



Stanford eCorner

Examples of Great Companies: Role Models

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Neeleman talks about how Sam Walton, founder of Wal-Mart, figured out that knowledge in distribution, price points, and that little human touch would revolutionize retail. He also mentions Dell Computer as another example-- computers are a really bad industry right now, but Dell manages to offer low prices, and offers great customer service and personalization. Nucor steel has been successful in the steel industry. JetBlue appears to model the successes of these companies, he says.



Transcript

I kind of often marvel and think about what the people in Detroit, Michigan thought at K-Mart the first time they ever heard about Wal-Mart. K-Mart was just delisted from the New York Stock Exchange and it probably thought Bentonville, Arkansas, a goofy guy named Sam Walton down there. They got little blue vests with people standing at the door, retired people, what a stupid idea. Well, Sam figured out that technology and distribution and all of the things that he could do and price points and giving that little human touch and was able to create the largest retail operation on the planet with the simple thought of revolutionizing retail by giving good customer service and using technology together. If you asked K-Mart if it's a good business that they're in right now, they'll say retailing is horrible; you can't make money nowadays but it's obviously that's the time they did well. I would often wonder about Dell Computers, really bad industry right now, very difficult to make a living. PCs couldn't be any cheaper than they are right now. I got a great one this last Saturday at Circuit City; \$800 they got everything for it. I'm thinking how can you make money in this business? Well, Dell just keeps making money and he said recently they haven't even scratched the surface on what Dell is going to be able to do. A good company that basically you call them and you tell them what you want instead of some package deal.

It's a very successful company. We could go on and on and on and talk about Nucor Steel in the steel business. Is there a worse business than that? Nucor has been successful in that business and we could talk a lot about that. So that's what we're trying to do at JetBlue. We haven't succeeded. We probably never will to our expectations but we're trying to build a better mousetrap when people are beating a path to our door. We've had extraordinary success thus far.