

People-in-Travel

Tracking Travel's Leaders



From Travel Business Analyst

Ridgway leaving Virgin

Steve Ridgway has been running Virgin Atlantic for 14 years (after joining the group in 1989). With Richard Branson as your boss, that cannot have been easy – although it appears that strategy and corporate have been the responsibility of Branson, with Ridgway looking after operations.



Ridgway

That said, recent corporate developments may have made his operations

job less attractive. These are:

- In 2010 Virgin said it wanted to sell its 51% share in the airline. And the 49% shareholder, Singapore Airlines, also wants to sell.
- Not outbidding British Airways to buy BMI – but complaining a lot that BA bought.
- Despite the BMI failure, VA is planning to fly shorthaul routes, starting with Manchester-London.

There are other smaller matters that make Ridgway's job harder:

- Virgin is a small airline - 6mn seats sold annually compared with, for example, about 25mn for Germany's second-largest airline, Air Berlin.
- VA is not in any of the big-three alliances - OneWorld, SkyTeam, Star. It has always wanted to maintain its independence – but that makes the commercial challenge harder.

One report quotes Ridgway that rumours of a link with the Easy-jet low-fare-airline is "not a crazy idea".

Our response would be to lower our opinion of Ridgway's



Branson

skills (or that this is proof that his strength is operations, not strategy). We believe a link between EJ and VA is a bad idea for both airlines.

Ridgway is due to leave VA spring 2013, and will help find a successor. Given the above – particularly the possibility of a sale – will make it difficult to attract the right person.

Neumann in, Ritter out

The Rezidor Hotel Group is due to get a new president and CEO, Wolfgang Neumann (50). He is to take over in January from Kurt Ritter (65) – who has held the job at Rezidor and its predecessors for 23 of the 30 years he has worked there.

Rezidor started as a division of SAS, the airline, and at one time it owned 40% of InterContinental Hotels. It sold, and then in 1994 signed an agreement became the master franchiser for Carlson Hotels (then under the name of just one of its brandnames, Radisson).

There have been many subsequent corporate moves, but the key ones are Carlson's purchase of more Rezidor shares, giving it 50%. With that, Carlson names the chairman of Rezidor; current one is the (new) Carlson CEO, Trudy Rautio.

In addition, at the start of this year, Carlson and Rezidor formed Carlson Rezidor Hotel Group (CRHG), owned 50/50 by the two companies. The strategy behind that move remains difficult to interpret, partly because Carlson and Rezidor retain their separate companies, and Rezi-

dor remains a franchisor of Carlson brands.

Indeed, Ritter's success (Rezidor has a remarkable 430 hotels with near-100,000 rooms) can also be seen as his failure. Although the corporate changes noted above affect the analysis, Rezidor is almost nothing without Carlson. ('Almost', in that Rezidor does have one brand of its own, Missoni, but currently that has only two hotels.)

With the closer cooperation, there seems nothing commercially to stop Carlson and Rezidor one day becoming one company.

Meanwhile, Swiss-born Ritter is due to be an advisor to Neumann for three months from January. And after that he will be strategic advisor to Carlson's Rautio. He has told us that one focus will be on development in Asia and South America.

Now Carlson has 50% ownership, and following the creation of CRHG, the CEO role at Rezidor is less important than it was before.

Since May 2011, German-born Neumann has been chief operating officer and EVP of Rezidor, so he is well qualified. Before Rezidor, he held a similar position with

Arabella Hotels (which has a link with Starwood similar to Rezidor's with Carlson) and Hilton.

"This will be an evolution rather than a revolution," Neumann said. "The importance for us is to continue the asset-light growth strategy in emerging markets. We are growing very fast, we are a recognised global brand and now we need to focus on generating returns for our shareholders."



Neumann



Ritter

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