



From Travel Business Analyst

People-in-Travel

Tracking Travel's Leaders

Down with meritocracies!

Last month, we chronicled how the head of Banyan Tree resorts appears to be saying that certain appointments should be made on the basis of race, not merit. He would presumably find succour then in the decisions a continent away.

British Airways and Iberia, having agreed to merge, are splitting the top jobs according to ownership. Perhaps we can call this the 'Airbus Formula' (AF); read that ongoing story to learn more on the risks of non-merit appointments.

BA has 55% and so its boss Willie Walsh gets the CEO job of the two airlines. The new owning company will have 14 directors, seven from each airline. The company will be headquartered in Madrid but its financial base will be in London – AF. Chairman of Iberia, Antonio Vazquez, becomes chairman of the merged operation. BA chairman Martin Broughton becomes his deputy – AF.

Walsh has two CEOs (yes) under him – Rafael Sanchez-Lozano for Iberia and Keith Williams for BA. This will likely make marketing and cost synergies (the main reasons for the merger) more difficult. Enrique Dupuy De Lome is alone as group CFO, and he has Robert Boyle and Jose Maria Fariza as 'cost synergies officers'.

Rather than the AF, we prefer the Air France and Lufthansa formulas, where the leading airline clearly runs the whole operation.

Hosch and ITB Asia

Raimund Hosch, CEO of Messe Berlin (which runs the ITB travel exhibitions in Berlin and Singapore) is refreshingly frank.

In 2008, he told PinT he expected 1000 exhibitors, requiring a second hall, for ITB Asia 2009 (ITBA). After counting 651 exhibitors in 2008, its second show, in October, actually counted just 679.

Given the economic circum-

stances, that could be considered a good result, particularly as Hosch said there was no discounting of booth rates. *However, we presume there were other incentives that in good times would have been charged, but for 2009, charges were waived. However, we have no evidence of this.*

Some other comments from Hosch (which may be paraphrased, answers to our questions, and which may be out of context in the absence of additional comment):

- We hope there will a 20% increase in exhibitors for ITB Asia 2010. [To about 815.]
- The Singapore Tourism Board did not pay more to support ITBA 2009 but did increase help. [Separately, STB's deputy head said that the STB had "increased funding" to ITBA.]
- We told STB that we needed more help in getting exhibitors and they did not really help so much in 2008, [so we pushed them more], particularly in the case of provinces in China.
- China was upset that we chose to hold ITBA in Singapore and not in Beijing. [That may explain the near-total absence of China at ITBA.]
- But also we have other influences. In Berlin, we have the biggest consumer electrics show and the organisers want to find a location to run a regional version in Asia. They do not want to go to China, Japan, or Korea because of various conflicts. So Singapore could get this.
- The agreement with STB and Singapore is for three years, and we want to extend this to five years. But other destinations want to attract the show, particularly Hong Kong – because that is where the first ITB show was held in Asia [called ITA with the first of three in 1999].
- [A 'country partner' for ITB Berlin pays Messe Berlin about €1mn,

US\$1.5mn. Partners in recent years have included India. The deal for ITBA will be different, and cost less. Messe Berlin is talking to Korea about sponsorship of ITBA 2010.]

Not so easy

Andy Harrison, 52, has resigned as CEO for Easyjet, apparently because of differences with Stelios Haji-Ioannou, founder, chairman, and major shareholder – not the sort of person to disagree with.

The problem seems to be rate of expansion – HI wants slower than Harrison, and the board has agreed to 7.5% annually, compared with closer to 15% before.

We will note that in our opinion, HI is not the clever entrepreneur that he and the media believe. As we have noted before, his business card describes him as Serial Entrepreneur. That might be funny, but the trick is not to start a lot of companies, but to make them successful.

HI has not managed that. His only stunning success has been Easyjet. And we do not know if HI is still aware that it was a copied businessplan, or whether he now believes it was his idea. The plan came from US airline Southwest (whose founder still admits he in turn copied the idea from PSA in California).

Perhaps this is the time to remind HI of two of his earlier statements:

- "Coming up with original ideas should be left to private entrepreneurs. Innovation usually doesn't sit well with government and listed public companies." *That sounds like liberal thinking; it is not. We would let anyone come up with original ideas – as long as there is no non-commercial interference in terms of, say, subsidies for studies.*
- "My fear is that in 5-10 years some 28-year old will come up with the next big thing in aviation. It won't come from Easyjet: we're risk averse now."

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