

International Business News

AVIATION INDUSTRY

Airlines shed weight as fuel costs soar

AFP, Tokyo

Next time you take to the skies you may find there are fewer pages in your in-flight magazine, your fork is slimmer and your plate feels different. Blame it on soaring oil prices.

The seat you are sitting on may be lighter. Perhaps there's less water on board for the bathroom faucets and toilets. The drinks trolley coming your way probably weighs less too.

It's all part of efforts by airlines to shed weight and conserve fuel, running in tandem with more radical steps such as cutting routes and capacity.

"Individually they may sound quite trivial but they all add up," said Andrew Herdman, director general of the Association of Asia Pacific Airlines.

"Obviously, the more expensive the fuel, the more the savings translate into. Given that oil prices are at a record high and have quadrupled over the past few years, there's even more effort" to reduce weight, he told AFP.

Japan Airlines (JAL), Asia's largest carrier, is among carriers that are putting fewer pages into their in-flight magazines.

It has also slimmed the handles of its forks and spoons, reducing their weight by two grammes (0.07 ounces) each, said JAL spokesman Hisanori Iizuka.

The weight of a freight container has been cut by 26 kilogrammes, reducing the



The file photo shows one of Etihad Airways planes in flight. Airlines worldwide face total losses of at least \$2.3 billion this year due to soaring fuel costs.

burden of a flight by one tonne.

Even the porcelain in business class on international flights is 20 percent lighter since the manufacturer put tiny bubbles inside.

"It's important to make every little effort, which matters when you carry hundreds of passengers on a flight and

operate 365 days" a year, said Iizuka.

"The heavier the plane is, the lower its fuel efficiency. This is part of our efforts to slim down everything possible."

It's not the only airline looking to shed weight. Australia's Qantas is also

considering similar steps to conserve fuel.

"We don't want to compromise our product or service," but the carrier is looking at lightweight meal carts, alternative packaging and examining "what we carry to remove waste, that type of thing," a spokeswoman said.

Singapore Airlines has introduced lightweight drink trolleys and serveware on board new aircraft such as the A380 superjumbo and the Boeing B777-300ER.

"These carts and serveware will be on all new aircraft which join the fleet in the future. As for magazines,

based on crew feedback, titles not in demand were removed," a spokeswoman for the carrier said.

All Nippon Airways has also been reducing the weight of seats, tableware, trolleys used by cabin attendants and other items.

"By introducing lighter porcelain for first and business classes, we have reduced the weight by an average 66 kilogrammes on one flight," a spokeswoman said. "We're always looking for items whose weight can be reduced."

Even paint adds weight to an aircraft, so some carriers have been experimenting with only polishing the exterior, particularly for cargo planes.

Airlines worldwide face total losses of at least 2.3 billion dollars this year due to soaring fuel costs, according to the International Air Transport Association, which says the industry is in "crisis."

At least two dozen carriers around the world have gone bust this year.

Some US carriers have started to charge the first checked-in bag.

And there is even speculation that the passengers might eventually have to step on the scales before boarding a plane, with heavier travellers paying more to fly, although experts say that day is not here just yet.

"I don't think we've quite got to the point of passengers being weighed," said Herdman.

Opec president warns no end to oil price rises

AFP, Algiers

Opec president Chakib Khelil warned Sunday that oil prices will continue to rise because of the falling dollar, in an interview in the Algeria-News.

"The price of oil will rise again in the coming weeks. We have to follow the evolution of the dollar, because a one percent fall in the dollar means four dollars more on the price of oil," Khelil, who is Algeria's minister of energy and mines, told the independent daily.

"As producer countries we think that the current supply is sufficient, that this balance in supply is in everybody's interests and that it shouldn't be disturbed, because the current rise in oil prices is in nobody's interest," the head of the Organisation of Petroleum Exporting Countries stressed.

He also commented on the geopolitical effects on the price of oil, notably the crisis between Iran and the West over its nuclear programme and rejected the theory that oil cartel members were against boosting production to put a downward pressure on prices.

"I believe that 60 percent of the rise is due to the fall in the exchange rate of the dollar and to geopolitical problems, and 40 percent to the intrusion of bioethanol on the market," he said.

France takes helm of EU economic policy

AFP, Brussels

France faces the tough task of piloting Europe past financial market turmoil and record oil prices when it takes the helm of European economic policy this week under a cloud of controversy.

French Finance Minister Christine Lagarde is to chair on Tuesday the first meeting of her EU counterparts since Paris took over the rotating six-month presidency at the beginning of the month.

The talks are to focus in particular on what can be done to cool red-hot oil prices or at least ease their impact on consumers and tightening oversight of credit rating agencies.

No stranger to controversy when it comes economic policy in Europe, French President Nicolas Sarkozy already stirred up flaps even before the start of his EU presidency by criticising EU trade chief Peter Mandelson and floating proposals to cut sales tax on fuel.

Moreover, France is under pressure from its EU partners to ensure its public deficit will not breach European rules, putting Paris in an embarrassing position as its presidency of the bloc gets underway.



The latest electric car from Mitsubishi Motors, i-MiEV, capable of running at a maximum speed of 130 k.m.p.h, is quick-charged at an outlet at the G8 Summit media center in Rusutsu, Japan yesterday. On the sidelines of the G8 Summit leading Japanese companies are displaying their latest innovation utilizing clean energy for automobile and other latest cutting-edge technology in energy and environment.

Singapore's property boom cooling

AFP, Singapore

Singapore's booming residential property sector is finally showing signs of cooling but projects including two casino developments should underpin long-term prices, analysts say.

The market was described by real estate giant Jones Lang LaSalle as the world's hottest in 2007, when the city-state's property prices surged 31 percent overall.

But this year the sector has not escaped wider concerns over a US-led global economic slowdown and inflationary pressures.

Private home prices rose 0.4 percent in the second quarter, the slowest increase in four years, the government's preliminary figures showed last week.

The second-quarter rise was also much slower than the 3.7 percent increase recorded in the previous three months but prospective buyers waiting for huge bargains may be disappointed.

German firms pull out as Chinese fluff teddy production

AFP, Berlin

In the end it was a nagging feeling that the eyes had lost their iconic, melancholy look made German manufacturer Steiff realise that if you want top-quality teddy bears, China might not be your best bet.

Before that it was the three-month wait for 80,000 cuddly white polar bears just as "Knut," Berlin zoo's real life star, was gracing the cover of Vanity Fair and demand was exploding.

For the soft toy firm, which started life in the late 18th century with a wheelchair-bound woman making elephant-shaped pincushions, trying to produce teddy bears in China was no picnic.

In an effort to cut costs Steiff began outsourcing production to Chinese factories in 2004, and even sent 300 workers there to make sure the bears were up to scratch.

But this week Steiff called time on its Chinese adventure.

WRITE-UP

SUFI FARUQ IBNE ABUBAKAR

Creating chief information officers for the future

The job descriptions of an 'Information Officer' or an 'Information Technology (IT) Manager' are no longer limited to IT hardware and software maintenance and MIS operations (Management Information Systems), even in Bangladesh. Multinationals and local conglomerates have realised that IT translates to more than running the day-to-day automated business operations. When used strategically, it can be used to gain competitive advantages or a spirited edge over rival businesses. This is the reason why companies are investing heavily to create IT leaders or Chief Information Officers (CIO) for the future.

However, resources are very limited in the local market and mainstream management is not well groomed. Most companies are found struggling to ensure business continuity when somebody moves out. Important initiatives need to be taken, from a strategic point of view, to mitigate such crisis. It will be most critical to educate the management on IT changes and IT leaders need to be developed on a continual basis. Of course, retention of existing leaders remains unconditional.

The Chief Executive Officers or business chiefs must put proper thought and effort to secure investment and to develop CIOs for the future. They must disentangle themselves from the stereotype that CIOs are actually just engineers. They must feel that a CIO is a person who demonstrates leadership with a mixture of technical knowledge, business understanding and the capability of aligning business

and technology- and that these things cannot be expected from training or academic backgrounds alone. This combination of traits requires structured training, coaching, mentoring, and so on.

Management makes a common mistake of comparing the new concept of CIO leadership development with the history of the development of the first generation CIOs (who are exceptionally grown, business savvy, technical people) at the cost of time, effort and resources. If the CIOs are developed with proper guidelines and planning, it ultimately cuts down on resource wastage and significantly reduces risks. So who will develop the second generation CIOs?

It is imperative that the CIOs of today (or the Bangladeshi 1st generation CIOs) create CIOs for the future. They must be able to groom replacements that are 'Business Ready' and can take on the challenges of working in a growing IT-intensive business environment. Current leaders are retiring fast. Also, there are not too many IT graduates these days because of the growing demand for business professionals. So the need is increasingly difficult to find

and recruit people with the right mix of business and technical know-how. So how can CIOs choose from amongst a diversity of young budding IT professionals and finally mould them into successful CIOs for the future?

One may begin with succession planning, because nothing apparently succeeds like succession. It traverses beyond the mundane affairs of getting subordinates to perform day-to-day tasks and looks ahead into engaging them into the business' strategic thinking process. What is required is a good, flexible plan that adjusts to the company's changing business environment.

The human resources department should work in coordination, to place candidates in the CIO office.

The first task is to identify a set of skills considered necessary for each job in the department, and then use that to evaluate the development possibilities for employees. Once an assessment is complete, CIOs will begin to plan ways to shape these skills into those of a leader.

The second step is to identify how far down the hierar-

chical ladder to plan for? Panning should begin considerably down the line so that there is no void and when someone moves up internally, there should be other people to fill in their shoes.

Next, a thorough performance appraisal system should be used to match performance with the assessed skills. For IT, this includes identifying an employee's strengths in leading teams and developing strategy, examining areas for further technical and management growth, and a broad evaluation of current opportunities and employee's readiness to step into those positions.

The following step is to identify a handful of employees with high potentials. The process is intricate and involves understanding the employee, knowing his strengths, receiving 360-degree feedback from peers, etc. They must then be put to the test. The candidates can be made to manage projects of importance, allowed to sit in top level management meetings, encouraged to perform key tasks for the CIO, such as planning, budgeting, forecasting, etc. It is crucial for CIOs to guide them and to create a safety net, lest they underperform. These development plans may be standardised, however, it is important to ensure that they are customised to and works for each individual, and kept open to change.

Furthermore, many firms in the other countries make use of something called a 'shadow program' in which the subordinates get a direct opportunity to follow the CIO and find out for themselves, what their jobs actually are. This enables them to get a feel of what it is like to be at the top and solve pieces of the business IT puzzle.

Finally creating an IT leader means making room for him/her at the top and at the same time, it means establishing a fast track that allows potential IT leaders to reach that destination within a planned, organised and systematic 'Executive Development Program'.

Mentoring and coaching are indispensable. Mentoring should be done early, and often. CIOs should train future IT stars on and off the job, such that they are ready to accept the big challenge. Teaching them how to think strategically and delegating critical tasks can prepare direct subordinates for this. It should give them an understanding of how the business makes decisions. An appropriate mentorship program, with handbooks and guidance notes can be useful. Good mentors should also purvey workplace advancement skills. They can teach their reports to never stop asking questions, to be decisive, to learn to listen, to admit and acknowledge shortcomings and finally to treat each job as though it were their last.

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The writer is the head of IT infrastructure and operations of AKTEL and the author of 'ISP Setup Manual'.

