



How leadership affects organisational performance during times of business transformation. The case of Ryanair's CEO Michael O'Leary.

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ABSTRACT

Title: How leadership affects organisational performance during times of business transformation. The case of Ryanair's CEO Michael O'Leary.

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Summary: Leadership is usually considered one of the variables that impact organisational performance. Studies indicate that leadership specifically affects three variables: employee motivation, the innovative capacity of the company and the external support it receives, and that these ultimately impact organisational performance. Moreover, we find that the effect of leadership on organisational performance is usually maximised during times of business transformation. In the specific case of Michael O'Leary as the longstanding CEO of Ryanair, we then show how the manager first very successfully introduced the low-cost carrier business model to the organisation and by that managed to transform Ryanair from a loss-making regional airline in the early 1990s to what it is today: Europe's second largest airline group. Further to that, we look at O'Leary's leadership style and its implications on business transformation processes. We find that despite his very active role in the initial transformation, where Michael was the one implementing the changes, in later business transformation processes, he was then somewhat reluctant to implement necessary changes that contradicted with his initial approach of pure cost optimisation. We therefore suggest that leaders need to constantly adapt their approach to the current challenges that an organisation faces and that in some cases, leaders with different qualities are required at different stages of the firm life cycle.

SUMÁRIO

Título: Como a liderança afeta o desempenho organizacional durante os períodos de transformação dos negócios. O caso do CEO da Ryanair Michael O’Leary.

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Palavras-Chave: Liderança, Desempenho Organizacional, Transformação de Negócio

Sumário: A liderança é geralmente considerada uma das variáveis com impacto no desempenho organizacional. Estudos indicam que a liderança afeta especificamente três variáveis: a motivação dos funcionários, a capacidade de inovação da empresa e o apoio externo que ela recebe e que, em última instância, afetam o seu desempenho organizacional. Além disso, que o efeito da liderança no desempenho organizacional é geralmente maximizado durante os períodos de transformação dos negócios. No caso específico de Michael O’Leary, como CEO de longa data da Ryanair, é demonstrado como o gestor introduziu com sucesso o modelo de negócio de transportadora low-cost para a organização e assim, conseguiu transformar a Ryanair, de uma companhia aérea regional com prejuízos no início dos anos 90, até ao que é hoje: o segundo maior grupo de companhias aéreas da Europa. Além disso, é feita uma análise ao estilo de liderança de O’Leary e as suas implicações nos processos de transformação de negócios. Foi confirmado que, apesar do seu papel bastante ativo na transformação inicial, onde foi Michael quem implementou as principais mudanças, nos processos posteriores de transformação de negócios, este esteve algo relutante em implementar as alterações necessárias, dado que contradiziam a sua abordagem inicial de otimização de custos. Dado isto, é sugerido que os líderes adaptem constantemente a sua abordagem aos desafios atuais que uma organização enfrenta e que, em alguns casos, líderes com diferentes qualidades sejam necessários em diferentes estágios do ciclo de vida da empresa.

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CHAPTER 1: INTRODUCTION

Organisations need to perform well continuously to be sustainable, and, in this respect, leadership is often discussed as one of the variables that impacts organisational performance. Specifically, leadership is considered important during business transformation processes, i.e. when an organisation needs to make significant changes to its business model and searches for a visionary who can help implement these.

In this respect, Apple's past CEO Steve Jobs is often portrayed as the visionary that is almost exclusively responsible for changing a computer business that was considered "a mess" in 1996 into one of Silicon Valley's most innovative technology companies (Faas, 2011). Although a lot less popular, the story of Michael O'Leary is quite similar in the sense that the longstanding CEO of Ryanair managed to turn what was a loss-making regional airline in the early 1990s into Europe's second largest airline group today.

However, this thesis does not only discuss Michael O'Leary's very active role in Ryanair's initial business transformation from a regional airline into a low-cost carrier, but also talks about the CEO's role in later, smaller business transformation processes, where he arguably was more holding back change than promoting its implementation. In this respect, being critical of himself, Michael stated: "As I keep saying, if I had known that being nice to customers was so good for my business, I would have done it years ago!" (Travel Extra, 2017) We therefore try to answer the question of whether certain personal characteristics, behaviours and attitudes of a CEO that were very beneficial in an initial business transformation process, can then be detrimental for further business transformation processes, where other qualities may be sought.

After presenting academic concepts and literature regarding leadership and its impact on organisational performance, we then discuss the various business transformation processes that Ryanair went through. This is done in the form of a case study that can be used to illustrate academic concepts in the areas of Leadership, Strategy, Innovation, Marketing, Human Resource Management and Business Ethics. In this respect, the teaching notes chapter provides some guidance as to how the case can be used in the classroom. Finally, we present some potential conclusions as to how Michael O'Leary's leadership affected the different business transformation processes at Ryanair, as well as recommendations as to how Ryanair can overcome its current challenges and remain a sustainable business.

CHAPTER 2: LITERATURE REVIEW

This chapter presents an extensive literature review with the purpose of providing a deep background knowledge about the relationships between leadership and organisational performance, specifically in the context of business transformation. In this respect, the chapter summarises, contrasts, and evaluates the existing academic literature, as well as identifies the three key areas of organisational performance that are likely to be impacted by leadership: employee motivation, the innovative capacity of an organisation and the external support it receives.

2.1 The relevance of leadership for organisational performance

It is a generally accepted assumption that for organisations to be sustainable in the long run, they need to perform well. Traditionally, the question on whether an organisation performs well is answered by looking at financial indicators, such as profitability or share price development. These are obvious choices, since profits and retained earnings provide an essential source of capital that companies need for future growth. An unprofitable company can only access external sources of capital, which however are usually both limited and costly (Weiner & Mahoney, 1981).

However, with ongoing technological developments and an increasing need for constant organisational change, other less tangible variables, such as the corporation's ability for organisational learning are becoming increasingly relevant for determining the performance of a company (Yeo, 2003). Furthermore, since the word 'performance' leaves space for individual interpretation, previous studies have considered other non-financial indicators, such as the levels of employee engagement and corporate reputation, as being relevant parts of organisational performance too. (Rettab, Brik, & Mellahi, 2009).

In addition to the question what organisational performance is, there is also extensive academic research around identifying the explanatory variables that determine organisational performance. (Weiner & Mahoney, 1981) suggest that organisational performance is determined by "a function of influences and organizational characteristics (and) the choices of organizational leaders" (Weiner & Mahoney, 1981). In other words, the authors suggest that in addition to company-specific and environmental factors, it is the behaviour and choices of the leader that has a relevant impact on organisational performance (Weiner & Mahoney, 1981).

While some academic papers contradict this idea, as they neglect the existence of a significant relationship between leadership and company performance, others have found leadership to be a relevant explanatory variable for organisational performance. On the one hand (Meindl, 1985) argues that the impact of leadership has been widely overstated and romanticised. Their paper argues that people tend to attribute shifts in organisational performance to a single person, as this is an easier explanation, as opposed to trying to understand the complex processes that caused the observed shift in organisational performance.

On the other hand, (Day & Lord, 1988) criticise (Meindl, 1985) for failing to analyse and interpret the data they base these conclusions on in a methodologically sound way. In fact, (Day & Lord, 1988) argue that the data analysed by (Meindl, 1985) and similar papers shows “a consistent effect for leadership succession explaining 20% to 45% of the variance in relevant organizational outcomes” (Day & Lord, 1988), suggesting that leadership does in fact have a significant impact on organisational performance. Similarly, (Lieberson & O'Connor, 1972) also suggest that leadership has an independent influence on organisational performance that however only explains a maximum of 15 percent of its variance.

Assuming leadership does in fact have some relevant impact on organisational performance, it is relevant to understand what behaviour a leader needs to adopt to maximise organisational performance. Moreover, it will be relevant to analyse how different leadership styles impact the performance of a company at different times during its life cycle. In this respect, times of extraordinary success or failure will be of specific interest.

2.2 How leadership affects organisational performance

What seems to be clear is that it is not leadership itself that impacts organisational performance. Instead leadership affects a range of other internal and external factors, which in turn are the ultimate cause for shifts in organisational performance. Previous academic literature suggests that there are three main variables likely to be affected by leadership: employee motivation, the innovative capacity of a company and the external support it receives (Ellemers, De Gilder, & Haslam, 2004) (Rotemberg & Saloner, 1993) (Willner, 1984).

2.2.1 The effects of leadership on employee motivation within an organisation

Firstly, leadership is likely to have a strong effect on the *motivation* of individuals in the organisation. (Ellemers, De Gilder, & Haslam, 2004) argue that as group based work has become a much more frequent and common phenomenon in the professional world, the concepts of *social categorisation* (attributing common characteristics to the members of a

group), *social comparison* (common characteristics that allow in-group members to distinguish themselves from outsiders) and *social identification* (the emotional involvement of an individual with a group) have become increasingly important. This is relevant, as these concepts are all likely impacted by the leadership style of a CEO and the company culture that he or she promotes. By creating a shared identity and a feeling of belonging, leaders can create intrinsic motivation, which helps workers to sustain loyalty to the organisation. This intrinsic motivation is particularly relevant and helpful in sustaining employee loyalty at times when there is no extrinsic, usually monetary, motivation to remain loyal (Ellemers, De Gilder, & Haslam, 2004).

(Ellemers, De Gilder, & Haslam, 2004) argue further that the capability of a leader to successfully create intrinsic motivation mainly depends on his or her “capacity (...) to induce followers to perceive him or her as the embodiment of a positive social identity that they (all) have in common and that distinguishes them from others” (Ellemers, De Gilder, & Haslam, 2004), i.e. the ability of the leader to create social categorisation, social comparison and social identification among employees and to use these concepts in a way that the employees identify with the organisation in a positive way (Ellemers, De Gilder, & Haslam, 2004).

In this respect, in-group membership is another closely related and important concept. Research has shown that while in-group leaders (i.e. a person that belongs into the same social categorisation as his or her followers) sustain loyalty despite undesirable leadership behaviour, out-group leaders need to take greater efforts to convince their followers of their qualities as a leader, for example with desirable leadership behaviour (Ellemers, De Gilder, & Haslam, 2004).

2.2.2 The effects of leadership on the innovative capacity of an organisation

Secondly, leadership is likely to have a significant impact on the *innovative capacity* of a company. In this respect, (Rotemberg & Saloner, 1993) distinguish between (1) an *autocratic CEO* who only focusses on profit maximisation, does not care about his or her staff and does not encourage employee participation in decision-making; and (2) a *participatory CEO* who cares more about the well-being of his or her people than about profit maximisation, while encouraging active employee participation in decision-making. As one may already expect, the study finds that the presence of an autocratic CEO is negatively correlated with the number of innovations (both profitable and non-profitable) that are developed in the respective organisation (Rotemberg & Saloner, 1993).

Assuming profit maximisation is the goal of any company, (Rotemberg & Saloner, 1993) argue that an autocratic CEO is only preferred in an environment where there is no or very little

opportunity for profitable innovation. The autocratic CEO will prevent most or all innovation from being developed, implying that while maybe some profitable innovation is not implemented, this negative impact on company profits is offset by having almost no R&D expenditure. On the other hand, in environments with a relevant potential for profitable innovation, a participatory CEO is likely to achieve a higher profit than the autocratic CEO. Having a participatory CEO will result in (almost) all innovation being developed. While this implies that some resources are wasted on developing unprofitable innovation, this is usually offset by the fact that at the same time all profitable innovation is implemented. (Rotemberg & Saloner, 1993).

The beneficial impact of participatory leadership on innovation, specifically in heterogeneous and multifunctional teams was also shown by (Somech, 2006), who performed a study of 136 primary care teams in Israel. The article takes the argument further by suggesting that directive and participatory leadership styles do not have to be mutually exclusive but can function as complements to each another. While only the participatory leadership style unlocks the full potential of heterogeneous teams in terms of team reflection and innovation, it reduces in-role performance (Somech, 2006).

(Somech, 2006) argues further that it therefore depends a lot on the individual requirements of a certain task and on the stage of the innovative process whether a participatory or a directive leadership style is likely to yield the best results. While participatory leadership is generally beneficial for idea generation processes during conceptual tasks, a more directive style increases individual and team performance during routine and operational tasks that usually increasingly occur during the implementation phase of an innovation (Somech, 2006).

One could therefore draw the conclusion that in order to constantly yield the best results, different leadership styles are needed at different times of the innovative process. This would imply that leaders are required to adapt their leadership style over time or even that, if a leader is unable to do so, different leaders are needed at different stages of the firm life cycle.

These studies also link in well with (Zhang & Bartol, 2010), who show that an empowerment leadership style results in increased employee creativity. Specifically, their study shows that the encouragement for creativity by a leader moderates the link between psychological empowerment and creative process engagement, meaning that while the level of desired empowerment varies across people, it generally has a positive effect on their engagement in creative processes (Zhang & Bartol, 2010).

Finally, (Lok & Crawford, 2014) suggest that the previously discussed two internal factors *motivation* and the *innovative capacity* also affect each another. Their study finds that the existence of an innovative and supportive company culture in combination with a consideration leadership style tends to have a positive impact on job satisfaction and commitment, or, in other words, that an innovative culture usually leads to higher employee motivation.

2.2.3 The effects of leadership on the external support for an organisation

In addition to the impact that leadership has on innovative processes and employee motivation *within* an organisation, different studies have shown how the behaviour of leaders also influences the decisions and attitudes of external stakeholders.

(Flynn & Staw, 2004) argue that since charismatic leaders tend to be particularly skilled in engaging employees for a vision, it can be assumed that they are also good at convincing external stakeholders to invest or support a company. Further to this (Willner, 1984) found that only the fact of having a charismatic leader at the top of a company (irrespective of their current actions or previous successes) can already remove doubts of investors and stakeholders regarding the survival of the firm during economically challenging times. This finding confirms the previously discussed point that the impact of leadership on company performance unfolds its full potential, when the firm is facing either extraordinary success or significant challenges.

The power of a charismatic leader was also studied by (Flynn & Staw, 2004), who performed an experiment, where they showed that an emotional speech of a charismatic leader managed to completely neglect fact-based negative information regarding the economic outlook of the organisation. Specifically, the speech resulted in a significant increase in the investment the firm received (Flynn & Staw, 2004).

2.3 Leadership and Business Transformation

Aiming to answer the question regarding a connection between leadership and business transformation, (Flynn & Staw, 2004) show that “firms with charismatic leaders outperformed comparable firms more during weak economic years than during strong economic years” (Flynn & Staw, 2004, p. 315). This finding is confirmed by previous academic literature, which suggests that the impact of leadership is maximised during economically turbulent times, i.e. at times when a firm either experiences extraordinary success or failure (Meindl, 1985) or, in other words, during times of business transformation.

In accordance with the findings of (Flynn & Staw, 2004), academic literature also suggests that this specifically applies to charismatic leadership, which can be defined as leadership that tries to significantly change or disrupt an existing system or culture within an organisation. That is opposed to transactional leadership, which can be defined as managing and improving an existing system or culture through slight corrections (Waldman, Ramirez, & House, 2001).

Performing an analysis of 48 Fortune 500 firms (Waldman, Ramirez, & House, 2001) find that charismatic leadership has a positive effect on firm financial performance that goes way beyond the effect of transactional leadership. This positive relationship between charismatic leadership and firm financial performance, however, only applied under the existence of economic uncertainty, again confirming the special function that leadership plays during business transformation processes. In fact, the study finds that during times of economic certainty the presence of a charismatic leader even had a slight negative effect on firm financial performance. This phenomenon could potentially be explained with leader charisma generating unnecessary change during times of economic certainty (Waldman, Ramirez, & House, 2001).

It therefore appears that the true and full value of a charismatic leader is realised in the form of a motivator who transmits a positive image and an optimistic vision of the organisation both internally and externally during economically turbulent times, or, in other words, during times of business transformation.

2.4 Conclusions

Looking at the existing academic literature on the subject, we find that leadership is, alongside other company-specific and environmental factors, likely to be one of the explanatory variables that explains organisational performance. This impact is realised primarily in three ways:

1. Leadership is likely to impact the motivation of the company's employees. Leaders can use the concepts of *social categorisation*, *social comparison* and *social identification* to create or enhance intrinsic motivation among employees (Ellemers, De Gilder, & Haslam, 2004). Moreover, a participatory leader that promotes engagement and innovation is likely to also improve job satisfaction and motivation among employees (Lok & Crawford, 2014).
2. Further to that leadership is likely to significantly impact the innovative capacity of an organisation. In this respect, leaders can generally opt for a more autocratic or a more participatory leadership style. (Rotemberg & Saloner, 1993) suggest that an autocratic leader is best placed in environments with no or very low potential for profitable innovation,

while, conversely, in environments with some relevant potential for profitable innovation, the participatory leader is preferred.

3. Thirdly, leadership also tends to affect the external support an organisation receives. In this respect, a charismatic leader is likely to manage to create support and secure investment for an organisation just through transmitting and embodying a positive vision, which can even neglect fact-based information that would normally prevent investment into the respective company (Willner, 1984) (Flynn & Staw, 2004).

Finally, literature suggests that the impact of leadership is maximised during times of economic uncertainty, which means leadership as an explanatory variable for organisational performance becomes specifically relevant in the context of business transformation processes.

CHAPTER 3: CASE STUDY

The 1st of October 2018 was a cloudy day in Dublin, which perfectly resembled the mood that Ryanair's CEO Michael O'Leary was finding himself in. This was not a great day for him. After decades of continuous and profitable growth, his airline was facing some serious problems. Pilots and cabin crew in several countries had recently participated in strikes that had significantly disrupted the day-to-day operations of the airline, and despite being the longest CEO in office of any airline in the world (Fifteen Seconds, 2015), pilots had repeatedly asked for Michael to step down from his position and leave the company (Sillars, 2018).

But not only the employees were unhappy. On this day, O'Leary had to announce yet another profit warning to Ryanair's shareholders, resulting in an immediate 12% drop in Ryanair's share price on that very same day (Ford Rojas, 2018). In recent years O'Leary had already implemented a lot of changes to the way in which Ryanair operated. However, following the profit warning announcement Michael asked himself again: "*Am I still the right person to lead Ryanair into the future or am I the one who holds back necessary changes?*"

3.1 Introduction

Ryanair had been a success story for the last decades. In operation since 1985, the company started as a regional airline, connecting airports in the Ireland and the UK (World Airline Directory, 1988). The current CEO Michael O'Leary joined the company as a personal finance and tax advisor in 1987, and later became the leader of a new management team that was tasked to restructure the business in the early 1990s, following years of poor financial performance (Ryanair DAC, 2007). Under Michael's leadership the airline adopted a new business model, focussing on providing a simple, no-frills, low-cost product, using the role model of Southwest Airlines, who had successfully introduced a similar product in the United States (Olischer & Dörrenbächer, 2013). This new business model differed significantly from the way business was generally conducted in the industry, which at the time consisted mainly of established state-owned or, recently privatised *full-service national carriers (FSNCs)*.

3.2 Low-Cost Carriers (LCCs) and Full-Service National Carriers (FSNCs)

With Ryanair's adoption of the low-cost carrier (LCC) model, the airline disrupted an industry that had previously basically only known one business model: the full-service national carrier (FSNC). While FSNCs have adapted their product and business model over the last decades, the general differences between FSNCs and LCCs that existed at the time of Ryanair's initial

adoption of the LCC model still apply today. Overall it can be said that the LCC model aims to reduce the cost and complexity of running an airline by as much as possible, by applying cost-cutting and simplification measures in basically all areas of the business.

To begin with FSNCs usually offer a bundled product, i.e. in addition to the pure service of air transportation, they offer complimentary services, such as a reserved seat, a hold luggage allowance or inflight catering (Gillen, 2006). Moreover, FSNCs usually operate multiple classes, including a First, Business and Economy class, providing different levels of service, reflecting different consumer preferences and budgets. Conversely, LCCs are not doing any of this. They sell a simple, standardised, no-frills, one class air transportation product, usually at prices that are well below the average Economy fare of any FSNC airline. However, to recognise different consumer needs, tastes and preferences, LCCs often allow their customers to purchase some of the unbundled services, such as hold luggage, seat reservations or inflight catering for an extra fee on an individual basis (Dobruszkes, 2006) (Tretheway, 2004). That is a key reason why LCCs make a significant percentage of their revenues out of these additional charges. In the case of Ryanair, 28% of the airline's 2018 profits were derived from these so-called ancillary revenues (Turner, 2018).

Usually and in contrast to LCCs, FSNCs are *network airlines*, i.e. they focus their operations onto one or several airport hub(s). From them they serve many international and domestic destinations, implying that in addition to flying to or from the hub airport, passengers can also use the hub to connect to many other destinations. Moreover, since most FSNC have invested into extensive, yet expensive co-operation agreements with partner airlines (Istanbul Technical University), passengers can usually not only connect between the flights of one carrier, but also to flights of its partners, allowing customers to connect to almost any part of the world (Tretheway, 2004).

In contrast to this, LCCs generally do not operate hubs, but instead provide simple point-to-point connections. Often, they do not even allow customers to buy connecting tickets (Tretheway, 2004), which eliminates the risk of missed connections where the airline would usually be required to pay compensation to the passengers. However, Ryanair now offers connections on a limited basis at certain important bases (Katz, 2017).

Figure 1: Ryanair Route Network 2018
(Ryanair DAC, 2018)



The point-to-point model also implies that LCCs tend to operate a much more fragmented and international network than FSNCs that focus their operations on connecting one or few hubs to the rest of the world (Berechman & de Wit, 1996). In 2018, Ryanair was operating flights from 234 airports (of which 92 were bases) in Europe, Morocco, Israel and Jordan (Ryanair DAC, 2018). Conversely, FSNC Lufthansa only operated from its hubs in Frankfurt and Munich (Lufthansa Group, 2018).

Consequently, also in this dimension, the FSNCs business model implies greater complexity. In addition to the risk of missed connections, FSNCs face difficulties when allocating ticket revenues to the single legs of connecting passengers (Tretheway, 2004). In fact, while LCCs require all flights to be profitable, this is not necessarily the case for FSNCs. FSNCs often operate short-haul legs that fail to be profitable, but that are required as feeders for the long-haul operations of the FSNC (Górecka & Horák, 2014). It is therefore much more difficult for an FSNC to evaluate the profitability of a given route than it is for an LCC.

Another characteristic of FSNCs is that they tend to operate a very heterogeneous fleet of aeroplanes, while LCCs, again with the aim to simplify operations, usually focus on only one type of aircraft. For example, Ryanair operates a fleet of only Boeing 737-800 aircraft. Not only can this be considered a highly efficient plane model for short-haul routes, but the focus on only one aircraft model comes with several other advantages (Olischer & Dörrenbächer, 2013).

On a first note, pilots, cabin crew and mechanic staff only need to be trained for this one type of plane, reducing training costs and operational complexity significantly. Secondly, given that all staff is trained for all aeroplanes, employees can be allocated among planes and bases with great flexibility according to company requirements, and consequently, the same applies to the planes themselves. Finally, purchasing a high number of planes of the same model from one manufacturer also increases the buyer bargaining power immensely, which is likely to significantly reduce acquisition costs (Olischer & Dörrenbächer, 2013).

3.3 The introduction of the LCC model at Ryanair

When Ryanair was founded by Irish entrepreneur Tony Ryan in 1985, nobody expected the airline to become Europe's second largest airline group (Ryanair DAC, 2018). In fact, the airline was operating as a small Irish carrier, using a traditional FSNC business model, as Charlie Clifton, Ryanair manager from 1986-2002 recaps: "It was good old-fashioned customer service. If there were flight delays, we would give them food and drinks (...) and you get passengers coming up to you who are not delayed (...) and they were queuing up for their food (...). Just thinking, it's Ryanair, it's feeding time at the zoo" (Anderson, et al., 2018).

At that time, given the small size of the airline and the competition by much larger companies, such as British Airways and Aer Lingus, Ryanair was effectively losing money every day (Anderson, et al., 2018). However, Ryanair's founder Tony Ryan was still optimistic. In 1986, the European Court of Justice had ruled that, after being exempt from them for 30 years, "competition rules should be applied to the European airline industry" (Good, Röller, & Sickles, 1995). Ryan hoped that the following deregulation process would soon improve his company's financial situation, as similar measures had already opened new opportunities for air carriers in the United States (Anderson, et al., 2018).

In this anticipation, Ryan sent his personal advisor at the time and current CEO Michael O'Leary on a trip to the US to meet Herbert D. Kelleher, the founder of Southwest Airlines. Kelleher had successfully started a profitable airline, by developing and using the LCC model. Reflecting on his meeting with Kelleher, Michael recapped: "It just seemed to be blatantly obvious that this was the way forward and that's what started the revolution in low-fare air travel in Europe" (Anderson, et al., 2018).

Being the son of an Irish entrepreneur and having experienced both the successes and the failures of this father, O'Leary was determined to have success himself: "I think one of the great things you learn when your father has made money and lost money a couple of times, (...) the great lesson you learn is the not having money. You don't remember the good times, you remember the times when there wasn't money there and you (...) (are generally determined) not to repeat that in your own life" (Anderson, et al., 2018).

Michael did not have to wait long until being offered the chance to prove his desire for success. After returning from his visit to Southwest Airlines in 1992, O'Leary was offered the CEO position just one year later in 1993. Given the bad financial situation of the business, he started to immediately implement rapid changes to transform Ryanair into an LCC, using the role

model he had observed. According to Charlie Clifton: “It was a very simple choice: close the airline or cut the costs (...). It changed dramatically and quickly, and Michael was the driver behind that” (Anderson, et al., 2018).

One of the first things O’Leary and his management team did was to implement one of the key features of the LCC business model. They reduced Ryanair’s fleet to only one type of plane: the Boeing 737-800. This brought great advantages in terms of reduced crew and maintenance training requirements, as well as increased the flexibility to allocate staff among bases as necessary (Olischer & Dörrenbächer, 2013). Moreover, by making a large order of planes for only one aircraft model right after the New York terror attacks of 11th September 2001, i.e. at a time when the global aviation industry was in decline, Ryanair managed to negotiate a significant discount from the manufacturer, of which the details were however never revealed: “I wouldn't even tell my priest what discount I got off Boeing!” (Datar, 2003).

The process simplicity that Ryanair achieved through using only one type of aeroplane along with its focus on smaller, less-busy secondary airports enabled the airline to achieve yet another efficiency: airport turnaround times of only 25 minutes (Rotman School of Management - University of Toronto). For reference, that is only roughly half the time that FSNC British Airways requires turning around one of its aeroplanes (Datar, 2003), giving Ryanair a significant advantage, considering that lower turnaround times ultimately translate into money, as it allows an aircraft to operate additional flights during the day (Ryanair DAC, 2001).

A further measure Ryanair applied to cut costs was to reduce the commissions paid to travel agents. In a first instance the airline reduced the percentage commission from 9% to 7.5%. Shortly after that, with the rise of the internet, Ryanair realised that they could avoid paying these commissions altogether, by selling tickets through an online booking system on Ryanair.com that was introduced in 2000. The introduction was very successful, as only two years later, in 2002, already 94% of sales were made online (Allvine, Uslay, Dixit, & Sheth, 2007). Consequently, in 2004, Ryanair terminated all travel agency contracts, although in a move to increase its attractiveness to business clients, they were re-established in 2014 (The Irish Times, 2014).

3.4 Company culture at Ryanair

Further to these more technical changes and innovations, Michael O’Leary and his management team introduced a company culture where everyone would constantly look out for avoiding unnecessary expenditures, cut costs and, wherever possible, even turn costs into a revenue. For

example, when the airline started charging their customers for inflight catering, they initially purchased orange juice from the Irish producer Finches to sell it to their passengers. However, when Ryanair managers realised that the on-board sale of the juice was in fact a great marketing opportunity for their supplier, they asked Finches in a first instance to provide the juice for free. After the producer agreed to these new conditions, Ryanair managers were quick to go even further and asked their supplier to not only provide the juice for free, but to pay for the on-board sale as a marketing service. As Finches also agreed to these conditions, Ryanair was in the somewhat absurd position of being able to sell orange juice that was provided to them at a negative cost (Anderson, et al., 2018).

Similarly, in Ryanair's offices in the Dublin, staff was encouraged to avoid costs wherever possible. For example, employees were incentivised to use as few stationary materials as possible, having to justify every requested purchase no matter how small it was. In an interview with the BBC, Caroline Green, Ryanair's current director of customer service, stated that if you requested new pens, you would not receive them but were rather "(...) encouraged to go to the local hotel and get them (there)" (Anderson, et al., 2018). Even in the planes the quest for counting any potentially wasted penny continued. For example, Ryanair pilots expressed anger over the fact that they were not provided with free water or coffee during their shifts (Spaeth, 2018), while other airlines usually provide full meals to their crews.

In his quest to make Ryanair an efficient LCC, Michael O'Leary demanded a lot from his people. This included pilots, as well as ground and cabin crew, but did not stop with the senior management of the airline. Every Monday at 8.30 in the morning, the airline had a general meeting with all senior managers. Interviewed by the BBC, Caroline Green stated that managers were always expected to deliver: "If you haven't achieved what's on the list, then you're in big trouble!" (Anderson, et al., 2018). Tim Jeans, Ryanair manager from 1995-2002 added to this: "It was always going to be somebody's turn and if the hate came in your direction, it wasn't a very pleasant experience" (Anderson, et al., 2018).

In some cases, managers even admitted to having been reduced to tears during some of these meetings and O'Leary was further described as someone with a "razor-sharp mind (...) (and) (...) a razor-sharp mouth (...) (who could) (...) decimate someone fairly quickly, if they were not thinking in the right direction" (Anderson, et al., 2018) Despite these conflicts, most managers decided to continue working with O'Leary and Ryanair, as they described that hate and criticism were never a constant phenomenon. Tim Jeans recalled: "You could've had the

worst gauging of your life at half past nine in the morning and by half past eleven he (Michael O’Leary) would be sitting in your office having a cup of coffee” (Anderson, et al., 2018).

O’Leary was generally convinced that people had to be challenged and pressured in order for them to deliver results. In an interview with the Financial Times, he expressed criticism about the general narrative around the value of customers and employees that was taught in business schools, which he considered too soft: “MBA students come out with, ‘The customer’s always right’ (...) Horseshit! The customer’s usually wrong! And, ‘My staff is my most important asset.’ Bullshit! Staff is usually your biggest cost!” (Clark P. , 2009).

This attitude could be observed in practice for example when in 2012 a Ryanair customer complained on social media about having to pay 300€ to get 5 boarding passes printed out at the airport. O’Leary responded publicly to the complaint: “We think that Mrs McLeod should pay 60 euros (per boarding pass) for being so stupid.” (Smith, 2012) Similarly, when being asked about his refund policy, O’Leary said: “You’re not getting a refund, so fuck off. (...) What part of ‘no refund’ don’t you understand?” (Hogan, 2013) And with regards to his staff, O’Leary publicly denounced a Ryanair employee who joined a company Q&A session on Twitter with the words: “Get back to work you slacker or you’re fired.” (Calder, 2013)

3.5 Ryanair’s external image

Especially in the early days of the airline, Michael O’Leary’s personality and actions also strongly contributed to Ryanair receiving a lot of media attention. A good example for this is when he voiced his somewhat extreme ideas for further cost cutting and optimising the LCC model. For instance, in 2009 O’Leary suggested charging a fee for using the restroom on Ryanair aircraft to increase ancillary revenues (Meikle, 2009). One year later he even proposed the introduction of vertical seating, i.e. to allow customers purchasing a standing space at a lower cost compared to buying a seat (Clark T. , 2010). However, O’Leary recently admitted that these claims were in most cases never meant seriously. Conversely, they were used as a tool to generate free publicity. In fact, O’Leary argued that “negative publicity creates so much more free publicity that it sells more tickets” (Eleftheriou-Smith, 2013).

In many ways, Ryanair and its eccentric CEO Michael O’Leary took the role of the *enfant terrible* of the airline industry. That means most Marketing and PR campaigns were designed in a way to attract a lot of media attention despite a low advertising budget. For example, in 2013 O’Leary advertised flights to Rome by suggesting that he could become the successor of pope Benedict XVI (totalcustomer, 2013). In a similar move, O’Leary went to the headquarters

of Ryanair's rival EasyJet at London Luton airport in a second world war tank to illustrate the price war between the two carriers (Cooper, 2018).

While certainly some people were seeing Ryanair's growth as the end of old-fashioned air travel with its high levels of customer service, Ryanair's low fares enabled a lot of consumers to fly on a regular basis, who could not afford to do so previously (CANSOcomms, 2014). Therefore, while the airline received a lot of criticism about hidden charges and bad customer service, a lot of consumers still opted for the carrier due to its low prices and a lack of affordable alternatives. In fact, O'Leary was aware of this and assumed that consumers would continue purchasing tickets no matter of how bad the service would be. Explaining his expectations for an expansion to Germany, he for example stated that "Germans will crawl *****-naked over broken glass to get low fares" (Hogan, 2013).

Despite the somewhat eccentric behaviour of Michael O'Leary and the unconventional public picture of the airline, Ryanair's safety record has been excellent. Since its first flight in 1985 until this very day the airline never had any fatal accidents (Calder, 2018), although Ryanair was the world's biggest airline in terms of international passengers in 2015 (Hananto, 2017).

However, in 2012 some doubts arose over Ryanair's safety, particularly with regards to its fuel policy. The reason for this was that on one day three Ryanair aircraft had to declare fuel emergencies and request priority landing at Valencia airport after being diverted there due to bad weather at their original destination Madrid Barajas airport. Although investigations by the Spanish and Irish regulators concluded that the airline had complied with all relevant safety regulations, pilots started to criticise the company's fuel policy and raised concerns about Ryanair's company culture. They suggested that the airline did not promote an open culture, where concerns could be voiced without fears of negative consequences. In fact, they criticised Ryanair for interfering with the pilot's autonomy of deciding how much fuel to take on a flight, by what the pilots call psychological pressure: internal fuel league tables that favoured those pilots that flew with the lowest amounts of fuel and, hence, with the lowest cost (Rhodes, 2013).

Figure 2: Ryanair PR campaign
(totalcustomer, 2013)



Unlike his management of previous criticism, O’Leary took this crisis very serious. He immediately went to Madrid on the day after the incident to face the Spanish media and restore credibility. In an interview with the Spanish newspaper El País O’Leary denied there being any interference with the pilot’s authorities from the airline’s management: “No Ryanair pilot has ever been sanctioned or criticized for taking on more fuel than the legal minimum. (...) Our policy in recent years has been that the pilot should decide how much fuel is needed for a flight” (de Cózar, 2012). However, the same newspaper claims to have seen internal memos, instructing pilots ideally not to use more than the legal minimum of fuel and in any case only request extra fuel for a maximum of 15 additional flying minutes (de Cózar, 2012). However, irrespective of the damage that this incident may have had on Ryanair’s image in Spain, or more generally in Europe, the damage was not sustainable, as the airline also today remains the largest flight carrier in Spain, as well as in many other markets (Ryanair DAC, 2018).

3.6 Ryanair’s growth

After successfully introducing the LCC model, Ryanair managed to strongly grow its business through geographical expansion (Olischer & Dörrenbächer, 2013). One key facilitator for this growth was the establishment of a common aviation market in the European Union in 1992. It removed a lot of barriers to entry, such as capacity restrictions, as well as market access, pricing, investment and ownership barriers (Christidis, 2016). Furthermore, it gave Ryanair the legal basis to operate flights not only between the Republic of Ireland and other countries, but within and between all member states of the European Union. Consequently, Ryanair could transform from a primarily Irish carrier into one of the first multinational companies within the industry (Olischer & Dörrenbächer, 2013).

The airline started expanding from the British Isles into Mainland Europe with the opening of its first base on the continent at Charleroi airport in Belgium in 2001 (Ryanair DAC, 2001). In the early years of the expansion, strictly following its low-cost model, Ryanair focussed its growth mainly on secondary and regional airports – small airports with low traffic that are usually located far away from relevant cities. For example, while marketed as Brussels South airport, Charleroi is located 60 km away from Brussels city centre, while Brussels primary airport Zaventem is just 15 km away from the centre of the Belgian capital. While therefore not catering to the needs of some, primarily business travellers, secondary airports tend to offer airlines lower costs, discounts on airport fees, as well as quicker and more efficient ground handling. This in turn allows LCCs to achieve their desired turnaround times of 20-25 minutes (Dziedzic & Warnock-Smith, 2016).

Ryanair usually secured significant discounts for its operations, taking advantage of its dominant position when negotiating with secondary and regional airports that had a lot of idle capacity. In fact, before the arrival of Ryanair, Glasgow Prestwick airport only used 1% of its capacity. When Ryanair arrived at Charleroi airport that had similar levels of unused capacity in 2001, they signed an agreement, which stated that Ryanair would enjoy a 50% discount on landing fees and would only pay 10% of the regular passenger handling charges. While these large discounts raised concerns with the competition watchdog of the European Commission (Barbot, 2006), the practice fit in perfectly with Ryanair's principle of saving money wherever possible.

In many cases Ryanair was the only or at least the major of few customers at these airports, hence having the power to almost dictate low prices and efficient handling processes. One good example for Ryanair's almost absolute dominance in the relationship with these small airports is Magdeburg-Cochstedt airport in Germany. After having invested more than 60 million € into the development of the airport, the regional government of Saxony-Anhalt was looking for an airline to operate from the new airfield. In April 2011 Michael O'Leary arrived at the airport to announce the launch of flights wearing a fool fancy dress costume to ridicule his business partners, making it very clear how certain he was that he can dominate the business relationship (Cruschwitz & Roth, 2011) (Gehrmann, n.d.).

At the press conference, he said: "Apparently, there are more fools here than in Ireland, and (...) there's a lot of fools in Ireland. (...) Every airport knows Ryanair keeps growing as long as the costs decrease. If costs go up, then some of the flights will leave. It's a very simple formula" (Cruschwitz & Roth, 2011). And in fact, after some periods of operation and non-operation, Ryanair decided to leave Cochstedt in December 2013, after desired financial aids were not provided (Böhme & Jeschor, 2013). Finally, after the airport failed to attract other regular customers, it had to file for bankruptcy in January 2016 (Wolf, 2016).

However, the relatively short and arguably very one-sided business relationship between Ryanair and Magdeburg-Cochstedt airport was no unique case. Many airports that were recently built or former military bases that were re-opened for civil use provided high incentives for the airline to start operations and bring passengers. Another good example is the Spanish airport of Castellón, which had been newly built for more than 200 million €, and in 2015, rather than receiving airport usage fees from the airline, agreed to *pay* 600,000€ per year for Ryanair to provide three weekly services to London and another two flights per week to Bristol (Olmo,

2015). Reflecting on his experience of negotiating with these small airports, former Ryanair manager Conor McCarthy stated that “most of those airports had never seen anything like it in the past, but the prospect of them getting a daily flight to London was just far too mouth-watering” (Anderson, et al., 2018).

3.7 Ryanair faces competition – new LCCs in Europe

While it was Ryanair that initially brought the LCC model to Europe, observing the airline’s success, competitors gradually started to emerge. These can generally be classified into two sub-segments. On the one hand, there are airline start-ups that are basically copy cats of Southwest Airlines. One example from this group is EasyJet. The British carrier was founded in 1995 and opted for a less strict adoption of the LCC model, serving mainly primary airports (Anderson, et al., 2018) all over the European continent, as well as in Morocco, Turkey and Israel (easyJet plc, 2018). Wizz Air, a budget airline from Hungary, is another competitor from this group that was founded in 2003. While Wizz Air is similar to Ryanair in the sense that it mainly serves secondary airports, Wizz focusses its presence on Central and Eastern European markets, implying that it is only a regional competitor for Ryanair (Wizz Air Ltd., 2018).

In addition to these, existing FSNC or regional airlines have either adopted the low-cost model fully or have founded an LCC airline as a subsidiary. For example, Norwegian Air Shuttle was initially founded as a regional airline in Norway in 1993 but decided to adopt the LCC model in 2002 (Norwegian Air Shuttle, 2018). Furthermore, all large European FSNC airline groups have founded LCC subsidiaries. In the International Airline Group (IAG) that among others owns British Airways and the Spanish FSNC Iberia, Vueling acts as a low-cost subsidiary. Similarly, Air France-KLM and Lufthansa also have LCC subsidiaries that are called Transavia and Eurowings respectively (Klophaus & Fichert, 2016).

Table 1: Passengers, load factor, fleet size and aeroplane models operated for selected European LCC’s in 2017

(Ryanair DAC, 2017) (easyJet plc, 2017) (Norwegian Air Shuttle, 2017) (Klophaus & Fichert, 2016) (Vueling Airlines S.A., 2017) (IAG, 2017) (Planespotters.net, 2018) (Wizz Air Ltd., 2017) (Air France - KLM, 2017)

LCC	Passengers 2017	Load Factor 2017¹	Fleet Size 2017	Aeroplane Models operated 2017	Parent airline
Ryanair	120.0m	94.0%	383	Boeing 737-800 (383)	Independent

¹ Total number of seats sold as a percentage of total seat capacity (average across all flights)

easyJet	80.2m	92.6%	279	Airbus A319 (143) Airbus A320 (134) Airbus A320neo (2)	Independent
Norwegian	29.2m	87.5%	144	Boeing 737-800 (117) Boeing 737MAX (6) Boeing 787-800 (21)	Independent
Vueling	29.5m	83.7%	105	Airbus A319 (5) Airbus A320 (85) Airbus A321 (15)	IAG
Wizz Air	23.8m	90.1%	79	Airbus A320 (63) Airbus A321 (16)	Independent
Eurowings	23.6m ²	80.4% ³	149	Bombardier Q400 (20) Airbus A319 (50) Airbus A320 (72) Airbus A330 (7)	Lufthansa Group
Transavia	14.8m	90.6%	68	Boeing 737-700 (8) Boeing 737-800 (60)	Air France- KLM

However, Ryanair remains the largest carrier both in terms of passenger numbers and fleet size. Moreover, it can be observed that Ryanair was the only LCC that exclusively operated one type of aircraft: one example for Ryanair's consistent and full adoption of the LCC business model. This along with the airline's industry-leading load factor and its clear focus on saving costs wherever possible is likely to be the cause for Ryanair achieving a significant cost advantage, even over these other LCC airlines, as can be seen in detail in the following table, showing unit costs per passenger for some of these carriers in 2018:

Table 2: Cost per passenger excluding fuel for selected European LCC's in 2018

(Ryanair DAC, 2018)

Cost per passenger	Ryanair	Wizzair	Easyjet	Norwegian	Eurowings
Staff	6	5	9	17	18
Airport & Ground Handling	7	11	21	17	34
Route Charges	5	5	6	7	7

² Includes data for Lufthansa Group's equity in the German-Turkish venture Sun Express, data for Brussels Airlines was excluded manually

³ Includes data for Lufthansa Group's equity in the German-Turkish venture Sun Express, data for Brussels Airlines was excluded manually

Ownership & Maintenance	6	16	8	34	23
Sales & Marketing	3	3	7	9	29
Total € per passenger (excluding fuel)	27	40	51	84	111

The main reason for the much higher costs per passenger incurred by Ryanair’s competitors are likely caused by more complex business processes arising from a less thorough adoption of the LCC model. For example, Eurowings operates multiple types of aircraft, including some models for short-haul routes and other aircraft types for intercontinental flights, where the feasibility of the LCC model is considered doubtful due to the much larger impact of fuel costs that are fixed irrespective of the business model (Klophaus & Fichert, 2016). Moreover, Eurowings operates – just like an FSNC airline – hubs, where passengers can transfer from one flight to another. The airline is also a codeshare partner for Lufthansa and other FSNCs and even operates a Business Class on some of its routes (Eurowings GmbH, 2018). All these aspects stand in sharp conflict with the original LCC model and are likely to contribute to the airline’s comparably low load factor and high operating costs.

3.8 Always Getting Better – A change of strategy

However, despite the great success of the strict adoption of the LCC model at Ryanair, in recent years the LCC changed its strategy, trying to move away from the purely low-cost image that it had acquired before. In late 2013 Ryanair decided to introduce a range of activities and changes, aiming to improve the overall customer experience and to attract business clients (Ryanair DAC, 2018). O’Leary stated that Ryanair should “try to eliminate things that unnecessarily piss people off” (Humphries, 2013). This included an improvement of Ryanair’s website, hiring more customer service staff and a reduction or abolishment of fines previously charged to customers who broke the company’s rules, for example by slightly exceeding the dimensions of the carry-on baggage (Humphries, 2013).

The change of strategy had also been a response to shareholder demands, who saw Ryanair’s bad reputation in terms of customer service as an obstacle for further growth. Owen O’Reilly, one of the airlines private shareholders, stated during Ryanair’s annual general meeting in 2013 that he had seen people crying at boarding gates and that because of that “there is simply something wrong there that needs to be addressed” (Humphries, 2013).

In February 2014 Ryanair welcomed a new member of staff: Kenny Jacobs, who had previously been the Chief Marketing Officer (CMO) at the British online price comparison website moneysupermarket.com. He joined Ryanair in the same position, which, however, had to be created for him, as so far, the airline had not employed a Head of Marketing, but had instead relied on O’Leary’s PR stunts. Kenny became one of the key figures in developing and implementing Ryanair’s so-called Always Getting Better (AGB) programme (Cooper, 2018).

According to him, the aim of the still ongoing AGB programme is to expand Ryanair’s promise to consumers from the one existing pillar of low fares to three areas of excellence: low fares, great service and the best choice of routes (Fifteen Seconds, 2015). In a keynote speech at the ad:tech, iMedia & MMS conference in London, Jacobs explained that the AGB programme had managed to significantly transform the business. Now everyone at Ryanair would always consider the impact on customers that a given change would have before deciding on whether to implement it or not (ad:tech, iMedia & MMS London, 2014).

Jacobs’ strategy focussed specifically on developing the company’s digital presence, which, despite the initial quick introduction of a website and an online booking system, had after that been vastly neglected under Michael O’Leary’s leadership. The new focus on digital comprised a complete revamp of the Ryanair website, including a reduction of the clicks required to make an online booking from 17 to 5, as well as the development of a mobile app (Thomas, 2014). During a speech at the Hamburg aviation conference in 2017, the new CMO recapped about his experience: “Three years ago I was having arguments with Michael O’Leary explaining what an app was and now (...) we have Europe’s most widely used airline app with 18 million people using it (...)” (Hamburg Aviation Conference, 2018).

In addition to the amendments in terms of marketing and customer service, Ryanair also changed from an operational point of view in the sense that the airline started to increasingly fly from primary airports, competing directly with FSNCs. In 2017, the airline even decided to form a base at Germany’s largest airport Frankfurt am Main (Lavell & Sheahan, 2017) despite the fact that in 2014 the airline had still ruled out this possibility: “(...) we won’t fly to London Heathrow, Paris Charles De Gaulle and Frankfurt Main – but every other airport is now on the table” (Anna.Aero, 2014).

Despite its operational character, Kenny Jacobs described this strategy of flying to primary airports as another improvement in terms of customer service: “We want half of our growth to come from primary airports – because we are listening to where people, where consumers want

to fly” (ACI EUROPE Airport Business, 2015). However, it should be noted that another important reason for the shift was also the search for growth by primary airports. In 2014, David O’Brien, Ryanair’s Chief Commercial Officer argued: “Not only have we broadened our appeal to the consumer, but more and more airports of all types now appreciate what we have to offer. Indeed, our biggest challenge next year will be having enough aircraft to satisfy demand, not just from consumers, but from airports across Europe” (Anna.Aero, 2014).

Through serving primary airports the airline also improved its appeal to business travellers. Moreover, to better serve the needs of this consumer segment, Ryanair decided to also move away from its simplistic one fare type policy and introduced a business fare for a price premium. This, however, did not imply the introduction of a luxurious Business Class that can usually be found on FSNCs, but a fare that allows to flexibly change the travel date should there be alterations to a planned business meeting. Furthermore, the business fare includes additional services, such as fast-track, allowing customers to get through airport security more quickly, as well as priority boarding. To best market the business product, Ryanair even reinstated its contracts with travel agencies, allowing business customers to book Ryanair tickets through their company travel platforms (ad:tech, iMedia & MMS London, 2014).

Despite the changes, Jacobs remains reluctant to alter Ryanair’s key identity as a low-cost business. In fact, he argues that one of the key benefits that the Ryanair brand has in the market is its authenticity. Therefore, he wants to build the brand around the idea that “Ryanair will always have a point of view that anything high cost in this world is bullshit, especially in air travel” (ad:tech, iMedia & MMS London, 2014). Kenny describes Ryanair as a functional, so-called smart living brand that provides a cost efficient, straightforward, yet quality service comparable to retail brands, such as Aldi, Ikea or H&M. “I don’t want people to love Ryanair. I want people to like Ryanair. (...) Yes, you can love Rolex, you can love BMW, you can love Hugo Boss, but short-haul air travel in Europe is a functional experience” (ITB Berlin, 2015).

Being asked about the process of implementing all these big incremental changes, although admitting to having had arguments with Michael O’Leary on a constant basis, Kenny states that the longstanding CEO has so far been receptive and agreeing to the new approach, seeing the results in terms of market share and profit growth (Cooper, 2018).

3.9 Problems arise: operational issues and strikes

Having generally achieved very high rates of punctuality and a very low number of cancellations (Ryanair DAC, 2018), Ryanair faced significant operational disruptions in the

autumn of 2017. Due to a shortage of pilots and cabin crew, the airline had to cancel about 400,000 flights across Europe, resulting in massive chaos, as well as costs in terms of lost revenue and compensation payments to customers (Collinson, 2017).

Figure 3: Share Price for Ryanair 2017 – 2018, relevant events highlighted

(Financial Times, 2018) (Collinson, 2017) (Topham, 2017) (Davies, 2018) (Ford Rojas, 2018)



The operational disruptions were also reflected in the company’s share price. As displayed above, Ryanair’s share price first came under significant pressure in the second half of 2017 when the flight cancelations and staff shortage was announced (black line) and has been on a downward trend ever since, suggesting that in addition to the further external events and shocks displayed above, investors were and remain sceptical about the measures taken by Ryanair’s management to respond to the crisis (Financial Times, 2018).

While O’Leary explained that the problems beginning in September 2017 were purely caused by a ‘mess-up’ in the scheduling of staff holidays, critics raised the point that the comparably bad working conditions at the low-cost carrier had resulted in Ryanair losing staff and specifically pilots to competitor airlines, obviously contributing to the problem of not having sufficient people for flight operations (Collinson, 2017).

3.10 Ryanair’s employment practices

For many years, Ryanair had employed its people through atypical employment contracts. The airline had developed a complex system that allowed the reduction of tax and social security

payments to an absolute minimum. For example, Ryanair's pilots were in most cases not employed directly by the airline but referred to the British employment agency Brookfield Aviation. Brookfield in turn helped the pilots set up small companies with whom they would invoice the airline for the flying services they provided. That meant most pilots at Ryanair worked as self-employed contractors rather than as employees (Bachman & Matlack, 2015).

While saving the airline a lot of money, this model had significant negative implications for the pilots. For example, being self-employed, Ryanair did not have to make healthcare and pension contributions, nor did they have to provide holiday or sick pay. Moreover, in some cases, pilots even faced legal consequences, as for example, when in the UK, the tax revenue services started investigations against Ryanair's pilots, suspecting them of not actually being self-employed and therefore having participated in a scheme of unlawfully avoiding taxes and social security contributions (Davies, 2017).

Similarly, also most of Ryanair's cabin crew was not employed directly by the airline. Except for supervisors and ad-hoc staff, junior cabin crew members were in fact employed by the Irish employment agencies Workforce and Crewlink, or in some cases were, like the pilots, self-employed contractors. In contrast to Ryanair employees, agency staff had no base salary and was only paid for flying hours. That meant neither the daily morning briefing of 45 minutes nor additional hours in the case of flight delays were paid. Similarly, also the times on the ground when passengers were getting off and, on the plane, and while the cabin crew was cleaning the aircraft was unpaid duty time for these staff members (Daily Mail, 2017).

Despite his clear discontent about the number of unpaid hours, a former Ryanair steward described the final monthly salaries at Ryanair as generally acceptable, although they were adjusted for the cost of living at different bases: "When I was in (...) Scotland, it was ok. Busy flights, so we had a nice commission. Then I was in Tenerife and it was okay as well. And then I moved to Prague and it was fine, but it was paid like a normal job. Nothing special."

However, he was not very satisfied with the company culture, which he described as very demanding and competitive, specifically in the context of on-board sales: "Each crew member (had their) own machine (...) and they (the airline management) can see all the sales that you charged during the day." On busy flights this would often lead to conflicts between crew members over the just allocation of sales, undermining the development of a team spirit. Competition between staff members was sharp because individual sales revenues did not only

determine the commission for each person but were also the main performance indicator used for deciding on job promotions.

In addition to these somewhat destructive conflicts, the former Ryanair steward described it as “annoying and embarrassing” having to constantly make inflight announcements and conduct 3-4 services per flight, trying to sell more products to achieve the sales targets. In this respect, he described the company’s supervisors as very demanding when targets were not achieved.

Furthermore, he expressed anger over the lack of support offered by the company. New members of staff would not receive any relocation assistance (apart from a free flight ticket) and would usually only find out with very short notice at which airport they would be based. He described it as extremely challenging and for the new, usually very young staff, overwhelming to arrange accommodation, as well as to sort out administrative and legal issues in a foreign country without any assistance in that short period of time: “Imagine they hire 19-20 year old Italian girls and then they are crying on the base meeting, (on the) first day before the actual flight.”

For many years cabin crew members paid approximately 3,000€ for their initial 6-week training course, although Ryanair usually offered an alternative payment option through salary deduction (Daily Mail, 2017). However, following the staff shortage and according to a recent cabin crew assessment day, Crewlink now provides the training free of charge and even pays trainees a daily expense allowance of 28€. Nevertheless, agency employees are only guaranteed 9 months of work per year, meaning that they could be asked to take up to three months of unpaid leave in any given year. (Daily Mail, 2017) However, Darrell Hughes, Ryanair’s Director of HR Strategy & Operations, pointed out that in 2017 this applied to only 10% of Ryanair’s staff at summer destinations and that the average unpaid leave in 2017 was only 8 days (Hughes, 2017).

A former member of Ryanair’s cabin crew described that most members of staff were not happy with the high pressure, competitive environment and overall comparably bad conditions at the airline. He explained this as the key reason why Ryanair and its agencies now struggle to attract new staff and why they hold recruiting events in “very small towns in Italy or Bucharest.” And in fact, almost all of Crewlink’s upcoming recruitment events are held in countries with high levels of youth unemployment and comparably low salary levels, including Spain, Italy, Poland, Romania, Portugal and Greece (Crewlink, 2018).

The former steward also described the dissatisfaction with the working conditions present at Ryanair as the driver for a low level of motivation among the current staff, even leading to employee misbehaviour: “Everyone at Ryanair is stealing. Money, toilet supplements, from the bar, from the gift bar (...) Basically, they take whatever they want. And I am not surprised, because the company treats them horribly.”

Nevertheless, Michael O’Leary claimed that Ryanair’s people were happy with the conditions present in his company. He had therefore been very firm on the position that “(...) (Ryanair) will (only) recognise unions, when a majority of our people wishes us to do so” (Hade, 2017). O’Leary emphasised how unlikely he imagined that to occur when in 2017 he stated that “(...) hell will freeze over” (Hade, 2017) before he would welcome a union boss for negotiations.

3.11 Ryanair’s response to the staff shortage crisis

In a first response to the staff shortage crisis in autumn 2017, O’Leary offered his pilots up to £12,000 if they kept flying during their scheduled leave – an offer, which a relevant number of pilots declined. Not happy with the refusal, Michael “accused some pilots of being ‘precious about themselves’ and ‘full of their own self-importance’” (Davies, 2017). He further belittled the pilot’s concerns, when stating that he “would challenge any pilot to explain how this is a difficult job or how it is that they are overworked, or how anybody who by law can’t fly more than 18 hours a week could possibly be suffering from fatigue” (Davies, 2017), even though he later apologised for these comments. In October 2017 O’Leary offered his pilots a further loyalty bonus of up to 12,000€ to retain them in the company, while stressing the benefits of working for a financially strong airline, following the recent bankruptcies of Monarch Airlines in the UK and Air Berlin in Germany (Calder, 2017).

3.12 Union recognition at Ryanair

Two months later, in December 2017, Ryanair finally announced the arguably largest strategic shift in its HR policy and decided to recognise unions as the representative body for pilots and cabin crew in several countries (Topham, 2017).

While in autumn 2018 Ryanair started to sign agreements with pilot unions in Spain, Portugal, Italy, the UK (Adams, 2018), Ireland (CNBC International TV, 2018) and Belgium (Ryanair DAC, 2018), as well as with cabin crew unions in Italy (Scherer & Balmer, 2018), the UK (CNBC International TV, 2018), and Germany (Orban, 2018), negotiations were reported to having been very tough. Unions all over Europe complained about the culture and the attitude, in which the negotiations were conducted. For instance, Portuguese unions referred to bullying

and intimidation tactics used by Ryanair representatives, while unions in Italy described the representative's attitude as very impolite and complained about a lack of respect for Italian labour law. Similarly, German unions stated that Ryanair actively tried to undermine German employment standards and Spanish unions complained about a lack of trust towards the airline's management, stating that it was "lying all the time" (CNBC International TV, 2018).

Conversely, Ryanair also complained about a lack of cooperation from the side of the unions. For example, regarding the process with the Irish pilot union Forsa, Ryanair's Chief People Officer Eddie Wilson expressed anger that the union took "over one month to reply to a management letter (...) (and) seems unlikely to recognise Ryanair's low fares, high productivity model or provide assurances that there will be no involvement of competitor airline pilots in our negotiations" (Miley, 2018). Further to that and with regards to the German pilot union VC, Wilson complained that the union was "insisting on sending their proposals in German, which (would) slow (down) the process even further" (Miley, 2018).

In an interview with CNBC International, Michael O'Leary rejected claims that the management culture at Ryanair was responsible for the difficulties experienced during the negotiations. O'Leary further stated that while Ryanair was willing and determined to reach agreements with the unions, it would not agree to what he called unreasonable demands made by some of the unions. Instead Ryanair would rather face the potential strikes (CNBC International TV, 2018).

"We have some jurisdictions where we are getting the kind of laughable demands for legacy-type inefficiencies (...) Frankly we will never agree to those (...) if we have to take strikes or disruptions in those jurisdictions, then we will take those. But we will not under any circumstance alter or reduce our productivity" (Kollewe, 2018). Further to that, in an interview with Bloomberg, the CEO argued that the strikes did not have any significant impact on the operations and performance of the airline. In fact, he stated that there had been very few strikes and that the ones that did happen were attended by less than 10% of Ryanair's staff, affecting less than 10% of the flights (Bloomberg Markets and Finance, 2018).

However, Ryanair also took a lot of action to discourage its people from participating in strikes. When the airline's Irish pilots and cabin crew announced strikes in July, Ryanair reacted by threatening them with a relocation of Dublin based aircraft to Poland (The Economist, 2018). Similarly, after German and Dutch staff participated in strikes, the airline announced the closure of its bases in Bremen and Eindhoven, although the airline denied there being any connection

between the two events (Coffey, 2018). However, in an interview with the German TV channel ‘Radio Bremen’, Ryanair cabin crew and union representatives claim that staff was informed that the base closure would be the immediate consequence should there be any strikes (Radio Bremen, 2018).

In a further move to reduce public support for the strikes, Ryanair released pilot pay slips that showed how some pilots earned over 200,000€ per year (The Economist, 2018). Nevertheless, the process of union recognition is continuing, and O’Leary pointed out that the goal was to reach agreements with unions in all the airline’s markets (CNBC International TV, 2018).

3.13 Outlook on Ryanair’s business model

The process of union recognition and the subsequent agreements with several pilot and cabin crew unions across the European continent have of course had an impact on Ryanair’s costs. In fact, staff costs increased from 5€ per passenger in FY18 to now 6€ per passenger in FY19:

Table 3: Changes in costs per passenger for selected European LCC’s 2017-2018
(Ryanair DAC, 2018) (Ryanair DAC, 2017)

Cost per passenger (ex-fuel) FY19	Ryanair	Wizzair	Easyjet	Norwegian
Staff	6 (+1)	5 (0)	9 (0)	17 (+2)
Airport & Ground handling	7 (0)	11 (0)	21 (0)	17 (0)
Route charges	5 (-1)	5 (-1)	6 (0)	7 (0)
Ownership & Maintenance	6 (0)	16 (+1)	8 (0)	34 (+8)
Sales & Marketing	3 (0)	3 (0)	7 (0)	9 (+1)
Total € per passenger (ex-fuel)	27 (0)	40 (0)	51(0)	84 (+11)

However, given the extremely wide cost gap between Ryanair and its competitors, pay increases alone are unlikely to fundamentally endanger the airline’s business model. In fact, in an interview with CNBC, Andrew Lobbenberg, an economic analyst at HSBC, argued: “The employment practices of Ryanair were unique and – as it appears now – not sustainable. Their unit costs will still be very good, and almost certainly among the best in the industry, but the gap will narrow” (Spero & Beesley, 2018).

3.14 Final remarks

Having reflected on all the changes that his business went through over the last decades, Michael still was not clear whether he was the right person to lead Ryanair into the future. Even though he was proud that Ryanair had managed to disrupt an industry and had “been (...)”

responsible for changing the way international air travel operates” (CANSOcomms, 2014), the Ryanair of today was already a completely different business than the pure low-cost operation that he had built in the early 1990s.

After already having started to be nice to customers it seemed like Ryanair was finally also beginning to be nicer to its employees. Considering the great cost advantage Ryanair enjoyed over its competitors, this did not seem to be an existential threat to the business. However, the development clearly did not comply with the O’Leary’s strategy of pure cost optimisation.

And while he had recognised the need for changes in the past, O’Leary had to admit to himself that in some cases, benefits could have probably been realised quicker, had he not pushed back on some of the amendments: “As I keep saying, if I had known that being nice to customers was so good for my business, I would have done it years ago” (Travel Extra, 2017).

CHAPTER 4: TEACHING NOTES

This case study can be used as an example to illustrate the impact of leadership on organisational performance, particularly during business transformation processes. It is suited for courses in the areas of Leadership, Strategy, Innovation, Marketing, Human Resource Management and Business Ethics that form part of a Bachelor or Master programme.

It gives an example of how a leader can be very successful in implementing one process of business transformation but may then prevent or delay the introduction of further business transformations that stand in conflict with the initial strategy.

Starting the discussion students could analyse Mr. O’Leary’s leadership style: *How can we describe Michael O’Leary’s leadership style? How does his leadership affect employee motivation, innovation and the external support for Ryanair?*

To answer these questions students could for example apply the concept of autocratic vs. participatory leadership presented by (Rotemberg & Saloner, 1993), describing the impact of leadership on the innovative capacity of an organisation. In terms of employee motivation, students can then refer to (Lok & Crawford, 2014), who found that having a participatory leader does not only increase the innovative capacity, but through that also employee motivation. Further to that, using the framework of (Ellemers, De Gilder, & Haslam, 2004) students can discuss how the concepts of *social categorisation*, *social comparison* and *social identification* can be applied to Ryanair’s company culture. Finally, using the findings of (Willner, 1984) and the experiment of (Flynn & Staw, 2004), students can discuss how Michael O’Leary’s specific personality and behaviour may have impacted the external support for the LCC.

Looking at Michael’s strict focus on cost optimisation and his reservations against changes to this model, students could reach the conclusion that O’Leary’s leadership can be considered mainly autocratic, increasingly with some participatory elements, considering the AGB programme. Moreover, in terms of employee motivation, students could argue that it would be hard for employees to identify with an organisation that arguably does not treat them very well, both financially and in terms of respect.

Secondly, students could discuss the recent changes to Ryanair’s strategy in more detail, specifically in terms of how they affected Ryanair’s relationship with customers and staff: *How did Ryanair change the approach towards its customers during the AGB programme? Does Ryanair need a similar programme for the relationship with its employees?*

Considering the positive developments in terms of customer service and digitalisation, students could argue that positive results could equally be obtained with greater staff satisfaction. In this respect, they could again refer to the concept of autocratic vs. participatory leadership of (Rotemberg & Saloner, 1993), which suggests that in an environment with relevant potential for profitable innovation (which arguably exists at Ryanair), a participatory CEO that cares about employee well-being and promotes employee participation in decision-making is preferred from a profit maximising point of view.

Finally, students can assess Michael O’Leary’s leadership style of the past with a view on how his qualities play out in relation to the challenges lying ahead for Ryanair today: *Is Michael O’Leary a good leader? Is he the right person to lead Ryanair into the future? Why? Why not?*

To answer this more generic question students can use the finding of (Somech, 2006) that different challenges require different types of leaders. Looking at the case, students could argue that while Michael was very successful in introducing the initial business transformation in the early 1990s, the manager has then been somewhat reluctant to implement (necessary) adjustments, standing in contrast to this strategy. Students could conclude that O’Leary needs to either adapt his approach to current requirements or, more drastically, that a new leader is required. Specifically, looking at the relationship with employees, students can apply the concept of in-group membership presented by (Ellemers, De Gilder, & Haslam, 2004), explaining that the accountant O’Leary would, even without having damaged the relationship with his staff, have to make greater efforts to become a respected leader compared to an in-group leader like Lufthansa’s CEO Carsten Spohr, who is a pilot himself (Star Alliance, 2019).

All in all, the key takeaway of this case study should be that every business transformation requires a different set of skills and behaviours, implying that a leader needs to be very adaptable in his or her approach to changing realities and challenges. Furthermore, it means that he or she needs to realise when an approach is no longer yielding the desired results and when new, other concepts and strategies need to be applied.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

The case of Michael O’Leary and Ryanair starts with an example for a very successful business transformation: the transformation of Ryanair from a loss-making regional airline into Europe’s largest LCC. It seems clear that the consequent adoption of the LCC model alongside with the company’s focus on eliminating or reducing costs wherever possible was responsible for its growth, success and industry-leading cost base. We have seen that LCC’s that did not adopt the business model as thoroughly as Ryanair now face a much higher cost base.

However, arguably, in some cases adverse implications of some of the cost saving measures were probably overlooked. For example, while not providing free water to pilots does save some (insignificant) costs, it is likely to decrease employee motivation by a lot more. Finally, it is obvious that Michael O’Leary’s leadership played a significant role in this initial business transformation: “It changed dramatically and quickly, and Michael was the driver behind that” (Anderson, et al., 2018).

On the other hand, we have seen that in later business transformation processes, which responded to demands from customers, shareholders or, most recently, employees, O’Leary actively delayed alterations to the strategy of pure cost optimisation. He admitted this himself after seeing the positive results of the AGB programme that was aimed at improving the customer experience: “As I keep saying, if I had known that being nice to customers was so good for my business, I would have done it years ago” (Travel Extra, 2017).

It is therefore suggested that different types of leaders are required for the different challenges and business transformation needs that a company faces over time. Alternatively, a good leader needs to be adaptive and always ready to question his or her past approaches, making sure they are still the right response in the current situation and are not withholding any necessary developments that may somewhat contradict previous strategies.

In terms of Ryanair’s current situation, it appears that the decision to recognise unions has been considered a significant threat to the airline’s business model, considering the sharp decrease in the company’s share price following the announcement (see Figure 5). However, looking at Ryanair’s cost base in relation to its European LCC competitors, it can be said that the company still enjoys a very significant cost advantage that is unlikely to be threatened by pay increases that may follow the union negotiation process. Nevertheless, given that Ryanair’s business

model is based on superior efficiency, it will be important for the carrier not to agree to any concessions that would significantly jeopardise this competitive advantage.

On the other hand, treating its staff better is likely to increase employee motivation, which currently seems to be very low, considering the discussed misbehaviour in the form of employee theft. In this respect, having a more friendly, open culture is likely to increase staff innovation that could potentially open new revenue streams or cut unnecessary costs. Finally, better working conditions are also likely to improve the company's external image as a fair employer.

All in all, Ryanair's business model seems to still function well and with its significant cost advantage, the airline is likely to continue growing profitably despite small cost increases.

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APPENDICES

Appendix 1: Interview with a former employee of Ryanair's cabin crew

The name of the interviewee will not be released, as the interview was conducted under the promise of treating the answers anonymously. Some of the answers have been slightly adjusted to correct grammatical errors and improve comprehensiveness, however the content has not been altered or cut in any way.

1. For how long did you work as cabin crew in Ryanair?

I was working there for almost 3 years (unfortunately). Thank God I was in total at 3 bases, so basically, I worked in 3 different places. Probably that's why I didn't realise how long I was working for them.

2. Were you employed directly, employed through an agency or self-employed?

Not at all. When you're joining Ryanair, you always go through the agency. It's been a while, so I don't know if they are still working like this, but at my time, it was either Workforce or Crewlink. These are basically two Irish companies, hiring cabin crew for Ryanair. I think you can also find some information about them online. Now I think they have even more companies like Ryanair Cloud, but I am not sure.

The thing is you see the company and you're not thinking about your employer itself. After you pass your course and the test and you're online and flying, you then realise that some of the crew are employed by different companies. Okay, you sign the contract anyway, because most of the airlines work like this. But then, if you want to become cabin supervisor, you need to apply for an ad-hoc position directly at Ryanair first, where you will have less money than when you were cabin crew employed by Workforce or Crewlink. Once you are on an ad-hoc position, you are getting a Ryanair contract, but it does not have good conditions. And after a long time, and only if you're lucky (depending on on-board sales, of course), you can become supervisor. In this position, you have a normal salary and you're finally employed by Ryanair. As a supervisor, you have better contract, money, conditions etc. I would say, like a normal person who is working in Ireland.

I mentioned the sales. This is the variable according to which, the management evaluates the crew. Each crew member has their own machine (like a mobile phone). You sign at the beginning of the flight, and they can see all the sales which you charged during the day. Can you imagine this on busy flights? The crew is fighting who has more and who has less in the

machine. Crazy. I thought that this kind of job should be about team work. I mean if something happens, you need to cooperate and act like one. In this company, you need to fight and argue with your colleagues. At some bases, the supervisors were checking how much the crew have it this machine, so if someone is significantly down with the sales, then the supervisor was trying to split the sales between all 4 crew. But this happened very rarely. Furthermore, after this happened once, we got an email, saying don't do this, because we need to see the differences, who is working how etc. If you were the best seller, you got a base transfer, or you won something.

About the self-employment part from your question: In Poland, they closed all the bases, or forced the crew to work as self-employed contractors. In this model, you're required to pay your own social and health insurance. I don't know much about this subject, but I think this issue in Poland began the whole negative opinion about Ryanair.

3. Were you paid only the flying hours? If yes, what happened in case of delays?

Yes, you have no base salary, unless you're under a Ryanair contract, so for that you must be ad-hoc or supervisor. The normal crew is only paid the hours which they work. That means - you come to work 45min before duty. After the briefing you are going to the aircraft (still not paid) and only after boarding and once the aircraft starts moving, your hours are counting. If you are standing at the gate for 5 hours, you earn no money. With delays it's the same, you are basically doing everything for them, but you're paid only for flying hours. The aircraft needs to literally fly or move. Moreover, you receive no food or water from the company. All the other airlines are providing those things for the crew. Ryanair doesn't. You have to buy everything from the bar, just like a normal passenger.

4. How does your pay at Ryanair compare to what you now earn at Norwegian?

This all depend on the base. In every part of the Europe they have different contracts. Of course, you can't earn the same money as in the UK. So, when I was in the UK, in Scotland, it was ok. Busy flights so we had a nice commission. Then I was in Tenerife and it was okay as well. And then I moved to Prague, and it was fine, but it was paid like a normal job. Nothing special. Still you need to think about the hours, because if you're not flying you don't earn any money. Or if the company makes you roster with flights that are not that busy, you're not earning your money again. Norwegian is the best, but about them another time! :)

5. Did you have to pay for your training? Or for your uniform? If yes, were there any allowances for these expenses?

Yes, I was hired in times where we had to pay. Now I think they don't care about anything anymore. You can have tattoos, you don't have to pay the course etc. They obviously don't have people, and they are doing now recruiting days in very small towns in Italy or Bucharest. They attract them with the money. Still good for those kinds of countries.

6. Were you paid sick days or holiday days?

Yes, the holidays are paid good. I think it's done according to Irish law, so it was fine. Sick days, I am not sure, because everyone at Ryanair was scared to call sick. They basically don't care if you have doctor certificate. For them you're sick, which means you're out of duty. If you have 2-3 you go for a meeting in Dublin, so you have to think carefully about calling sick. To be honest I wasn't sick there for a long period, but they pay like in Ireland. Now my friend told me that they pay people more if you will not call sick in one year. I think it's even around 500 Euros. Crazy.

7. Did you ever experience a case where there was a need for providing overnight accommodation to the crew? If yes, was it provided?

No, I didn't. Ryanair always tries to get the people back. They will call another base or crew and aircraft just to get people back. They don't want to lose money by having to provide hotel and food for passengers. But I know that a few years ago, my colleagues went to Malaga, and due to the weather, they had to stay there. They had really nice hotel with breakfast.

But if I can mention in this question the topic of accommodation, you need to really be ready. Because after the training course you will receive an email, saying: "*Hi, you are going to London, or to Poland*" In a few days, you need to fly. They will give you the ticket and that's it. No help with the hotel, with anything. So basically, you're in totally different country where not everyone speaks English and you need to find everything by yourself. It was really hard, especially here in the UK. It was very difficult to prove why we needed a bank account, then the agency for house. I remember in one agency they said: "*No Ryanair crew*", because they had a bad experience. Now imagine they hire 19-20 years old Italian girls and then they are crying on the base meeting, on the first day before the actual flight.

8. Are there sales targets for the inflight service? If yes, what happens if they are not met?

To be honest, the whole sales procedure at Ryanair is weird. Sometimes the bar is over, or down, and no-one cares. We were getting commission, as I wrote. But If you sell on the quiet flight one coffee, at the end of the day, there is not much money for you. If you steal something from the bar, they sometimes take money from your commission. So, you have on the table 20 euro for the day -1 euro. Which means, someone stole something. Very personal information: Everyone at Ryanair is stealing. Money, toilet supplements, from the bar, from the gift bar. Some people are too scared to do this (like me), but some bases are so used to doing it. So basically, they take whatever they want. And I am not surprised, because the company treats them horribly

9. How did you experience the overall company culture at Ryanair?

I wanted to be a cabin crew member, so in the beginning it was nice. I moved to Scotland, had to live my own life, deal with everything by myself. It was a very good experience. Even the training course at Ryanair was really hard. We had to know everything word by word. I think, it's because they wanted to make sure that non-good English speakers will know it even during sleep at night. Now it's bad, I don't understand how people can work there. Even in news you see O'Leary, talking about his pilots like they are idiots. After a while I realised how other companies treat their crew. We had no food, no water, the staff travel is awful. At Ryanair, they just care about sales. You should do 3-4 services with public announcements all the time. Selling this, and then that. It's annoying and embarrassing. And after landing your base supervisor asks you why the budget was not reached. Bla bla... and you just want to go home and take a break from the drunk stupid passengers. because Ryanair clients are like this usually.

10. Were you confident that you could raise concerns, for example regarding safety, without disciplinary consequences?

Safety was ok, because you always have a cabin senior there. But now, as I mentioned they are hiring young non-English speakers. So, if they have some medical issue, I don't know how the person will act. As an airline, they need to follow the rules, and in the UK and in Ireland these are very strict. They are required to follow legal requirements and regulations.

11. Was there a specific event that made you leave the company?

I wanted to do long haul and see the world and 3 years was too much. In Prague, they told me that I am too good, so I should expect the contract as a cabin supervisor. Nothing happened, and I was asking and applying and waiting. One day I said to myself, it's enough. Then the sales competition. I was sick of that. Asking all the time my colleague how much he has in his machine. You can go and work at Tesco and count how much you have done that day on your counter. I was just tired of it, so I left :)