

JEFF POTTER: LEADING FRONTIER AIRLINES THROUGH A TUMULTUOUS ENVIRONMENT

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ABSTRACT

Denver-based Frontier Airlines got a new start in 1994 with 180 employees and two airplanes. Although they've grown to 4,800 employees and 55 airplanes, effectively competing in the tumultuous airlines' industry is a challenge. This case presents a brief history of Frontier Airlines and discusses Jeff Potter's (Frontier's CEO) management of the airline's challenges.

INTRODUCTION

It was enough of a challenge that Denver-based Frontier Airlines had to compete with United Airlines for Denver customers and terminal space at Denver International Airport (DIA). [In fact, United Airlines is becoming a strong industry player again since they exited bankruptcy in February 2006 [1].] Then, in January 2006, Southwest Airlines announced they would start flying out of DIA [2]. Southwest is the largest airline in the U.S. when measured by domestic passenger traffic [3]. Southwest has 3000 daily flights compared to Denver-based Frontier's 250 daily flights.

Due to Southwest's growth at Denver and United Airlines resurgence, Frontier has limited space in which to grow at Denver without committing to airport expansion. This would result in the airline having to pay higher fees for the expansion [3]. Thus, the new developments with their local major competitors (Southwest and United) add to Frontier's challenges on all levels: local, national, and international.

During the same month that Southwest started flying out of DIA, Jeff Potter (CEO of Frontier) was asked if Frontier was at risk of being acquired by Southwest [4]. Potter's response was "I'd be hard-pressed to find a successful merger in this industry. How do you overcome the culture issue?" He added that different planes, the culture of the business, and previously unsuccessful mergers in the airline business are all obstacles [5].

Nevertheless, in a letter to Frontier employees (dated October, 2005 found on www.frontierairlines.com), Potter reminded his employees that they already had been competing with Southwest in 75-80% of connecting markets (about 500 city pairs) and Frontier's prices favorably compare to those of Southwest. Potter stated that Southwest's presence at DIA has 'kind of created an internal rally cry' and that Frontier was ready for the challenge [6]. These challenges (e.g., hypothetical mergers, increased local competition) are nothing new for Jeff Potter especially since his job as CEO started with a nationally-televised crisis.

ENTIRE CASE, REFERENCES, AND GUIDE AVAILABLE UPON REQUEST