

Will the R1,5 billion SAA borrowed rescue it?

 By [Chris Mberdyk](#)

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So, South African Airways (SAA) has just borrowed R1,5 billion from two banks to keep alive while it "waits for government to accept its turnaround strategy."

Well, if I could have a fist-full of cash for every SAA turnaround strategy that has been bandied about in the past few decades, I would probably have enough clout to land my private jet at Waterkloof Air Base.

What we can be sure of is that eventually a turnaround plan will be accepted and SAA will then pay the banks back by taking that R1,5 billion plus interest from your pocket and those of 50 million other South Africans.

Right now, the South African Airways scenario represents a classic case history of just how hard one has to work at it to destroy or at least significantly damage a brand. Because, in spite of all sorts of negative elements that should see consumers cold shouldering the brand and flying on other airlines, this simply hasn't happened.

Bungling

The reason SAA finds itself in so much trouble and having to once again beg for billions of rands from government to survive, is not because of a lack of passengers but rather because of some quite spectacular mismanagement and incessant bungling... and plain lousy marketing.

That SAA has actually managed to keep its aircraft in the air up until now is testimony to the apathy of the South African consumer who can apparently take more corporate abuse than anyone else in the world. Just look at how they all meekly line up at the exits at places like Makro where the doors are closed and customers only let out once they have proved to security guards that they are not criminals.

It's the same with SAA. Somehow, no matter how bad the in-flight service, the delays and the jostling at the check-in counters, South Africans just keep coming back for more.

Of course what one has to admit in mitigation of this lemming-like behaviour is that a lot of these SAA die-hards are members of the Voyager loyalty programme. And in spite of the gamut of frustrations of trying to use those air miles or glumly watching them all too quickly expire, they feel forced to persevere rather than start from the beginning with another airline.

Can it be saved?

So, what does all this mean for the SAA brand? Is it irreparably damaged and terminal or can it be rescued?

Well, given the fickle nature of the South African consumer who will one day bay for the blood of team members of our cricket, soccer and rugby sides when they lose and the next be hot under the collar and indignant when they win and selectors want to bring in new blood, there is no doubt that the SAA brand flag will once again be hoisted high.

But, it will not be easy and in spite of the apathetic nature of its target market, SAA cannot make the mistake any longer of taking this for granted - however tempting this might be. There is still the danger of something big and thoroughly ugly enough sparking off a situation where consumers start to walk away from the airline in huge numbers. And, as I have been saying for years, that something will undoubtedly be a reliance on a business plan that will be all about recapitalisation and reorganisation without any major focus on customer service.

What has been worrying and potentially brand damaging is the fact that all the talk by both SAA and government up till now has only been about cost cutting, new aircraft, rationalisation and drastic headcount reductions - nothing about making customers happy.

To make matters worse, there have been increasing media reports of SAA service standards declining even more.

SAA is surviving only because it is a company with "South African" in its name and is able to rely heavily on patriotism on the part of its customers and a completely misguided sense of ownership by government still clinging to a completely out-dated notion that it is somehow solely responsible and that having a national flag carrier is essential for brand South Africa.

Doomed

The new SAA business plan will be doomed to failure unless it devotes a significant portion of it to revitalising the brand and the only way it will revitalise the brand will be to start making customers feel a lot more satisfied than they are right now.

When I first brought up the subject of SAA not leaving marketing out of its turnaround strategies, the late Prof Jakes Gerwel who was chairman of the airline at the time wrote to me and said: "We must first get financials and operational structures sorted out before we can start worrying about marketing."

Not wishing to speak ill of the dead and in spite of my respect for Prof Gerwel, he was talking absolute nonsense and clearly neither he nor his board had any idea of what role marketing played in a company.

As always, the major challenge will be to improve customer service while at the same time reducing headcount. What many companies don't realise is that customer service, like everything else in marketing, is not something that can be undertaken by computers or automated call centres but can only be handled by humans. And by implication, getting rid of human beings suggests that customer service will be compromised instead of enhanced.

There is however a ray of light for SAA if it is prepared to accept that fixing things is just as much about customer service as it is about cutting costs.

Quite simply, even with a reduced staff complement, SAA can deliver a far better service than it did with twice the number of people if it empowers them. Not in terms of the usual definition of empowerment in South Africa which seems to have become something akin to affirmative action but real empowerment of everyone who comes into contact with the consumer. And that is to empower them to make decisions.

When it comes to this form of empowerment there are two kinds of corporations in the world today. Those whose staff are genuinely empowered to make decisions and whose management actually encourages employees to make mistakes in terms of that empowerment. Quite simply this management and consequently marketing thinking is based on the premise that any company that is not prepared to take risks today will inevitably fail. Any company that only allows top management to make decisions will become overburdened. The argument is that if employees are too scared on making mistakes they

will always act conservatively or even not act at all.

The other kind of company has a strict set of rules and expects all employees to stick to those rules or face disciplinary action. SAA is one of those companies. Which is why whenever you ask an SAA employee at the airport or in the air to make some sort of minor exception, the answer is always no.

Sorry

Which is why when there is a problem at the airport, you can never find an SAA employee who is prepared to help, tell stranded or delayed passengers what is going on or take control of what quickly becomes a chaotic situation. Which is also why one never hears an SAA employee saying sorry for something but rather always coming up with a defensive excuse which is mostly either about not being able to do anything or not know what is going on.

SAA will have to take an enormously bold step in terms of empowerment because it flies in the face of everything bureaucracy stands for. It will have to allow its front line staff to take decisions on the spot and will have to bite the bullet and praise those front liners when they make mistakes and not berate them. Sure, the second time they make the same mistake the carrot can disappear and the stick come out. This is the way successful corporations the world over work today and for SAA this form of empowerment is not optional but essential to getting the brand back where it belongs.

Something else SAA needs to include in its business plan is a reversal of attitude towards its competitors. So far SAA's history is littered with examples of a dog-in-the-manger attitude in terms of blocking competitors from coming into this country with as many flights as they like. And even worse, as the Sun Air episode showed, getting rid of the competitors by foul means or fair. Whether or not SAA actually did destroy Sun Air is besides the point, the perception is it did and it's that perception or arrogance that pervades the organisation and breeds more arrogance and negativity among employees.

How stupid is this?

The SAA brand has been around for a long time. It has in latter years featured in local brand awards even though in some of those awards the majority of consumers who voted for it hadn't ever flown on an aircraft before.

It is my bet that even with the news that SAA is going to cost the taxpayer billions, it will probably fare well in local brand awards. And it needs to be very mindful of the fact that this brand value has nothing to do with customer service delivery but everything to do with the power of their advertising campaigns over the past few years. Proved by the fact that of SA's top ten brands, all of these also happen to be SA's top ten advertising spenders.

Training and empowerment for customer service staff are key to revitalising the SAA brand. Those are marketing functions. Hopefully SAA management and government will not lose sight of how important these factors are when they start ploughing those billions of recapitalisation rands into the airline. Leave them out and it will remain a bottomless pit.

ABOUT CHRIS MOERDYK

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