

# People-in-Travel

## Tracking Travel's Leaders



From Travel Business Analyst

### News from No 2s

The second-largest airlines in Germany and the UK have new heads.

- **Wolfgang Prock-Schauer** took over as CEO of Air Berlin last month. He had been chief strategy and planning officer (a senior job although it can sound junior) only since last October; he retains these titles.

PS takes over from Hartmut Mehndorn, who had been interim CEO since September 2011, who in turn took over from Joachim Hunold - eased out in 2011 after 20 years. That Mehndorn/Hunold change was interpreted as an admission that the airline was in trouble.



Mehndorn stays on the board, and presumably will be able to help with the airline's "turnaround program". In fact, his task is more complex.

There is no clear indication that AB is making sizeable changes from the policies that lead it into difficulty in the first place. In general, this is its hybrid businessplan -full-service-airline (FSA), charter airline, and still some remnants of a no-frills-airline.

It has a market image that matches that structure - confused. Worse, the city of Berlin is not really its home in the route sense. Then there is its new membership of the Oneworld alliance. That may give AB more FSA credibility, but the hard truth is that Oneworld needed an airline in Germany, and as Lufthansa is a founding member of the rival Star alliance, Oneworld had no choice.

Then there is Etihad, the Abu Dhabi airline that owns 30% of AB. What James Hogan, Etihad's CEO, wants

to do with AB is still not clear - but he surely does not want things to stay as they are.

One fact is clear - Prock-Schauer is an airline professional with wide experience. He started with Austrian Airlines in 1981, eventually becoming EVP. (His CV claims his involvement in Austrian's takeover of Lauda - which should be a negative factor in that Lauda was doing badly, so either it was a bad move for Austrian or it was bought to shut out a competitor.)

His first CEO post was with India's Jet Airways in 2003. At Jet he must take responsibility for the airline's rapid international expansion, which was the easy part. He left before resolving the tough part - adjusting what is now known to be over-expansion, and how to make profit from a new, wide, and expanded network.

He then headed BMI over 2009-12, then under the unhappy ownership of Lufthansa. Now, AB says he introduced "numerous productivity improvements" at BMI. In fact, he cut capacity and managed the airline while it was up for sale - it went to British Airways (technically, IAG), who bought for BMI's slot-times at London Heathrow, not as an airline!

Prock-Schauer, 56, is married and has three children; he is an Austrian national.

- **Craig Kreeger** is due to start his job as chief executive of Virgin Atlantic Airways this month, replacing Steve Ridgway, due to leave next month.

Kreeger was SVP of customer service at American Airlines for the last three of his 27 years there. A factor in his selection is clearly that the 49% of VAA owned by Singapore Airlines is due to be bought by Delta Airlines later this year. Kreeger's undoubted knowledge of US systems will pre-

sumably help.

That said, VAA is not a US airline and it does not have an extensive network to the US. What knowledge can Kreeger bring to other important parts of VAA's network - into China, Australia? And its new (puzzling) venture into shorthaul domestic UK routes?

No clues from Richard Branson, president of VAA. His statement on Kreeger's appointment was not far short of nonsense: "Craig is the right person to succeed Steve Ridgway at this dynamic and challenging time for our airline. We believe Craig has the experience and passion to drive Virgin Atlantic forward and capitalise on the opportunities created by our new venture with Delta Airlines."

Kreeger is charged with making the deal with Delta a success - not surprisingly - but as 'success' is not defined in any way, that too is meaningless. It is worth noting that Singapore Airlines termed its 10-year link with VAA a success - when it would be hard to find any independent observer to say anything other than it was a disaster for SA.

VAA says Kreeger worked on AA's joint-ventures with British Airways and Iberia across the Atlantic. Although "worked on" is not defined, either, this is also questionable, although it did take him to a posting in London, VAA's base. Presumably Kreeger can bring some important commercial information on that AA/BA link up, which could be of great value to the VAA/Delta link.

Kreeger, 53, unmarried, is a US national. His parting annual salary at AA was US\$730,000.



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