



# People-in-Travel

## Tracking Travel's Leaders

### Herb Kelleher

Herb Kelleher, 77, credited as founder of low-fare-airline Southwest (SW), has stepped down as chairman (although he is due to stay on the board until 2013). Taking over is Gary Kelly, who has been SW's CEO. There are a few myths surrounding Kelleher and SW; we challenge two:

- SW was not the first low-fare-airline. That was PSA (for Pacific Southwest Airlines), operating within California in the late-1960s, as SW later started operations within Texas, in 1971.
- That SW's start-up-business-plan was written on a restaurant napkin. We think that if it was, it read "Copy PSA".

Other comments:

- SW's founder was actually Rollin King (sic), who retired in 1995. It was King's money that launched SW, and Kelleher was (only) King's lawyer, who was also given the job of SW CEO.
- At the time, no commercial limitation was placed on an airline which operated entirely within a US state.
- PSA introduced no-frills, low-fare, high frequency, tight cost-control, and bright marketing. For SW, Kelleher added secondary airports.
- Most people do not give credit to PSA, but Kelleher does.
- Europe's most-successful LFAs, Easyjet and Ryanair, copied the essence of the SW/PSA business-plan. So did Asia's Air Asia - but seems to have torn it up now.

### Leading's light dims

From this month Ted Teng becomes President & CEO of The Leading Hotels of the World, taking over from Paul McManus, who becomes vice chairman of Leading Ventures, charged with developing new business opportunities for Leading.

In his 10 years as head, McManus has done well. He has changed Leading from a simple marketing and reservations service for some good ho-

tels and some mediocre hotels, into a top-market almost-brand with an excellent reputation for marketing efficiency for top hotels.

For instance, it had 1 3 0 0 applications to join in 2 0 0 7 ; it took in 40. Leading is still not a well-known name with the travelling public - but it is getting there.



In addition, McManus has added various companies under the Leading brand, including Leading Club, investments in hotels, etc. Not all have progressed well, but in his new role, McManus must now make them work.

However, prospects do not look good for Leading's core business under the new CEO:

- Teng, 52, is an uninspiring executive, whose good-on-paper CV certainly helped him get the Leading job. This shows - born in Shanghai, grew up in Hong Kong, emigrated to the US at age 13; 30 years in hotels; operated his own (failed) investment company, Prime Opus Partners, since 2006; head of Wyndham International (the brand, not the group); head of Starwood Asia Pacific (and some of its forerunners).

But Teng still has the old Westin culture - closed thinking, fear of the media, belief in perpetuating excellence, cautious expansion.

There are no clues on why Leading made its choice. The company's statement reads: "[We found Teng's] broad set of leadership skills, business acumen, and operating principles to be an excellent fit...We are confident in his abilities to expertly lead the next phase of the company's significant growth through further strategic development and effective operational execution."

Leading's ambitions appear substantial. Hopefully for the company, we will be proven wrong about

Teng's inadequacy in fulfilling these ambitions.

- Passed over for Teng's post is Welf Ebeling, who joined as COO in 2000. This is probably primarily an age matter and, although Teng is ethnic Chinese, he is an American in culture; Ebeling is German. We expect Ebeling to leave Leading within 12 months, probably to take a CEO post in a hotel company.

### Tainted Tajani

Antonio Tajani has been appointed EU transport commissioner, succeeding Jacques Barrot. This is a long way from a merit appointment.

Comments:

- EU member countries have rights to specific numbers of commission post for their nationals. Tajani takes over Italy's right to a commissioner post from another Italian who has been recalled to join Berlusconi's new government.
- Tajani says his nationality will not prejudice him in the EC investigation into a US\$470mn (€300mn) loan made by Italy's government to Alitalia. We find that hard to believe, partly because...
- Tajani has been a member of Forza Italia, the party that current prime minister Silvio Berlusconi formed for his previous government. Tajani was spokesman for FI, and has a law degree. He thus most probably helped Berlusconi create new laws that enabled his boss to escape legal charges against him. Berlusconi also accuses some high judges of plotting against him; again, something that Tajani seems likely to have helped. So, more than judge against the loan for the national airline, Tajani seems likely to sanction some kind of semi-permanent support for the should-be-terminally-weak Alitalia.
- Tajani has been a member of the sedentary European parliament 14 years, 1994-2008!

Do not expect much from this man.

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