

TURNAROUND OF AIR INDIA

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Turnaround guy Lohani was picked by the Prime Minister's Office in August last year to head Air India. The decision came as a surprise. Unlike the usual IAS appointed to head Air India, Lohani is a Railway Service officer with no experience in aviation. There were compelling reasons for the move. Nearly half of the 30,000 crore equity promised by the government to turn around the ailing flag carrier had been used up with little signs of a turnaround. The government needed a man who could deliver. And Lohani has the reputation of a "turnaround specialist". He had earlier turned around sick government organisations like the India Tourism Development Corporation and Madhya Pradesh Tourism and made them profitable. "AI has to turn around. There are no ifs and buts about it," Lohani told HT.

"A merger that really never happened and, in the process, resulted in a chaotic situation is at the root of all ills that we are currently witness to."

This isn't an 'aviation expert' giving gyan on the industry's favourite punching bag, Air India (AI). It's the man in the hot seat, Ashwani Lohani, the chairman and MD of the state-owned national carrier, writing in his blog, Think, about the problem that has seen thousands of crores of rupees go down the drain.

Rarely do we see a serving bureaucrat speak so openly. But that has been Lohani's style from the beginning, say people who have known him for years.

"I haven't seen an AI chief talk so openly on why the airline, which once commanded a 50% market share, landed in such a mess," says a top official of the airline.

Appreciation is coming from unexpected quarters. "He is fighting the legacy issues of Air India and trying to change the culture of the airline and we must appreciate him for that. He is working extremely hard," said Ajay Singh, whose Spice jet competes with Air India.

He is a firm believer in the "employee first" approach. On his office table is a picture of Virgin Group founder Richard Branson with a quote that says, "Clients do not come first. Employees come first. If you take care of your employees, they will take care of the clients."

Lohani says it makes him sad when the common employee is often blamed for the ills of the organisation. "The real reason for the debacle lies elsewhere, in my opinion with the head honcho," Lohani wrote in the blog.

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Within months of taking over, he made sure most employee grievances lingering on for years, relating to Air India's merger with Indian Airlines, pay parity, and pilot salaries, were settled.

Passenger comfort was a top priority and so was an emphasis to get planes off the ground. At a time when rivals were ramping up their fleets, more than 10% of AI's fleet was grounded. Within months that changed and the airline's aircraft utilisation touched an all-time high.

Decision-making was another area. The decision on the Delhi-San Francisco flight had been pending for years. Lohani cleared it in one go and followed it up with flights to Vienna and Newark.

As the chairman of ITDC, Lohani had an office at New Delhi's Ashoka hotel but never did he or his family dine there. "Even when friends came to office, nothing was ordered from the hotel. It was a message to the staff - if the boss doesn't eat for free, they shouldn't either," said a former employee of the hotel.

As director, Rail Museum, Lohani was credited with restoring the world's oldest working steam locomotive for running the Fairy Queen Express. But his family never got to travel in the train till he stayed in the post.

He is following the same policy in AI. "Upgrade my family and face action" is the message to his staff. By virtue of being the CMD, Lohani's family is entitled to travel in executive class.

"It sends a message to bureaucrats and politicians who are perpetually requesting for upgrades," said an official.

"It's extremely important to set an example," said Lohani, who stays in his house in the railway colony at Sardar Patel Marg in New Delhi.

He recently ordered employees not to present him bouquets nor queue up at airports to receive him. The emphasis is on work, not on petty courtesies.

Lohani is not merely about banning bouquets and free food. AI is set to post its first operating profit this financial year, its first since its merger with Indian Airlines in 2007. Lohani is aiming for a net profit in 2017-18, two years before the turnaround plan expected.

"The benefits of lower fuel prices are visible," said Kapil Kaul, South Asia CEO of Centre for Asia Pacific Aviation. "Deferment of expenses may be key to delivering operating profits given aircraft ownership costs are below-the-line item and not included in operating costs. But overall a good beginning. Lower service levels, asset productivity and customer engagement continue to be a challenge and need to be addressed to ensure structural improvement."

If oil prices don't upset his flight path, the turnaround man may script his biggest turnaround yet.

Source: <http://m.dailyhunt.in/news/india/english/hindustan+times-epaper-httimes/md+ashwani+lohani+taking+air+india+to+profits+while+flying+economy+class-newsid-57008209>

Questions

1. Which leadership style has been followed by Ashwani Lohani. Elaborate the leadership traits of Ashwani Lohani.
2. Is there any change in the culture of Air India after the joining of Ashwani Lohani? Explain the characteristics of new culture of Air India.
3. Discuss about the decision making style of Ashwani Lohani.
4. Discuss the impact of the policies of Ashwani Lohani on the motivation level of the employees of Air India.