

Risk & Compliance Journal.

Crisis of the Week: Sometimes You Feel Like a Nut

By BEN DIPIETRO



Cho Hyun-ah, the eldest daughter of the Korean Air Lines Co.'s chairman, speaks at a news conference in September.

This week the crisis assignment is nuts—literally. We asked our experts to look into how Korean Air Lines Co. handled the incident in which Cho Hyun-ah, a company executive vice president—and daughter of the airline's chairman—ordered a plane that was set to take off back to the terminal after one of the flight attendants failed to follow the airline's protocol for serving macadamia nuts.

The incident, which required the plane to return to the terminal and delayed takeoff by 20 minutes, led to extensive criticism of the airline, the resignation of the woman and an apology by the airline's chairman, Cho Yang-ho, who said the incident reflected on his failures as a father. It also led to a sharp increase in sales of macadamia nuts.

Davia Temin, president and chief executive, Temin Co.: "Mixed messaging rarely works when issuing an institutional apology. And since, these days, perception usually trumps reality, it really doesn't matter much whether the mistake made was nuanced—the apology can not be. To assuage rampant public outrage on social media, and this new "mean age" we are all living in, a public apology must be clear, seemingly heartfelt, and unequivocal. That is exactly what Korean Airlines did not do.

"Their apology was probably meant to reflect the infraction—a version of flight crews and supervisors acting badly, but hardly a tragic misstep. And it also was most likely meant to be as gentle as possible to the chairman and his daughter. But it doesn't work. It hit the wrong note. It should have apologized not only to customers, but shareholders, and passengers and the public at large. And because of this miscalculation it did not contain the damage, and most likely inflamed it.

"No one is exempt from scrutiny, outing or public censure. The entitled may forget that, but the public will remind them. I'm not sure if we've gotten meaner, or if social media just lets the public put its collective meanness on display more, but the public wants its bloodletting in the face of any kind of misstep by the entitled. Anyone, well-known or not, had better remember that...and act as if the klieg lights are always upon them—because they are. A sad affair all around."

Shannon Wilkinson, chief executive, Reputation Communications: "Companies are often surprised when an executive gaffe galvanizes public response. That was the case here. Ms. Cho's behavior sparked an online outpouring of resentment about her family's wealth and the power of Korea's chaebol—the equivalent to the '1%' in the U.S.

Continued Next Page

Risk & Compliance Journal.

“Korean Air did not recognize the scale of public outrage that resulted from her behavior. A decisive first step would have been to get in front of the crisis with an apology for her actions. Instead, they led with a statement that looked like a cover-up. That accelerated the public outcry.

“Days after the crisis exploded, Ms. Cho issued what was required from the outset: an apology. She resigned as head of in-flight services for Korea Air. More recently, her father apologized for “failing to raise her properly.” He also removed her from all of her posts at his business empire. He conveyed great dignity in his public apology, made on live television.

“Ms. Cho has been publicly shamed by this devastating crisis. Now it is time for her to step out of the public eye. Then she can start a fresh chapter. She might begin by making a sizable donation to a charitable organization and use her newfound visibility to promote it. She has a tremendous opportunity to turn her access to Korea’s wealth, power and influence into a platform for helping the less fortunate.”