

# Stormy Skies

## *Airlines in Crises*

By Paul Clark

Book Review by: Marcel Venema

Without any doubt we can state that the latest financial crises has had a tremendous impact on the aviation industry, and certainly not in a good way. The main question is what airlines have learned from this and previous set-backs, and how they use this information to make their businesses more sustainable in times of economic meltdown. With “Stormy Skies – Airlines in Crises”, Paul Clark publishes yet another intriguing book that tends to give an answer to this question and explains how the rules of the game have changed.

As the airline, and the aviation industry as a whole, is currently struggling to overcome the latest crises, it seems to be the time to re-examine the fundamentals of airline business strategies. Not merely to outline future strategies but also to understand what went wrong, and maybe even more important as to why we didn't see this coming. As is generally known, the aviation industry is particularly vulnerable to the swings of the global economic system. Thin margins, costs beyond management's realistic control and demand for a product that changes practically every minute have created a highly competitive business environment that turned out to have disastrous consequences in times of crises.

Stormy Skies starts with a comprehensive, but interesting, analysis of historic crisis's and invalidate what we have learned from it. Yet the conclusion that can be drawn after each crises seems to be a lack of hindsight and consistent failure of the industry to prepare itself for the onslaught of a worsening economic environment. Looking at the way airlines have taken delivery of aircraft capacity during times of low demand seems to be characteristic of how unprepared the industry is to cope with long-term and short-term shocks and bumps. Although crises have reduced passenger and cargo figures significantly, 2009 aircraft delivery expectations have been met, leaving airlines with capacity they simply do not need. Apparently the synchronization between capacity and demand is far from optimal and has put an additional burden on airlines during difficult financial circumstances.

Clark continues his book with an analysis of the changing nature of traveler expectations. Air travel is becoming increasingly more commoditized and airlines should be aware of the consequences that could result from failing to act upon these expectations. Another interesting development described in the book is the fast increasing use of social media and the opportunities and threats it provides to airlines. Understanding the enormous potential of these new media like Twitter and Facebook seem to be key in enhancing customer service as much as possible.



With air transportation as an important polluter of our planet the discussion between “calamity howlers” and “envirosceptics” deserves attention, which it certainly gets. In between the debate Clark describes aviation as a player who finds itself inconveniently occupying a ‘no man’s land’. The deadlock must be broken though the discussion will remain to stay as it is impossible to lay down the foundations of aviation for the next 100 years to come.

### In Conclusion

Stormy Skies certainly is a valuable addition to your bookcase. Through well written analysis, entertaining stories and ample references the author not only provides interesting insights but also a starting point for further study. For those who are active in the industry or currently pursue a career in aviation, Stormy Skies is a true recommendation.

### About the Author

Paul Clark is the author of *Buying The Big Jets*, now in its second edition. He worked for more than 20 years at Airbus, then established and managed AirBusiness Academy in Toulouse for 3 years before moving to Montreal to run the IATA Training and Development Institute for almost 2 years. He is currently working independently as an aviation consultant. Paul is a Visiting Professor at City University in the UK, and a Fellow of the Royal Aeronautical Society.

**About the Reviewer**

Marcel Venema is an aviation professional who is currently working as a Teammanager for KLM Equipment Services. He graduated from the Amsterdam University of Applied Sciences back in 2009, where he successfully completed the “Aviation Management Honors program”.

**About the Book**

Stormy Skies – Airlines in Crises, by Paul Clark. Ashgate. Published: September 2010. Hardback £ 35. ISBN: 978-0-7546-7887-8.

Preface

I am old enough to remember every major airline economic crisis since the jet age. This is not a boast, nor is it something that I particularly wish to celebrate, as my confession is merely a disturbing reminder of the ever-quickening passage of time. But I have witnessed history repeating itself time and time again. The temptation to write about the most recent airline crisis, which can be traced back to the autumn of 2008 and has lasted well into 2010, was thus very strong.

In describing this book, I need first to say what it is not. Stormy Skies is not a compendium of startling new business models or processes offering an antidote to the ills of the crisis. Neither is it a blow-by-blow account of the downfall of the many airlines that have collapsed. That would be too depressing and serve no useful purpose. Rather, the book aims, through a series of essays, to shine a light on key commercial challenges that the airline industry is confronting. I offer no guarantees that airline executives who decide to apply any of my ideas, or those of my contributors, will emerge from the next downturn unscathed. However, I do believe that the subjects addressed in Stormy Skies are highly relevant to today’s airline business environment and should not be overlooked.

As I have no affiliation with any airline, aircraft manufacturer, airport, supplier, user group or industry regulator, I have felt free to express my views in an objective way. This is refreshing for

me, but I know that I am not going to please everybody. Indeed, I set out to be a little provocative at times and make no apology for so doing.

Stormy Skies starts with a look at past crises so that we can understand the repetitive cyclic behaviour of the industry, the dramatic effect of failure and the desperate need to improve our forecasting abilities. Economic downturns are rather like wars; there is a tendency to believe that there will never be another one. Then, a series of essays covers issues for which airline management needs either a position or a strategy. These are: the risks of overcapacity in the face of unbridled enthusiasm from the original equipment manufacturers; the need to adapt to a world where passenger expectations have radically changed; the dangers, or otherwise, of massive industry consolidation; the perils of airline pricing; the potential of social media; and, naturally, the impact of environmental responsibility on the industry. Finally, some key industry figures gaze into my crystal ball and suggest some challenges we might face ten years hence. One of my inspirations to address these subjects came from the late Sir Adam Thomson, founder of British Caledonian Airways, who said, ‘A recession is when you have to tighten your belt. Depression is when you have no belt to tighten. When you’ve lost your trousers, you’re in the airline business.’

Paul Clark

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