



MAN IN THE NEWS LOUIS GALLOIS

The sensitive axe-man

The head of Airbus is painfully aware of the hurt his restructuring plan will cause, says **Peggy Hollinger**

In his rare idle moments, Louis Gallois dreams of being a bookseller. Not an antiquarian bookseller, bargaining to buy old books for pennies and selling them on at a big profit. Just an ordinary bookseller, perhaps indulging a fondness for crime thrillers and watching over his small shop somewhere in Paris, far from politics and pressure.

But the 63-year-old chief executive of Airbus has not had much time for dreaming lately. After four months of almost constant haggling between Germany, France, Spain and Britain, Mr Gallois on Wednesday unveiled a long-awaited and politically sensitive restructuring plan that has unions in the four founding countries of the world's second biggest aircraft maker threatening to bring the group to a standstill.

The plan deemed crucial for Airbus's survival has been carefully structured to avoid compulsory redundancies and take account of the sensitivities - not just of the four governments involved, but of Mr Gallois himself, a fervent Socialist since his youth.

Nevertheless, the sense of loss and abandonment was palpable on Wednesday, with workers milling around factory gates waiting for details of Mr Gallois' plan to cut 10,000 jobs and rationalise production sites. For many, it was not just a question of losing a job - the sites will not be closed, merely transferred to risk-sharing partners or sold. It was about no longer working for Airbus. "There is an Airbus culture, a pride in working for this company. People just don't understand," said one French union representative.

Mr Gallois is keenly aware of that sense of loss. Almost his first act after announcing the

cost-cutting plan was to offer unions a meeting to talk about the plan, even opening the door to the possibility that some peripheral elements could be reworked as long as the final goals were met.

The gesture is typical of Mr Gallois, a man renowned for managing difficult corporate situations and even more difficult trade unions. After all, he survived for 10 years at the helm of SNCF, the French state-owned rail monopoly and a stronghold for the country's most militant union, the CGT.

He arrived at a time when rail unions were at the peak of their power, after bringing the country to a halt for three weeks and forcing the government to step back from economic reforms. Nevertheless he managed to cut costs and implement what insiders describe as revolutionary reforms to prepare the group for competition - not least the idea that a public service should strive to be profitable.

On the day he quit to become the French co-chief executive of EADS, Airbus's parent, last summer - just three months before he took on the added role of Airbus boss - he was spontaneously clapped out by hundreds of employees. The man known as Lou Lou to station staff was even given a rare railway worker's send off, the linesman's cap and whistle normally reserved for those who have turned in decades of service on the rails.

A gangly, rather austere-looking man, perhaps because of his brutally bald head and sharp nose, Gallois' rapport with workers has not been built by a backslapping bonhomie. Indeed, those who work with him say he keeps a certain distance, revealing little of his private life beyond his passion for rugby and cycling. But

there is a down-to-earth charm and sincere concern for how his decisions will affect those he manages, colleagues say.

Then there is his renowned disdain for money and the trappings of power. "I may not earn a lot," he once said in response to a question about his relatively modest €80,000 (\$235,000) salary, "but then I don't spend a lot." He famously rejected the €2.3m salary offered to him by EADS, in favour of his old SNCF salary. The balance is paid to charity.

The austerity comes from a deep sense of public service, say those who know and have worked with him. Born to a modestly bourgeois family in southwest France, Mr Gallois may have outgrown his deeply Catholic upbringing, but not his republican faith. "Even though he is a Socialist, he is a great admirer of Charles de Gaulle, his sense of service and vision for France," says one who has known him for more than 30 years.

He chose to go to the Ecole Nationale d'Administration (ENA), the elite university that trains the top civil servants, even though he had already earned a degree from the leading business school, HEC, that would have guaranteed him a sparkling private sector career. He then went on to serve in the cabinet of his early political mentor Jean-Pierre Chevènement, variously minister for research, industry and defence, and was virtually the only civil servant to know how to read the balance sheets of the country's recently nationalised industrial companies.

It is this sense of public service that has won Mr Gallois friends across the political spectrum, despite his proud boast to be one of the few people to have read every word of Das Kapital in his fleetingly Marxist youth.

His old friend Alain Juppe, a fellow graduate of ENA and former prime minister of the UMP centre-right government, chose Mr Gallois to head SNCF in 1996 after the previous chairman was jailed unexpectedly. He was reluctantly plucked out of his job running Aerospatiale, one of the founding companies of Airbus, to go to SNCF.

Despite his image as the obedient public servant, a whiff of the youthful rebel still lurks. Even having won the support of both French and German governments for his roles at EADS and Airbus, he is outspokenly critical of the national rivalry that last week almost scuppered his restructuring plan before it was launched.

Yet some suggest that his sense of duty and social conscience could blind him to the need for more drastic measures at Airbus, which is facing punishing exchange rate problems and severe production difficulties while rival Boeing is pulling ahead rapidly.

The rare critics cite the fact that when he left SNCF, his successor almost immediately denounced a system of labour relations "dating from the cold war" - a comment that sent a surge of anger through the corps of railway workers and threatened to reverse the recent relatively low level of rail strikes. But it also raised questions about Mr Gallois' appetite for radical change.

"We may have come to the limit of the system whereby a good and loyal public servant makes the changes you need," says one former colleague, who nevertheless rates Mr Gallois' abilities very highly. "Change could be gradual in a national monopoly like SNCF, but at Airbus you are going to have to break with past habits fast."