



From Travel Business Analyst

People-in-Travel

Tracking Travel's Leaders

What Willie do?

New head of British Airways, who took over (from Rod Eddington) last month, is **Willie Walsh**. What will he do?

Most recently he headed Ireland's state-owned airline, Aer Lingus. He left because the government was slow and/or unwilling to reduce its role/equity in the airline. Since 2001 he was converting AL into a low-fare airline (on most of its routes; it is not entirely an LFA).

BA's chairman says WW provided what AL's "customers demanded, and that was a low price for an air ticket". He adds that at BA he will "focus his efforts and energies on what our customer demands – quality service and value for money."

Is BA fooled itself or trying to fool us? It knows its customers also want a "low price" – whatever that is – for a ticket.

BA uses "value for money" as a euphemism for "high/regular fares". But it is not; LFAs also provide value for money. And, as has been shown, air passengers are quite happy (and quite sensible) to dump "quality service" (again, whatever that is) when the ticket price drops from, say, US\$250 to US\$50.

If WW's (hidden) agenda is to do-an-AL at BA then 1, the task is formidable, and 2, he would seem to be the right person to try (after all, he has already carried out the conversion of, so far, the biggest airline, from regular to pseudo-LFA).

If his agenda at BA is not to do-an-AL, then 1, why choose him, and 2, is he the right man for a business-more-or-less-as-usual BA job?

BA has twice eschewed its own LFA creations – abandoning, under Eddington as it happens, DBA and Go. Meanwhile, and ironically, Eddington, left the company in the same circumstances as the man he replaced, Robert Ayling – in conflict with the workers.

A mathematician would therefore deduce that the problem is not with the CEOs but with the staff. (Eddington was a rocket scientist, not a

mathematician.)

Ayling was fired; Eddington announced his departure at the start of this year. Now – watch Willy.

Sutowo drops Hilton

Pontjo Sutowo, owner of the three Hiltons in Indonesia (and more*), tells PinT that he plans to drop the Hilton name by end of this year. No announcement has been made – and Hilton is keeping quiet.

For eight years his Hiltons have been operating partly outside the system, with Sutowo not paying Hilton's international sales and marketing fees. As a result, the three hotels, excluded from the HI portfolio, have carried out their own marketing.

It is believed that the three will become affiliated with another international hotel group from the start of 2006, and will thus cease to carry the 'Hilton' name – and that group's now superseded coffin-logo.

We believe favourite to be the new operator of the Hiltons is the Accor group under its 'Sofitel' brand.

**Sutowo is powerful in Indonesia's travel business. As well as owning the Hiltons, through his Indobuildco, he also has a domestic hotel group (albeit with a forgettable name, Singgasana Hotels & Resorts), the Jakarta Convention Centre, and he chairs Indonesia's tourism marketing arm, ITPB – although ITPB's mandate has become confused as well as challenged over recent years.*

Riley prefers Europe

Robert Riley, head of a UK-based Meridien that is about to be folded into the Starwood Hotels group, is in no rush to find another job.

However, he did tell PinT that he would prefer to stay in London.

It's the first time Riley, an American, has worked there, and not only does he enjoy it but finds it convenient to visit his children – who are studying in the US.

Starwood's brand-heads are based in the US. Although the group's Brussels-based Europe headquarters are

becoming increasingly important, any job offer there would probably not be big enough for Riley. Likewise for Asia Pacific, where its regional base is in Singapore.

However, if Colony Capital is looking for someone for its newly-acquired handful – Raffles and Swissotel – then Riley must be the ideal candidate.

Before Meridien he ran Hong Kong-based Mandarin Oriental, which has a portfolio similar to Raffles. And his worldwide experience with Meridien would be good for Swissotel as well.

Accor's new family man

The Accor group has chosen its new CEO, but the decision seems likely to prompt more changes later. The man is **Gilles Pelisson**, nephew of one of the group's two founders, childless Gerard Pelisson.

Although GP2 was one of the favourites (see *PinT, October*), it was thought choosing him would bring charges of nepotism. So it has, and more.

His selection was forced through by the two founders, Pelisson and Paul Dubrule, even though their shareholding is less than 5%. But to get this through, they have been forced to give up their supervisory roles. (*Does this mean that the portrait of the two men in all Accor hotel lobbies will come down?*)

Some major shareholders – including Caisse des Depots and banks BNP and Societe Generale – were reportedly not happy with the decision, and neither was the new, foreign, shareholder Colony Capital. Does this mean they will reduce their shareholdings, or have they set hard targets for the new CEO, or both?

One victim of the struggle for the top job is expected to be Henri Giscard d'Estaing, who runs Club Med, part of the Accor group. However, d'Estaing must have known the risks. He was going against a scion of the family, and he does not even have a good record – he has still not resolved Club Med's problems.

Perhaps this was his way of getting out of the travel business. A long time ago – before he got the Club Med job – he told us that he wanted to stay in politics, like his famous father.

Meanwhile, the new Pelisson is due to start work at Accor this January.

An annual subscription to **People-in-Travel**, costing US\$100, is delivered only via email in PDF format. A small extract from PinT is normally included in the Asia Pacific and Europe editions of Travel Business Analyst.

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