

People-in-Travel

Tracking Travel's Leaders

Carolyn McCall

Easyjet, which is adding a new executive team (partly following top-management differences with the airline's main shareholder, Stelios Haji-Ioannou), has now decided on its new CEO, following on from a new chairman and CFO.

Carolyn McCall, 49, is due to take over as CEO this June or July from Andy Harrison, who announced his resignation last year.

McCall is currently head of GMG, a UK media company whose main assets are the Guardian and Observer newspapers. She joined the Guardian group in 1986 and got her first CEO job there in 2004, then the current one in 2006. GMG's turnover is around US\$664mn (at US\$1 to £0.89), compared with Easy's US\$4.22bn. But GMG's operating loss is around US\$150mn, compared with Easy's operating profit US\$73mn.

Most critical comment dwells on her lack of airline experience. To us that is not a factor (in fact it could be an advantage), but we do note her UK-centric view. Although born in Bangalore, India, and educated in Asia until her teens, her corporate outlook seems to be entirely UK-oriented.

This could be a shortcoming. Perhaps most of Easy's passengers are not UK residents. About 37% fly on Easy flights that do not touch the UK (such as Berlin-Rome). And we estimate that 30% of those travellers who do touch the UK start their journeys outside the UK (such as a Spain resident flying Madrid-London). That would add up to 55% of the airline's seat sales. McCall shows no indication of knowing that fact and so has no chance of understanding its implication.

In addition, current skills required in the media business include scrambling to reduce loss of customers in a sunset industry. That seems unsuitable for work in a (relatively) new type of airline, low-fare-airlines – although dynamism is an important skill in most CEO jobs.

Her comments on her appointment:

"My priority will be to build on



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Easyjet's strengths – a strong consumer proposition [*we assume this means 'product', ie low fares, good network, efficient service*], leadership positions in many of Europe's key airports [*by this she means outside UK*], and an operating model built around simplicity and low cost."

Akbar Al Baker

Some paraphrased comments from the head of Qatar Airways:



- On growth. "We are adding 10-20 destinations a year each year. We have announced Brazil and Argentina from mid-year. We will add 15 destinations this year."

- On low-fare-airlines. "All LFAs are crap airlines. You have to pay for a glass of water, or to go the toilet". *Doesn't that make them no-crap airlines?*

- On LFA competition. "We are ready with a name and aircraft if LFAs take some of our market share. We can start-up in 90 days."

- On why QA remains a '5-star airline' (it once awarded itself six stars) when fewer of its aircraft have first-class cabins. "Our business-class is better than FC in many other airlines".

- Others. "We are now preparing for an IPO (offering to the public of some shares in the airline)...We go to Melbourne because Sydney is overserved, and so I would have to lower yield."

Briefs

- Steven Udvar-Hazy is not well known, even in the airline business. Aged 64, SUH has just resigned as CEO of ILFC (International Lease Finance Corporation), which he co-founded in 1973. The reason is that ILFC was sold to AIG in 1990, and he has been unable to buy it back even though AIG is in financial trouble.

ILFC and thus SUH became key figures in aircraft manufacturing plans and designs – because of the size of the company. At its peak, in 2007, ILFC had a fleet of 900 aircraft – and was thus bigger than most airlines. It leases these aircraft to airlines.

(General Electric's GECAS has more aircraft but more smaller ones, so the value of its fleet was lower than ILFC's. For instance, ILFC has 10 A380s on order.)

- Paraphrased comments from **Sheikh Jamaluddin Sheikh Mohamed**, head of Brunei's destination marketing organisation, Brunei Tourism.

- In 2008, we had a 26.5% increase to 225,000 visitors [*excluding land-border arrivals from Malaysia*], and an estimated 191,000 in 2009 [*which would have meant that there was a 15% fall*]. We target a 14% increase this year [*which would produce 218,000; not enough to recover from the loss in 2009*].

- We now have a budget to appoint BT representatives in places like China and the UK.

- We once had a Borneo package – partnering with [*the Malaysian states of*] Sabah and Sarawak, but this was dropped. We are now talking again to the two states to get it restarted. If it works, we will ask [*the Indonesian state of*] Kalimantan to join us.

- We want to make Brunei a family destination. [*The current theme is green.*]

- **Gabriel Escarrer**, founder and still head of Sol Melia, told PinT that the company will open one hotel every four weeks this year. "Also, we want to grow a lot in China over the next 2/3 years," he added. "Our new Shanghai hotel there is just the flagship."

(In global terms, this 2010 openings target is unremarkable; only 12 hotels.)

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