AirAsia X honcho has bootstrap swagger

By Joyce Hooi

Singapore

If AirAsia X’s CEO could crow, he would. But faced with that biological impossibility, Azran Osman Rani is settling for a big, fat I-told-you-so.

When the long-haul arm of AirAsia took to the skies for the first time in 2007, the aviation industry tittered behind its hand. There was aviation-crazy, and then there was long-haul-budget-crazy.

The idea of a cheap long-haul flight goes back to the ‘70s, but has a disaster-ridden history. One of the first, UK-based Laker Airways, started in 1977 but folded five years later. Another, People Express, flew from New York to London in the ‘80s, but lasted only four years.

But now, full-year revenue from the six-year-old unit of Tony Fernandes’s airline group is pushing RM2 billion (S$823 million). Poised on the edge of financial turnaround – AirAsia X went back into the pre-tax black last year after intense route restructuring – the CEO of long-haul budget carrier says his mantra is more revenue and controlling costs.

“Now, some people that were ridiculing us – here – have launched their own long-haul low-cost carrier. (Just) change the red paint to yellow . . . but while they’re doing everything the same, we’re trying to figure out what’s next,” Mr Azran says, drawing laughter at a talk organised by SIM Professional Development yesterday.

These are fighting words from a man who knows what a scuffle looks like. His latest one involved fisticuffs with Utusan Malaysia after he criticised the Malaysian daily last month for articles that he deemed racist. The paper has since demanded an apology.

But in Singapore yesterday, Mr Azran’s mind was on making money, not enemies. AirAsia X might have grown its fleet to 12 aircraft with more on the way, but it eschews the frippery that comes with size. Its no-frills approach to in-flight food saves it US$100 in cost per return passenger over a premium carrier, Mr Azran claims.

“In traditional airlines, everyone decided that the meal had to come in a tray. With a bun. And a salad. And that funny-looking dessert. In our case, we’re gonna get people to pre-order their meals, because wastage is a killer,’ he says. And then there is the kind of revenue that can be “generated from nothing”. Last year, the airline introduced an empty seat option in which a passenger pays a small fee for a chance to occupy all three seats in a row. Depending on ticket sales, there might be 20 such options available with a 50 per cent success rate, for example. Unsuccessful bids are refunded. “It’s a way of generating revenue from seats that are going to waste,” Mr Azran says.

When AirAsia X is not looking for ways to make more money, it tries not to spend it. Its ‘quiet zone’ on planes has ambient lighting in a calming shade of blue. During its conception, the quote for lighting came up to about US$75,000 per aircraft, but instead, the airline popped on an RM3 blue sleeve over each lightbulb and Bob was your uncle.

On flights, even the water going into toilets is measured, varying with flight times and how full the plane is, to keep weight and fuel usage down. “We’re paranoid about every single kilogram that goes onto the plane,” Mr Azran says.

Now, the airline’s ambitions include hitting US$1 billion in five years’ time and bringing operating cost per available seat-kilometre down to two US cents. The airline will do this through a mix of scrappiness and flexibility that Mr Azran prides himself on. At work, he has a desk like everybody else. Instead of going to a boardroom for a meeting, he and his colleagues “turn our chairs around”, and make quick decisions, he says.

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