



Stanford eCorner

Establishing Organizational Values

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Video URL: <http://ecorner.stanford.edu/videos/296/Establishing-Organizational-Values>

Neeleman believes that it is really important to set the tone and culture of the organization from the top. These include principles of the organization, such as safety, caring, fun, integrity and passion, he says.



Transcript

I believe it's really important to set the tone from the top. One of our former chairman and one of our venture capitalists has a saying that a fish stinks from the head. We've tried really hard to have good leaders. One of our five principles, I didn't tell you what they were but it's safety, caring, fun, integrity and passion. Integrity we take very seriously at JetBlue. So when I started the company, I had 100% of the shares and I have this sickness of overcapitalizing everything now from my earlier experience. So I said I need \$130 million and they said well, it seems like a lot of money to start an airline. It's more than any airline has ever had before. I said that's because all the airlines go out of business. So we started it and I sold 80% of the company to the venture capitalists and then I took the half of what I had remaining and I divided it up and sold it off at founder's prices to all of the executives and gave some and worked it out so it was dollar share of stuff really cheap stock.

I ended up with about 10% before the IPO. The board came to me and said okay, now you need stock options, right? I said stock options, why would I need stock options? I own 10% of the company. They said well, all CEOs get stock options. I said no, I don't need stock options. I'd rather set the example and not take stock options because I already have a lot of shares. They said okay, that means there'll be more for everybody else. I said well, good, that's exactly right. Then we set the salaries and I said, well, I really don't need a salary but how about \$200,000? I said, what's the vice president making? At the most a highly compensated vice president would be \$200,000. I said okay, I'll take that. Then, I'd take that salary and I donate it back to our JetBlue catastrophic fund for our crew members that are in trouble that have lost a loved one and they need to bury a child or do something.

There's a separate board that runs it and it's a 501(c)(3). So I donate that based on a one-for-one match what our crew members donate. This year, hopefully we'll raise \$500,000 in that fund that will go to our crew members in need. My feeling is how much do you need? I'm so intent on making this thing successful and I think we can be if I set a good example and so I'm trying to do that, work alongside our crew members and that's very important that you set that leadership example that you're willing to do tasks that you ask other people to do. That you know that their task isn't demeaning enough that you couldn't go a day and go out on the ramp and throw backs and hang out with your crew members out on the ramp or take tickets. I will check people in or serve snacks on an airplane. That's my style. I like to do that. I like to let our people know how important of a job that they're doing and what huge impact they're having on our customers.