No Buts at Air Lanka

Posted on

Mr John Fleming

Mr. John Fleming, Chief Executive Officer of Airlanka, talks with Shalini Wadhwa of EXPWRE SRI IANKA about new strategies, plans and the role of Airlanka in reviving the tourist industry. S. Wadhwa: Everyone in your organization is talking about your “No Buts” policy. Could you tell us what led to its initiation. J. Fleming: It’s not so much a policy as a philosophy. I believe that in any business it is essential for decisions to be made at the lowest possible level so that customers can benefit fully

from the various services and products which a company sells. I found by talking with people both inside and outside our organization that the general feeling was that accomplishing objectives was contingent on . waiting for something else to happen, that but for one reason or another · things could not be achieved. This is a losing attitude.

So the purpose of introducing the “No Buts” concept has basically been to inculcate at all levels the outlook that waiting and depending on someone else to act leads to failure, whereas success is the result of assuming responsibility for a situation and aggressively pursuing a solution on one’s own initiative as well as working co-operatively towards this end as a team. Everyone must actively contribute to overall success without falling back on the easy excuse of “but, that isn’t my job:’

How are your people responding to this philosophy?
Meetings have been conducted at every level in our hierarchy, starting with line staff. The result has been enthusiastic with workers identifying the problems and obstacles they face and coming up with ideas and constructive suggestions on how to overcome them. Interest and motivation are high and have resulted in concrete solutions and the implementation of new programmes to improve service and performance. The success of our company is dependent on everyone wanting to find ways to “make it work” and wanting to be successful.

What importance or emphasis does Airlanka place on business traffic as compared to tourist traffic?
Our emphasis on business traffic is less, though not in terms of service. I personally believe that Airlanka can be a major contributor to increasing tourist traffic and can act as a catalyst in developing the tourism industry in Sri Lanka. This is a tremendous opportunity for us and we are consequently giving priority to channelling most of our efforts towards reaching this segment of the market through our advertising and promotional campaigns. What we have to offer is not just an attractive destination but a superior inflight service to bring tourists here and take them back home. However, we are also taking into consideration how the business traffic fits into our marketing scheme. Although we are presently focusing our marketing on tourism, within three to five years we anticipate putting a greater emphasis on the business traveller as Sri Lanka’s infrastructure develops. The amount of business traffic we have now we can accommodate in our First and Business Classes.

Do you envisage special clubs for frequent flyers where they obtain

savings in hotel accommodation, car rentals, etc?
We are not asking hoteliers to discount their rates further. However, we do feel that there is a need to focus more on our frequent travellers and we are looking at the possibility of having a different configuration on our aircraft. And we would have to give additional services to frequent flyers in terms of special check-in, free lounge facilities, negotiating with hotels outside Sri Lanka for preferential treatment, city check-in and transportation to and from the airport. Part of this process may include giving discounts on some of our duty-free items. We foresee these changes occurring within six months or maybe earlier.

Is Airlanka's role limited to air transportation alone or do you envisage a broader role in support of the travel-tourist industry? Airlanka is several businesses-the main one being air transportation. But projecting further, we are also a major transportation element in support of Sri Lanka's tourist industry which hasn't begun to grow yet. My vision is that we are more than just an airline flying from one airport to another. Our role encompasses the whole process of getting people from their homes to their ultimate destinations and back again and ensuring that all the necessary services to get them through this process are well managed. What is Airlanka's contribution towards stimulating tourism? Any new plans? We have been criticized by the travel industry for selling our package. So, I have taken a different approach, through the Ceylon Tourist Board, outlining certain criteria to be met in terms of quality and consistency, thus enabling us to market their packages. Hence, we will not be competing but actually helping those who meet our standards. Does that mean that you will be discontinuing your stop-over package? o, we won't stop them, but we want to do them in conjunction with others. We want to work together with a broader base in the travel trade as this would be beneficial to us as well as to those who want to take the initiative to win in their business.

Is there any time period for it to come through?
No. We have put the challenge to the travel trade and now we are waiting for their answer. However, we hope to have a travel package complete soon to be able to market it for the summer of 1989.

Have any gaps been created by airlines' pulling out of Colombo, and if so is Airlanka trying to fill these gaps?
No gaps really exist, although some people perceive that a gap must be left by virtue of certain airlines having pulled out. They may have come to the wrong conclusion. You need to examine an airline's reasons for pulling out, their reasons for making changes in their flight schedules. For example, Singapore Airlines

suspended services to Colombo because in my opinion they wanted to compete for business in other cities in the region-especially the traffic to Europe and channel it through Singapore. They are trying to get these passengers onto local flights and are therefore investing in 747-400s in order to set up a hub where the spokes feed into Singapore.

Other airlines are withdrawing not because they couldn't make money but because of the very competitive fares into the Middle East; so everybody wants to make money from the Middle East sector. We have not seen anyone so far who has been courageous enough to cake direct flights from Colombo into Europe, which we hope to launch. I would like to achieve a daily frequency so that we could develop our market in Europe. This is a project we are working on.

It is indeed a formidable task to make Airlanka function as an economically and financially viable project-even more so if you do not have the freedom of action to operate effectively. Do you have this freedom or are there constraints to bringing about the changes you desire?

I assume you are referring to our Board and the Government. Firstly it is important to recognize that I am here to do a job because the Board and Government took the initiative to bring me in and to make a change, to make a success of the airline.

As for constraints, overall they are minimal, although there are some cultural constraints. I tend to view my job as a game of strategy and the most important thing is to understand the rules. My job then is to function within these limits while stretching them as far as possible-or finding the arguments to modify them as necessary-to operate effectively. There are some inbuilt roadblocks in every organization. These are like hurdles which have to be overcome, and in this context it is my responsibility to identify and deal with them, and then I need to communicate with the Board and others to keep them informed to let them know when assistance is required.

How do you rate Airlanka's financial position? Would your expansion depend on government funding or profitability?

It is dependent on profitability. Government funding does not play a part in our plans for expansion. We have a certain commitment from the Government for a specified amount of funding which is quickly decreasing. Therefore, one aspect of

my responsibilities is to help us become profitable within the framework of our own strategy.

One drawback which we could face is if the Government gives away rights for non-commercial reasons-that would constrain us. But if we can keep operating along the lines of airline strategy and business logic, then we should encounter few problems with increased profitability and expansion based on our strategy.

As for future expansion, we are still under-financed because we are still running at a loss. However, as stated by our Chairman in the marketing conference, that loss has been trimmed back tremendously as of the end of the last fiscal year, and the first few months of this fiscal year have seen a further cutback in the rate of losses. Actually, in recent months the air transportation business has been making money so the loss we are showing is coming primarily from other elements in our organization. By examining our other business units such as engineering we anticipate being able to build these businesses into profit centres to contribute to our overall profitability. Moreover, we are reducing the costs of our financial burdens-an ongoing task-which should result in a decrease in this area from 20 to 30% in the next few months.

Given Sri Lanka's expanding export market (e.g. garments), what are Airlanka's plans to facilitate this growth through increased cargo volume to importing nations (U.S.A., Australia, etc)?

Airlanka is concentrating on imports-the importation of tourists and the consequent generation of foreign exchange which will create increased demand for many of the goods produced indigenously. We want tourists to buy Sri Lankan products here, and I think that that plays a great part in generating exports. At the same time, however, we are looking at the development of cargo as a separate business unit as well. Although we do not envisage flying to the U.S., we are looking at the sort of strategic alliances with other carriers which will allow us to transport cargo within our level and with others beyond our level.

How do you view running an airline vis-a-vis other businesses? In running an international airline one of the major differences is in dealing with governments in each country whose support we need, as well as needing the support of our own Government, to function effectively. We are therefore not free agents. Although policies are unique to individual companies, in the overall picture business strategies and policies are the same.

Flyers judge an airline by its services: on the ground, inflight, safety, etc. How would you rate Airlanka's performance and is there any room for further improvement in Airlanka's services?

Our services are getting better! However, if we ever stop finding room for improvement we are on our road to destruction. Assessing our strengths as an airline from customer feedback-which we can and do use-one of those strengths is our inflight service. Given that, we are focusing even more to make it better. We cannot rest in this area but need to be constantly looking for ways to improve. The other side of that is targeting our services to the right market-developing and tailoring our services to the right customers who are willing to pay for that.

Although our overall service is good and the market position is getting better, we need to improve our ground handling and passenger services and communications services in ground handling. For this we have ongoing customer awareness training programmes involving hoteliers, transportation personnel, customs and immigration staff and others to improve total services. Customers are also invited to give their feedback on the quality of our services. This process directly involves the front-line ground handling staff who sincerely want to improve, which I think is a very positive step.

Most of us have faced problems of lost luggage with Airlanka. How does this happen and is there any staff training going on to remedy this situation? This problem occurred mostly on our 737 flights into India and Male. Due to weather conditions or overloading, baggage sometimes had to be left on the ground to follow on a subsequent flight in the interests of passenger safety. We will be overcoming this difficulty by switching to a type of aircraft which has greater lift capacity. If baggage is in fact misrouted, however, we can trace it quickly and forward it to its correct destination because of the excellent communications we have with the international airline network We have also been training staff to handle bags better and more expeditiously. Moreover, when the new arrival terminal is completed, the present difficulty we face of using the departure terminal for both inward and outward bound traffic will be eliminated.

What about safety and security precautions for people using Airlanka?

We follow rigidly all of the international airworthiness standards for our aircraft. We feel that we cannot afford the slightest element of risk and do everything within our control to minimize it. With regard to security measures, we are conscious of the

implications not just for Sri Lanka-but throughout the region-of what happened to Kuwait. The Kuwait experience has taught us to work harder to achieve greater security for our passengers.