

OSCAR MUNOZ BECAME CEO OF United Airlines in 2015, following 10 years as a member of the parent company's board. He brought a diverse background to the role, having held senior positions at telecoms Qwest and AT&T, consumer brands Coca-Cola and Pepsi, and freight transporter CSX. He was also the only Latino CEO of a major airline and one of only two among the Fortune 100.

Munoz took the helm at one of the most challenging points in United's long history. When he took over United, three of its senior executives had abruptly left as a federal investigation was unfolding over the company's dealings with New York Port Authority officials. Shortly after beginning his tenure, Munoz suffered a heart attack and was forced to undergo a heart transplant, raising further anxiety about the airline's future. Remarkably, he was back to work barely a week after emerging from a 12-hour surgery.

But the company's challenges didn't stop there. In 2017, a passenger video widely circulated on social media showed a passenger being dragged off an overbooked United Airlines flight by security. Within days, Munoz publicly apologized and announced a comprehensive plan to avoid any such situation in the future. He embarked on what he calls "a contrition tour, all over the world" to take ownership of the mistakes made and restore the company's reputation.

Over his four-year tenure, Munoz led United out of a period of disarray and decline back to its

United's former Executive Chairman and CEO talks to Brunswick's **JAYNE ROSEFIELD** about managing the airline's turnaround and hard-won lessons of leadership.



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respected position as one of the world's premier airlines, with strong operational and financial performance. He introduced a culture of caring at the company, with a genuine commitment to listening to customers and employees.

Stepping down in 2020, he transitioned to a one-year term as Executive Chairman, playing a key role in shaping United's business and culture during yet another challenging period. He left the company "in much better shape than the day he took the job," according to CNBC, passing a stronger, more resilient

Oscar Munoz, former CEO and Executive Chairman of United Airlines, was the first Latino to lead a major airline and one of only two in the Fortune 100.

airline to his own chosen successor Scott Kirby. Brunswick Partner Jayne Rosefield spoke with Munoz about his time as United CEO, the lessons he has learned over his career, and his views on the current challenges for corporate leadership in general. While he values decisiveness and a "proof, not promise" approach to leadership, he also seeks to empower individual employees to make critical decisions in the moment. Above all, he emphasizes the need for listening and sincerity to gain the trust of employees, customers and, ultimately, shareholders.

Shortly after becoming CEO, you embarked on a listening tour. What inspired that decision?

I would definitely recommend that. Find out what is really ailing the company. There's always reams of information from your consultants, from your senior leadership, from the street, and there's always folks telling you what they think you should do.

What we quickly learned is that our people had become disengaged, disenfranchised, disillusioned about their role. In a business that is all about people-to-people service, you just can't have that. At the end, I asked a flight attendant, "What are the issues that are troubling you?" She broke down in tears and she just said, "You know what? I'm just tired of always having to say I'm sorry."

That just really crystallized for me that our first step was going to have to be regaining the trust of our own employees. They need to trust us to provide them with the tools to provide the service that all of you have come to know from United.

When you're CEO, there are so many things that just don't come your way on their own. As has been noted by leaders of every stripe, easy problems will be solved earlier in the chain of leadership. People naturally try to put them in pockets where they'll fix them before they get to you. They don't want to bother you. When you speak to people directly, you find out some of those things. Collectively, those occasions build a level of trust so that when someone does need to talk to you, they can look forward to that conversation. It takes time, for sure. But we can make the time.

This is something I do normally. I was raised to be very focused on listening. Then you learn from what you've listened to. Only then can you act or lead. It doesn't take a lot of time to find some people who are affected or are going to be affected by something and say, "Hey, what do you folks think about this?"

Not every problem is one you need to fix. But you listen, and then say, "I hear you. I haven't heard the other side of it, so let me go figure that out." You have to hear both sides of the equation. Listen. Truly listen. Learn from that. And then lead.

Footage of a passenger being removed from a United plane in 2017 received national coverage and cast United in a bad light. What did that experience in particular teach you?

That you can't let policies and procedures get in the way of doing the right thing. I mean, it's just as simple as that. To be sure, there were so many complicated circumstances surrounding that issue; but, at the end of the day, what we all witnessed take

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place will inevitably come to represent you and your brand, and you need to deal with the negative public emotion and reception to that—squarely, honestly.

What you need to do quickly after that is react to it in the best way, the most truthful and most genuine way possible. There are ways to spin your way out of certain things. That's not who we are as a company and that's not who I am as a person. So when we went live on TV a couple days later, I just took ownership of it. We laid out 10 things that we were going to do in the next 30 days to change the trajectory and how we were going to work through it.

I never want to shy away from this question because I never want us as United Airlines to forget that that can easily happen. We fly 160 million people to 70 different countries, 24/7. When the unpredictable happens, that's the moment for our employees to shine; it's our responsibility as leaders to give our people the freedom to apply our values and do the right thing in the moment.

But responding quickly, taking ownership, being honest, drawing up an action plan—those are the things we did right at the time.

How did your employees, especially front-line crew, respond?

You know, it's taken some time. There are still pockets who would have wished that we had said more about the fact that it wasn't actually United Airlines employees who did that; it was another organization. Our employees would have liked to have felt more protected, defended. Why did we have to take all that grief? But as a result of the way we handled it—at first it was very significant news, but then it very quickly began to dissipate. Every conversation since then has been handled directly. It is important you just own it and move forward.

On any issue, the answer's always the same. Listen. Get the facts. Make the decision to own this or not. And when you own it, just own it fully. Let it be a learning moment for a lot of people, for the rest of their careers.

As a leader, how much of a role does preparation play—crisis playbooks, scenario planning, et cetera?

It's critical. When you have a crisis, you can't stop and wait to identify who's going to be in charge of this or that. When we made the decision to pull the Boeing MAX product down, I think five minutes passed and those planes were either grounded or, if they were in the air, grounded as of the next time they landed. That was the result of preparation. It

happened on a weekend. No crisis ever happens in the middle of the day when you're all in a room and you can manage it.

You have to lay out the structure and the levels of hierarchy and who makes decisions around what. If for some reason I'm not around, the next person in line makes that decision. And we give each other carte blanche to go do those things.

The other thing to remember—I used to work in a railroad organization where there were accidents sometimes. The first thing that you have to do is respond in public in a genuine, heartfelt way. If there's anybody injured or hurt in any way, you deal with that first. Plain and simple. We would say: We broke it, we fix it. No question, no other thought. You just get it done. And you give that clout, that authority, to all your employees.

When you reflect on your time as CEO and then Executive Chairman, are there any achievements of which you are particularly proud?

I think it would be the impact that as a leader you're able to have on another human being. Not

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Then-CEO Oscar Munoz speaks to United employees in a cut-out cabin during an emergency training session in 2018.

on a set of 100,000 human beings, which was the total number of employees in the company, but an individual person who just feels better about where they come to work because of you.

We are definitely leaving this place, I am leaving it, in a much better place than I found it. More importantly, the people who work here feel the same way.

How did your upbringing influence your approach to leadership?

I grew up with eight brothers and sisters—immigrant family; Mom and Dad, blue collar. We had a lot of love, not a lot of money. From a leadership perspective, you learn to share. You learn to collaborate. You learn to have empathy for others. Silly things like who uses the restroom first. You just need to understand and learn that you can't just demand things.

As a Latino household, the concept of *familia*—family—is an important one for us. It's really just caring for a lot of folks. I've dubbed our United organization my United family, our family. The new spirit of United is all family oriented.

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You've been called by CNN the living proof of the American dream. What's your advice to those people who face an uphill climb in realizing that dream?

It's the same advice that I had for myself and that is, it's not fair.

One of our pilots, Bill Norwood, was the first Black pilot at a major airline years ago. He grew up in the Deep South with segregation. He said a classic thing: "I grew up knowing that I would have to work twice as hard to get half as far." And that always stuck with me. It's not as harsh as it once was, but we have to accept that for all of us—women or people of color or LGBT—there's still a bias in the world. You just have to recognize that. There is a degree of working harder that has to be done.

You can say, "Well, that's not really fair—shouldn't it be equal?" Yes, it should be. But it isn't. Not yet. The best way—the only way, in my mind—to further things like diversity and inclusion and equity if you're an under-represented person, is you just work your ass off. You do the right things for the right reasons. At the end of the day, all of us have to provide a business rationale for the concept of DEI.

I tell other major company CEOs, hey, did you know that of your growing customer base, X% is tied to this Latino cohort? I'm not telling you to hire more or communicate more. But you should know that this is a growing cohort. Then it makes business sense for them to act. I think people tend to listen to that a little bit more.

Also, the diversity of thought at the top has to reflect the diversity of your workforce. A lot of studies have found that companies that apply that benefit more, benefit their customers and their shareholders more. We operate in 70 different countries. So diversity has never been a big issue at United, necessarily. At our senior-most ranks, I think we've made a lot of progress. But there's always, always more to do.

What role do you think business leaders have in driving solutions to problems like bias or inequality?

The role of a CEO, of a leader in today's world, has changed. There's still much debate on whether CEOs should take a stance on issues of politics or community, race, social issues of any sort, because, some say, it has nothing to do with your brand. But silence is also a message. By staying silent on issues, you're speaking volumes about who you are, about who your company is, and about your brand.

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My approach has always been: Don't make it political. Make it more personal. If people understand why you're taking a stance, they may not agree, but they will see there was merit behind your comment.

The Parkland shooting that happened a couple years ago. The 14-year-old daughter of one of our pilots was killed. I went to visit that family on a Sunday afternoon. I sat with Mom and Dad and her little brother and their dog. It's just a sentiment—no one truly sees, no one understands, no one hears until you get your butt out there to do that.

Then at the funeral, there were hundreds and hundreds of uniformed flight attendants and pilots. Not just from United. From everywhere. The conversation at that funeral was, "We've got to do something about this." We took a stand on a discount that we gave to an NRA convention—not a big stand, really. But the feedback, if you will, from the NRA was pretty brutal.

It's again about listening. It ain't political. It's damn personal. It was the right thing to do for my United family.

I believe in proof, not promise—the proof of what people have done to change things. Over the course of this last year—the pandemic, social inequality, the issues of last summer with George Floyd—the business community has stepped up, with actions that have been taken, conversations that have happened inside those rooms, like Business Roundtable and Business Council, the top CEOs in the country, managing through this and dealing with it.

It's always a journey, a long way to go. But now if you're a CEO and you're not taking the right steps on certain situations that affect your customers, your employees, your community, I think that silence will be heard even louder than saying anything.

Climate change is a current, ongoing issue for CEOs in the airlines sector. How do you see that challenge?

I think United's been a leader on this, certainly in my time as CEO and my successor's time. If a company in our industry and a business like ours that burns a lot of fossil fuels doesn't wake up and figure out how to do actual things, not financial engineering and paperwork, but actual actions to reduce emissions, then we're putting ourselves at greater risk. Sequestration and increased funding, R&D funding for sustainable aviation fuel—I think United has been the leader in doing all that. And also influencing the industry—not chorusing, not

shaming. But strongly influencing a lot of other CEOs in the airline industry to create a demand for alternative fuels.

Again, as with the issue of DEI, it's not only selling on the human side of it but the economic side. Fuel is one of the biggest and most volatile costs for an airline. A sustainable aviation fuel that would not have the price fluctuations that you have in the oil business, that would be a huge boon. All the pipelines and refineries everywhere, that's an infrastructure that has to be built for alternative fuels. The sooner we get started, the better.

Diversity on boards has been an ongoing challenge. Only 2.7% of board members for Fortune 1000 companies were Hispanic in 2019.

Are you seeing change?

Yes, diversity on boards has been a topic for quite a long time. And there's been movement. Glacial, some would say. I probably agree. But progress has been made.

The argument often is, we were looking for this and we couldn't find it, so we reverted back to our normal mechanism of finding the right person. There's some truth in that, but the added step I would suggest is to find those up-and-coming folks.

My example is a good one. When I joined the Continental Airlines board back in early 2000s, I had just become a public company CFO. Not even a year. The people that ran Continental Airlines saw me as someone with financial expertise in a transportation industry, experience with unions, and just happened to be Latino. So I got onto a board fairly young and fairly early in my tenure. And that led me to become the CEO.

So, to correct the situation, you may have to take a little bit of chance on someone. If the pipeline you put out there isn't quite being filled, well then go to the next level of leaders from that space and you'll be fine. We have to quit the excuses. Go a little deeper and take a little bit of a chance.

You hired the person who wound up succeeding you as CEO, Scott Kirby, and he credits you for his leadership training. What's your advice for any CEO looking to groom their successor and really set them up for success?

Find someone and groom them for success. The true mark of a leader is a very seamless succession path. Leaders should be judged on their ability to create not one, but a couple of different successors of diverse backgrounds. They don't have to be like you and, in fact, it's probably better that they're

not. Scott Kirby and I are very different people. He learned parts of my strength; I learned from him, parts of his strength. And the two of us together made for a very good team.

Do you think people's response to the pandemic is changing how they approach work?

It clearly has shown senior leadership that categories of work that we thought could never be done out of the office indeed can be. Of course, you can't forget that people need people. We're human; we're social animals by our very nature. As things start to open up and people see each other, there's just this degree of delight and togetherness that makes us feel better. So there'll be a hybrid aspect of it for sure.

But above all, the pandemic has just taught us how resilient we can be. If you think of how quickly the whole nation, the whole world reacted to this and how we've kept life going to some degree—that has been interesting to watch.

What are you most looking forward to as we come through the other side of the pandemic?

The good and kind encounters with passengers that I experience on our aircraft. The entitlement that some people felt to get to certain places at a certain time—all that stress has been lessened, as we've recognized and accepted the power of forces beyond our control. The world has been level set, in a way.

When I first started with the company and I was being interviewed at the Economic Club here in Chicago, I was asked what advice I would give to travelers. I thought about it for a second. I said, "You know what? A little empathy wouldn't hurt." If the person in front of you is moving slowly, probably there's a reason they're moving slowly. Maybe it's going to add two minutes to your time, but being patient is the right thing to do.

What you see on aircrafts now with both our employees and passengers is just this kind of more fun nature. Everybody's more relaxed. People talk to each other. People help each other with bags. That spirit of caring for one another and empathy, I hope that continues.

Is there any one United destination that you're most excited about traveling to?

I can't wait to get back to South Africa. Cape Town is just a lovely place. ♦

JAYNE ROSEFIELD is founding Partner and head of Brunswick's Chicago office. She also leads the US Consumer Industries practice.