

BUSINESS CLASS

—Sydney

Preface

In under three years, Virgin Australia CEO John Borghetti has rebranded a struggling carrier and is now competing as a major player in the nation's skies. He tells us how it's an airline's staff that helps keep standards high.

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Virgin Australia CEO John Borghetti doesn't do hands off. In fact, the veteran of Australia's civil aviation industry positively loathes the concept. "On the first day on my job I wrote to every single pilot and said, 'I'm the new guy, here's my office number, here's my mobile number, call me any time you need me,'" he recalls. "I get maybe a call or an SMS once a week, and big deal. If I can't manage that then I shouldn't be in the job."

Since Borghetti took the helm of the ailing budget airline in 2010 he has been determined to get a view from the trenches. His aim from the start was to rehabilitate what was then Virgin Blue from the bottom up and go head-to-head with iconic brands such as Qantas - he launched what's been dubbed an "airline war" with his rivals. There's no denying the pugnacious 57-year-old has a combative business ethos. "I think it is a war, if you want to call it a war," he says about business. "It's a question of beating the other guy or guys. I think I'm a reasonably competitive person."

A psychologist would delight in unpacking the motivations behind his onslaught against the Qantas Flying Kangaroo - a company he served for 35 years. Borghetti was born in Italy and still occasionally speaks with the faintest hint of an accent. He didn't go to university but rose through the ranks at Qantas to

become executive general manager. Yet, in 2008, Qantas chose the university-educated Alan Joyce to replace Geoff Dixon as chief executive.

Borghetti, who says he actually prefers Porsches to planes, flies between six and eight times a week. Never one to waste an opportunity, he uses the flights to check on everything from the crew's take on the latest company gossip to the freshness of the bread rolls. After landing, he fires off a stream of emails to his executives outlining just what he thinks is working and what is not. "I guess you could say that I micro-manage, if that's what you determine micro-managing to be. But the truth is it's your job to make sure all of that stuff goes well, otherwise you don't have a business," he says.

When Borghetti took over Virgin Blue in 2010, it was a company in need of a micro-manager. The low-cost carrier languished in the shadows of Qantas. Although it had enjoyed initial success after its launch in the early 2000s by offering budget services geared towards the robust domestic tourism market, by 2009 the company had lost focus and seemed to be drifting aimlessly.

The Australian press was dubious about whether Borghetti could pilot the struggling carrier into profitability - a pressure that only spurred him on. "Don't ever tell me I can't do something," he says with a smile. He quickly put his stamp on the company by launching a corporate reboot that saw the addition of business-class seats, the building of new airport lounges in Sydney and Brisbane and a revamped frequent flyer programme. In 2011 he renamed the carrier simply "Virgin Australia" and extended its global reach by signing agreements with international carriers including Etihad Airways and Singapore Airlines. In October 2012, Borghetti announced plans to acquire a 60 per cent majority stake in Australian airline Tiger Airways, a move that will effectively make Australia a two flag-carrier country.

The payoff for Borghetti's forward thinking has come with astonishing swiftness. Financial data released by Virgin Australia in August 2012

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reads like a CEO'S wish list: profits up AU\$149m (€115.4m) over the previous fiscal year and total revenues up nearly 20 per cent to AU\$3.9bn (€3bn).

Borghetti blames many of the problems he inherited as CEO on the failure of the company's previous management to listen to front-line employees. Righting that wrong is key to his management style. He makes a point of going to the cockpit to meet his crew and attendants. "Too many CEOs or senior executives create a chasm between themselves and the person that's in touch with the customer," he says. "That's just a road to nowhere. That's a road to disaster."

Nearly three years in and Borghetti has repositioned Virgin Australia in the market and he's also given its flight crew and fleet a style makeover that would not look out of place on the set of *Mad Men*. The change that he values most, though, is the one the company has undergone just by knowing where it is going once again. There are also many ambitious schemes in the offing, including a takeover of Perth-based western Australian airline Skywest, which will add overseeing its fleet of 28 planes to Borghetti's "to-do" list.

The "airline wars" continue. In the meantime, Borghetti remains steadfast in his resolve to stay in touch with his staff. "I've only got one job in this business, one role, and that is to make people believe. [I need to] make people believe that we can achieve things, that we've got a future, that we've got a strategy. That's what management is all about. Management is about giving hope to people." — (M)

The Rules

01: What time do you like to be at your desk?

On the assumption that I'm not travelling on a plane somewhere, I like to be in some time between 7.30 and 8.00 in the morning. I tend to get three hours' work done in half an hour.

02: Where do you think is the best place to prepare for leadership – an MBA school or out in the field?

If I'm employing someone, I look at their practical experience, character and attributes first and then worry about what academic background they have.

03: How would you describe your management style?

I work on the principle that you're in business because of what the customer pays you – he or she is ultimately what determines your success so everything has to stem from that.

04: Do you think tough decisions are best taken by one person?

Yes, but that doesn't mean you don't seek information or guidance. Ultimately one person has to make the decision – that doesn't necessarily mean it has to be you.

05: Do you read management books?

No. I don't believe in them. Talk to your staff. They'll tell you what management needs to do.

06: Do you want to be liked or respected?

I think you can be respected and liked but you have a job to do, so you do have to be respected. If you're liked but not respected, you won't get anywhere.

07: What do you value in your staff?

Speed, loyalty, independence and dedication.

08: What technology do you carry with you on a trip?

My iPad. I love my iPad. Don't anybody touch my iPad. It talks to me. It does everything.

09: Run in the morning? Wine with lunch? Socialise with your team after work?

Why would I do that when I can drive? We have a policy that we don't drink at lunch. And the moment you start socialising you start blurring the professional lines.

10: What would your key management advice be?

Learn from your staff.

