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Managing Media Relations

Case Study – Boeing Relocation to Chicago

Boeing didn’t win any corporate citizenship awards for its March 2001 announcement that headquarters was moving from Seattle to either Denver, Chicago or Dallas. Employees were reportedly caught off-guard by the announcement – and so was the City of Seattle, whose economy was already struggling because of the dot-com collapse.

Business and legal issues probably kept Boeing from warning people about the move, one that would leave half of the Seattle headquarter’s employees out of work. That is truly unfortunate from a communication and ethical perspective, but I will assume for purposes of this paper that secrecy was necessary.

That said, announcing the move before choosing the destination was an interesting choice. Boeing almost certainly profited from the bidding war it started by pitting three cities against each other. The down side: a move with such a negative impact on a major city’s economy was sure to generate hard feelings and bad press. Everyone knew who would suffer from the move, but which city would benefit was unclear. By leaving that unclear for the next two months, I think Boeing wasted an opportunity to protect its reputation and stave off negative press. Rather than focus on making the smoothest possible transition for its employees and its home city, Boeing spent two months after the announcement playing puppet master with three major American cities. It may have been good business, but it was terrible PR.

When Boeing ultimately decided on Chicago, the coverage was decidedly positive. Then-Chicago Governor George Ryan said Boeing’s relocation to the city would have a $5 billion impact on Illinois, and that the state’s return on investment in the project would be 110:1. But by then, the news-consuming public had two months to form a negative opinion of Boeing.

Had Boeing announced that it was moving to Chicago right out of the gate, the first-day national story could have included some of that positive impact, rather than focusing exclusively on the down side.