

THE *Air Asia* STORY

How a Young Airline Made It Possible for Everyone to Fly And Became a Runaway Success Practically Overnight

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KANYIN
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TONY
FERNANDES - II

TODAY, AIRASIA HAS penetrated into regional markets, and is still expanding. With his other business concerns to look into, Tony Fernandes seems to have used up all his spare time. “I also want to have a life as well!” he exclaimed in an interview when he was asked about his daily schedule.

“Right now my life is 18 hours a day on AirAsia; there has to be a balance.”

He admits that managing his time is tough, but technology helps a lot. His trusted multi-functional mobile phone which he carries with him everywhere, allows him to make and receive calls, SMS and email, at any time and in any place on the planet.

“I can do a lot of business from this operator. But I have high amounts of energy, maybe I was born with it, maybe I love sports, obviously sports is very important.”

What keeps Tony constantly on the go is probably his passion for life and his work.

“I love life. I live for the day. Who knows what’s going to happen tomorrow? So you maximise your day. And I have great staff who help me manage the business and manage my time as well.” So where does sports fit in?

“I still do a little bit of sports now. I’m now a lot fatter than I [used to be]. I still play squash; I play futsal with various people.” He laughs, admitting that he is not as fit as he was when he first went into the airline industry.

Moving too fast?

In many people's mind, AirAsia is growing way too fast. The critics have never stopped wagging their tongues, and neither have the naysayers, who did not believe that AirAsia would take off or do well.

Tony has always been aware of this negative harping, but has never let it slow him down or hinder the growth of AirAsia.

When Tony started to get involved in other businesses such as budget hotels and online financial services, the criticism against him mounted, and a rumour went around that he was going to leave AirAsia.

"...people are always saying something wrong about AirAsia. From the day I started, we were supposed to be moving too fast. But I always say we are a very conservative company. We will grow as slow or as fast as we can, but I always push," is Tony's response to this criticism.

"I mean, staff would definitely have to work harder at AirAsia than at MAS. Some people would accept that, some wouldn't. We always push very hard, but we won't crack the system. There is no point in moving too fast and then falling apart."

He adds that many Asian companies are moving too fast. It is always a delicate balance, and it is up to the person at the helm to make sure that business is healthy and the company is moving forward aggressively, but not so aggressively that it disintegrates.

“I think our record of growth speaks for itself. We have grown in a very difficult time, under very stressful conditions.”

Tony feels that Malaysians “...always try to find something wrong,” which is the opposite of the Western attitude of looking at things positively. “We are always trying to knock ourselves down, trying to say why [something] can’t be done...generally, we are very negative.”

The most frustrating part for Tony is when staff are also negative in attitude. When he throws them an idea, it is not always “OK, let’s go and do it,” but rather a list of reasons why the idea will not work.

“We generally don’t focus on the positive, we focus on the negative. And yes, of course it’s negative, but we should correct the negative and work together to correct the negative,” he advises. What worries him today is that young Malaysians nurtured under the current education system seem to be imbibing this negative spirit.

“Young people are wrong in that way. I think one of the most important things in Malaysia is the education [system]. If I had my way, I’d close down the army, and pour the money into education.”

Education, he explains, is not about getting a string of 20 As in examinations; it is about learning how to be creative and expressing oneself effectively.

“Education is about interaction with people. Our education system is [from] ages ago. It’s about memorising [books]. That is not education to me. Education is the best time for you to experience lots of things, and know what you are best at.”

A lover of sport, Tony has lots to say about the attitude towards sport in the country. “One of the sad things in Malaysian schools is that sports is not as important as it used to be. I mean all future team leaders and future managers get their first experience of managing on the sports field. Teamwork...the first time [you encounter it] is on the sports field,” he insists.



Tony believes that staff would definitely have to work harder at AirAsia than at MAS, but AirAsia has never neglected its staff in terms of benefits.

Successor for AirAsia

When the rumour went around that Tony was planning to sell his shares in AirAsia and step down as CEO to take on the Tune businesses, analysts commented that the move, if the rumour turned out to be true, would have a significant impact on the airline.

Tony, obviously, is not ready to sell out on his baby, AirAsia. “I have great CEOs in AirAsia X, Tune Money and Tune Hotel. I just roll in my idea once in a while, and obviously my face sells for newspapers, so they use me for press conferences, but that’s it.

“My baby is AirAsia, and I think that’s pretty much proven. If you look at the press, 90 per cent of my comments are on AirAsia. Whenever I go to Tune Hotel and Tune Money conferences, I’m wearing the AirAsia cap. That’s my baby.

“In fact, I don’t need to be in AirAsia anymore. I have more money to last me seventy life times because I am a simple guy. But I love what I do. And as long as I think I can contribute, I’ll stay.”

Tony complains that this is another fault of Malaysians, that those in top management seem reluctant to step down when the time comes. “You have to go when your time is up. A lot of Malaysians think that they are irreplaceable. But that is wrong. There will be a time when I’ll be of no use to AirAsia. There will be someone younger, smarter and better. And at that stage I’ll have to go. “You’ve got to know when to go. You should not outstay [your welcome]. ... I’m not going to stay on any longer than I should, because that’s going to be bad for the company.

“Hopefully, I’ll say before the board fire me, “OK, time to go.” Tony is the spokesperson, ambassador and icon for AirAsia. Looking at his age and passion for AirAsia, it is still a bit too early to anticipate his retirement. However, many who have concerns in AirAsia’s business, such as shareholders and investors, doubt that AirAsia would do so well without Tony Fernandes at the helm.

Tony does not seem to agree.

“Look at the talents in the three companies that I don’t run. Look at them and then you will see that that’s the kind of people that I’ll look for [to succeed me at AirAsia]. You’ve got to be good with people, got to have lots of energy, got to be passionate, pay attention to detail...[that sort of person is] not easy to find.

“But if you look at the three CEOs in my other companies, you begin to see [that] any one of them could run AirAsia one day. And that’s the mark of a good leader as well. You’ve got to build for the future.”

Leaders, in Tony’s book, should not only think of themselves and the role they play at the top. When they go, the company falls apart, especially when it is a family-run company.

“They don’t prepare for the future, and fight with each other. There’s no strong leadership. You must build for succession.”

Although he is prepared to step down when his time at AirAsia comes to an end, Tony feels that he is going to be there to contribute for another ten years, given his age and the fact that he has only been heading AirAsia for five years.

“But when I look at the other CEOs in the Tune businesses, they already seem to know a lot more than I do of some areas. It’s good, I learn a lot from them.”

He gives an example of how he learns from his staff.

“My corporate communication manager may send me a text and say that it is wrong for me to congratulate just one person, because the others present may not feel comfortable. Maybe she is right.”

“Two things here...she has the courage to send me a text, she’ll get slammed back by me, but maybe she’s right. You’ve got to learn and keep an open mind. Maybe she’s right. Maybe don’t mention anybody, or mention everybody.”

As a budget airline, people might think that AirAsia is stingy with its employees, compared to regular airlines. In Tony’s opinion, his staff do get attractive rewards, although they might think the rewards are not big enough.

“Bonus? I think [it] is never enough. There is one thing about Malaysians. Whatever you give is never enough. But, we generally have a low staff turnover. Most of our staff are shareholders.

“We try [to offer better pay], we pay reasonable [salaries] but we are not perfect. But it is never enough. That is one of the problems... . appreciation is always generally very low. But most of our staff are appreciative of what we are doing.”

Although AirAsia is cost driven, Tony claims that it has never not given a bonus.

“I think we are the only airline in the world that for five years has been giving a bonus. Every year we give a bonus. The last two years it was only a one month bonus, but they did get the bonus,” said Tony.

Entrepreneur quality

In Tony’s view, the most important quality of a successful entrepreneur is the willingness to never take no for an answer.

“Just believe in your own conviction. If you listen to everyone else, you will never start. That is why [some people] are not entrepreneurs. People who give you advice aren’t entrepreneurs. If not, they [would be doing the work] themselves. We’ve just got to believe in [something] and do it.”

Indeed, Tony has put this conviction to the test at AirAsia.

“When I discussed investment in AirAsia X with CIMB and EPF, they asked, ‘Why hasn’t anyone else done this before (providing low-cost long-haul flights)?’ Maybe no one thought about it. The person who changes things won’t come from the industry. It’ll be someone else from outside the industry. People in the industry won’t change.”

To achieve great things, ego management is critical. A leader needs to be able to learn from others, even if he or she is the top person in the organisation. From experience, Tony knows that a lot of corporate leaders tend to be arrogant. People who start off

small and humble, for instance, change suddenly when they are given a title like Datuk. It is the beginning of the end for anyone who starts believing in his or her own greatness.

“There is a fine line between managing the ego and having no ego. You’ve got to have an ego. If you don’t have ego, you won’t be successful, but [you need to know how to manage] that ego.” he advises.

A big part of managing the company is managing his staff, and Tony is most gratified when he sees his people growing in ways that perhaps they themselves had never thought possible.

“It makes me feel great when I see one of our cabin crew who is now a pilot. That’s the best part of the job, being able to develop dreams. [It’s a] nightmare working with [some] people ..., but [helping to develop people is] one of the better things.”

Noting that his staff are all high achievers, Tony acknowledges that this can present a special set of problems. He recounts a meeting with the Prime Minister, Datuk Seri Abdullah Badawi, one day when Datuk Seri Abdullah asked him, “Why are you always getting asthma tests done? Is it because of MAS?” Tony answered, “No, my staff. They are all fighting with each other all the time!”

It may seem a high price to pay, but surely a company full of high achievers is far more attractive, albeit challenging, to lead than one where the staff are sluggish and desultory, doing only what they are told to do.

At AirAsia, rank and level are not as obvious or as important as they normally are at big corporations. AirAsia has a flatter organisational structure to allow people to work more fluidly without encumbrances like titles getting in the way. Tony, for instance, does not use his title of 'Datuk' on his name card.

"We don't have offices, we dress the way we dress, I think we try to be more transparent, so that people will know why we make the decisions [we make], and they will be less unhappy about [them]. We give more dedication, more autonomy, but [we are] less structured."

As a household name and familiar face in Malaysian newspapers and magazines, Tony seems to have gathered his own following of fans. He seems to have become a role model for a number of youngsters, some still little children. After one newspaper interview was published, for instance, the journalist who wrote the story received an e-mail from a mother who asked for Tony's e-mail address because her son, who longed to be a pilot, had read the article, and wished to get in touch with Tony, whom he had come to admire! Tony's advice to younger generations is to always be positive in order to make the impossible become possible and to get through tough times.

"I would like people to be positive, to be sensible, and to realise that the world is a tough place." Most young Malaysians have not been through tough times as they are growing up at a time when the economy is relatively buoyant. When they do meet with difficulties, such as a recession, they are going to be in for a rude

shock, and that is why Tony feels they need to be positive-minded and take a “long-term view to life.”

“I am concerned about the younger generation. I see it in [some of] my staff every day. They think it’s their prerogative to get a job, it’s their prerogative to get promoted every year, it’s their prerogative to get a 20 per cent pay rise every year, and that a two-month bonus is no big deal,” Tony says reflectively.

He adds, “I think that’s dangerous. You have to build a business that is sustainable, that means you can’t have everything straight away. My most important function is [to make sure] that no one loses their job. We must build the business so that no one ever has to be redundant. I don’t want to go through MSS and VSS. So I build a business that is sustainable. And that means you can’t give everybody everything they want.

“You do your best in the market, and you prepare yourself for a hard time. If [you don’t, you fall],” Tony says, obviously referring to AirAsia’s experiences when saying this.

While Tony may have his fans, very few politicians can be found among them. Malaysian politicians seem to not prefer Tony and AirAsia. Their most frequently voiced complaints are targeted at AirAsia’s flight delays and the fact that concessions to AirAsia might jeopardise the national airline, MAS.

The feeling is mutual, apparently, as Tony has no stomach for politics.

ABOUT THE AUTHORS

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Sen Ze is a leading business strategist with a very focused interest in Pajamas-style business concepts. Pajamas-style business concepts cost very little to execute in relation to the huge revenue they can bring in return. They can be implemented by anybody anywhere, even when lazing around in Pajamas at home!

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The business world is an ever changing and dynamic one. Jayne has discovered that every chat with a businessman contains a lesson: what it takes to manoeuvre in that fluctuating, fluid environment to stay on top; or that every success comes with an interesting story attached to it; and that every failure has its

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