

THE MONDAY INTERVIEW

March 15, 2015 12:04 pm

Monday interview: Alan Joyce, CEO, Qantas Airways

Jamie Smyth



He has been labelled devious by politicians, derided as a wrecker by trade unions and lampooned as a leprechaun in the media. But Alan Joyce, chief executive of [Qantas Airways](#), says he can take the flak that comes with running Australia's flag carrier and has no plans to step aside as he steers the airline back to profits.

“Would I rather that some of the terminology out there wasn't used? Probably,” says the Irish-born executive. “But if you are CEO of an iconic brand you are going to get a lot of mentions.”

The spotlight does not sit naturally on Mr Joyce. Soft-spoken and small in stature, he prefers reading a good book to Sydney's social scene. But last year he was the second most talked about business person in Australia, registering 80,000 media references, behind only billionaire James Packer, who dates models and was involved in a televised punch-up outside his home.

Qantas, the “Flying Kangaroo”, has become Australia's most recognisable brand during its near century-long history in a country dependent on air travel. Since taking the controls in 2008 Mr Joyce has rarely been out of the news. In 2011 he grounded Qantas during a union dispute.

More recently he fought a capacity war with Virgin Australia, in which he crossed swords with John Borghetti, a former Qantas executive who left when Mr Joyce pipped him to the top job.

Hit by what he describes as a “perfect storm” of high fuel prices in 2013-2014, a strong Australian dollar and tough competition, Qantas had a traumatic 2014. The airline lost its coveted investment grade credit rating, sought a government bailout, made a record loss of A\$2.8bn (\$2.1bn) and began a three-year cost cutting programme that will see 5,000 staff leave.

Mr Joyce faced calls to resign from politicians and the media, who accused him of trashing the airline. But the man, whom friends describe as a “no bullshit street fighter” and others say can be a high stakes “gambler” in the way he does business, faced down his critics and last month delivered a remarkable turnaround at Qantas, which reported a A\$206m post tax profit in the six months to the end of December.

“The airline industry is a very volatile environment. My predecessor had a term he coined, calling it ‘constant shock syndrome’,” says Mr Joyce. “This year we have some tailwinds.”

He says the transformation programme, which aims to deliver \$2bn in cost cuts over three years, is at the centre of the recovery and has vowed to continue implementing it in spite of calls by union leaders to ease up.

“We are in a very different environment than we were in 2011, and with certainly a lot more co-operation between management and union leaders,” says Mr Joyce. “Engagement with our people has seen that all of the unions that were involved in that dispute in 2011 have now done an agreement with us on pay.”

Back in 2011 Mr Joyce balked at union demands for better working conditions and pay. After some unions engaged in limited industrial action he locked out workers and grounded the fleet, causing chaos for 100,000 travellers. Mr Joyce sees the controversial action as one of the defining moments of his tenure, saying it created the necessary flexibility to transform the company.

The incident won him accolades from the rightwing The Australian newspaper, which named him the country’s most influential business leader. But Labor and Green party politicians savaged him at a senate hearing. One compared Mr Joyce to former US president Richard Nixon; another called him “devious”.

“You are on a hiding to nothing running the iconic national airline because so many things are out of your control,” says Peter Harbison, executive chairman at Capa, the aviation consultancy. “When you happen to be short with an Irish brogue you get some derogatory treatment.”

Mr Joyce is tough. In 2011 he was diagnosed with prostate cancer and after treatment was back at his desk within a few weeks.

He is one of only a few openly gay chief executives of a large company. “It’s never been an issue for me,” says Mr Joyce. “The environment is changing all around the globe. In certain countries it is going backwards. That’s a shame — it’s depressing and worrying.”

He receives letters from gay students who have not revealed their sexuality: “Even in this day and age people find it difficult . . . It’s one of the leading causes of male suicide in Ireland.”

He is delighted that Ireland is to hold a referendum to introduce gay marriage and hopes Australia will follow.

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Mr Joyce grew up in Tallaght, a working-class suburb of Dublin that suffered high unemployment in the 1980s. Few locals have a college education. Neither of his parents finished secondary school but they infused a strong work ethic in all three of their sons. Mr Joyce’s father worked three jobs to pay the mortgage; his mother rose at dawn to work as a cleaner at a local sports centre.

“I had to mind my little brothers. We were told we could go back to bed but it got me into the habit of getting up early,” says Mr Joyce. “I still get up at 5am.”

Mr Joyce earned degrees in maths, physics and management. His love of numbers led to his first job as a research analyst with Aer Lingus, the Irish flag carrier, which has become something of a finishing school for global aviation executives, including Tony Ryan, founder of Ryanair. He spent eight years with Aer Lingus in a range of roles.

In 1996 he moved to Australia, taking a job with Ansett Australia, just a few years before the airline failed. In 2000 he transferred to Qantas where he impressed senior management and was handed the job of running Jetstar, Qantas’s low-cost subsidiary, in 2003.

It was here that Mr Joyce first ran into Mr Borghetti, a veteran Qantas executive who was running the premium end of the airline. The two men clashed over the level of investment Jetstar should receive. When Mr Joyce was appointed chief executive in 2008, Mr Borghetti left and later joined its main rival Virgin Australia as CEO.

Over the past two years the men waged a bitter capacity war as Virgin sought to make inroads into Qantas’s 65 per cent share of the lucrative domestic market. Mr Joyce pledged to draw a “line in the sand” by putting two new Qantas planes on any routes where Virgin added a single

new plane.

The strategy cost Qantas and Virgin tens of millions of dollars, and plunged both into the red until pressure from investors forced them to call a truce.

Matt O'Sullivan, author of *Mayday: How Warring Egos Forced Qantas Off Course*, says ego was to blame. "Joyce and Borghetti have been involved in a deep personal battle that goes back to the days of the formation of Jetstar," he says. "This was a costly battle."

Mr Joyce denies this and says defending market share was the right strategy at the time. He says his relationship with Mr Borghetti is cordial.

His priorities, he says, are the transformation programme, paying down debt and re-establishing Qantas's credit rating. But Qantas will at some stage seek a partner to come in as an investor, particularly for its international business: "We have always believed that consolidation is the right way of going."

People who know Mr Joyce say one of his weaknesses is rarely giving a hearing to critical voices. But no one faults his intelligence, rational decision making and passion for running the airline.

"I am very passionate about Qantas, I am very passionate about the brand and the people — it's about making sure I leave Qantas in a much stronger position than I inherited it," he says.

Second opinion: a hostile union view

"Grounding the airline in 2011 showed that Joyce was ill-equipped to deal with the people and personalities involved," says Tony Sheldon, national secretary of the Transport Workers' Union, one of the biggest unions in Qantas.

The TWU argues that a redundancy scheme is de-skilling the workforce. "This is all based on Joyce's ideology not on a good business sense where customer service and creating a skilled and dedicated workforce should be key," Mr Sheldon says.

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