

JetBlue CEO provides advice for area business leaders

Lecture at OCC is the third for entrepreneur series

By: Kevin Tampone

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SYRACUSE - The airline industry is a "horrible" business, JetBlue Airways Corp. (NASDAQ: JBLU) CEO David Barger said during a talk Nov. 12.

Volatile oil prices, unpredictable weather, and flagging demand due to economic swings are just some of the hurdles JetBlue and other carriers have faced in recent months. And yet there are successes to be had as well, Barger said.

He spoke as part of the Famous Entrepreneur Series' third season. FES is a series of lectures by top CEOs and management experts aimed at sparking more entrepreneurship in the region.

Barger's talk at Onondaga Community College (OCC) drew several hundred people. JetBlue earned \$41 million in 2007.

The carrier, which currently flies from Syracuse's Hancock International Airport to New York City, Orlando, and Fort Lauderdale, lost \$4 million in the third quarter of 2008 and \$19 million through the first nine months of the year.

JetBlue is cutting its Syracuse-Fort Lauderdale route in January.

The topics Barger discussed included the following.

- **The economy:** The current state of the economy was one of the first things Barger mentioned. "It's a rather interesting time to be leading an airline in this economy," he said. The trickle-down effects of problems at other companies always hit airlines. If businesses are cutting jobs and cutting budgets, that's probably going to mean less travel. And if people are out of work, leisure trips will also probably decline.
- **Oil:** Despite the current decline in demand due to a slowing global economy, oil prices are still a major concern for airlines, Barger said. About 40 percent of the cost to move a seat one mile is fuel, he said during an interview before his talk. Oil prices have fallen lately, but the price of jet fuel is never far from the list of concerns. Barger did say that a broader economic downturn is probably a bigger challenge at the moment.
- **Fees:** Barger said airlines and their leaders are certainly aware of the reputation hit they take because of added fees. "We're the industry that nickels and dimes you to death, right?" he said. And even though many airlines blamed the recent spate of new fees on fuel prices, Barger said during his pre-lecture interview that

most of the fees are probably here to stay. "We struggle with it," he said of the fees. "An aviation ticket used to mean something a little different not that long ago." He added that customers are looking for openness when it comes to what they pay for a seat. "Don't hassle me," he said. "Just be transparent about what you're charging." JetBlue itself began charging \$7 for a pillow and blanket on flights longer than two hours, although Barger said there was at least one line he could never see his airline crossing. "Charging for a bottle of water? I just can't see JetBlue doing that."

- Advice for entrepreneurs: A good succession plan is one of the most important things any organization can have, Barger says. He became CEO in May 2007 when he took over for JetBlue founder David Neeleman, who had been CEO since 1998. Neeleman remained non-executive chairman of the company's board of directors until May, when he left to work full time on launching a new airline in Brazil. Barger had been with the JetBlue since 1998 as well and he said the close working relationship he had with Neeleman was a major reason for a smooth transition. "You don't want to surprise the organization," he said. "You need to have that transition planning in place."