs. The airline never did financially recover. It struggled with labor strife. PanAm attempted to stop the bleeding by selling off its Pacific routes and US domestic network. However, the downing of PanAm 103 in a terrorist attack and the Gulf War doomed the recovery efforts. PanAm finally went belly up on December 4, 1991.

One of Pan Am's initial problems was that it found itself in the post-deregulation 1980s with an inflexible and heavily unionised work force together with a mixed aircraft fleet of varying standards. This, coupled with the company's

management culture, developed during the secure regulatory years, was to prove to be a problem in the future.

In 1982, however, the environment within which Pan Am operated became more turbulent and hostile and the company's operations became the subject of fierce competition from the new deregulated airlines. This competition was particularly felt on the trans- Atlantic network which suffered heavily from the price war affecting these routes since 1981 (Donne, 1981; Pan Am, 1983). As a result of this intense price war, Pan Am was the target of a lawsuit from Laker Airways which alleged a conspiracy to price Laker Airways out of business through the operation of a cartel between Pan Am and other carriers such as British Airways, Air France and Trans World Airlines (Donne, 1982).

Acker's consolidation program enabled Pan Am to reduce its debts and post a loss for 1983 of \$US51 million, an improvement of \$us434million on the 1982 results (Pan Am, 1984). However, the impact of this restructuring was lessened as a result of a series of external factors which caused the company to continue to lose revenue.

**Q.4:- What can you generalize from the case study based on information, was it a group culture organization?**

Ans:- This case study is based on group culture organization because Organizational culture works a lot like this. Every company has its own unique personality, just like people do. The unique personality of an organization is referred to as its

culture. In groups of people who work together, organizational culture is an invisible but powerful force that influences the behavior of the members of that group.

Organizational culture is a system of shared assumptions, values, and beliefs, which governs how people behave in organizations. These shared values have a strong influence on the people in the organization and dictate how they dress, act, and perform their jobs. Every organization develops and maintains a unique culture, which provides guidelines and boundaries for the behavior of the members of the organization. Let's explore what elements make up an organization's culture.

Organizational culture is composed of seven characteristics that range in priority from high to low. Every organization has a distinct value for each of these characteristics, which, when combined, defines the organization's unique culture. Members of organizations make judgments on the value their organization places on these characteristics and then adjust their behavior to match this perceived set of values. Let's examine each of these seven characteristics.

**Q.5:- Write a summary of the case study and be more specific on what you understood out of this study.**

C risk management is a complex, highly inter-active process which necessitates a considerable degree of strategic thinking on the part of management before the onset of crisis event. Pan Am flight 103 serves to illustrate the complexity of the crisis

management process for organizations. The process of crisis management can be considered to occur in three phases; namely, the crisis of management, the operational phase and the crisis of legitimation. A number of models of the turnaround process have been developed within the literature. Whilst these models have been mainly derived for economic recovery, they still have implications for post-disaster recovery, of the type experienced by Pan Am after the Lockerbie bombing. It should be noticed that turnaround management can occur at the strategic or operational levels and can either be defensive or offensive. Effective turnaround strategies would draw upon such options to create a 'recipe' that was appropriate to the organization in crisis. In addition, it has been argued elsewhere that there are seven key elements which act in combination to create the potential for crisis. Pan Am was, for many years, the premier airline in the USA with a history of international travel stretching back to its foundation in 1927 by World War I navy pilot. In anticipation of the problems of deregulation, Pan Am had repeatedly requested the US government to allow them to operate a number of domestic routes. One of Pan Am's initial problems was that

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with an inflexible and heavily unionised work force together with a mixed aircraft fleet of varying standards. In 1982, however, the environment within which Pan Am operated became more turbulent and hostile and the company's

operations became the subject of fierce competition from the new deregulated airlines. 1983 saw the implementation of the company's restructuring programme; with an extensive plan for staff reductions and route revisions. Acker's consolidation program enabled Pan Am to reduce its debts and post a loss for 1983 of \$US51 million, an improvement of \$us434 million on the 1982 results. The following year started badly for Pan Am when its five labour unions decided to strike in retaliation to Acker's planned staffing and employment reviews. The year of 1986 began with terrorist activity, followed by the Chernobyl nuclear accident in the Soviet Union. Pan Am entered 1988 under the threat of sale to Braniff Airlines following the signing of a letter of intent between Braniff and Acker on 10 December 1987. The first crisis during turnaround On Friday, 22 December 1988, at 6.25 pm, PanAm Flight 103 departed from London. Second crisis during turnaround Events took another disastrous turn for the company when, in August 1990, Iraq invaded Kuwait. Finally, terminating any takeover bid by TWA, Pan Am applied for Chapter 11 Bankruptcy Protection in the US courts on 8 January 1991.