

# Peter Conway interviews...



**Seabury**  
Using their knowledge and expertise, three top consultants at Seabury Group draw on their experience to outline six practices that make successful air cargo players

WHAT are the habits of successful air cargo operators? Why do some carriers do better than others in the same cargo market? If air cargo really is a commodity business, where only price is a differentiator, why do some carriers get better profits and better yields?

The 12-strong cargo advisory at Seabury Consultants has worked with a range of airlines since it was set up in 2007, and its key personnel have also had previous experience with YDL Management Consultants, which Seabury took over, and carriers such as KLM.

That experience has left them "surprised, staggered and impressed" – as Niall Van de Wouw, senior vice-president in the cargo advisory, puts it – by just how much better some carriers do than others.

Fortunately, the difference between the winners and losers is not a matter of investment, IT or having access to special resources. It is just a carrier using common sense to make the best of its staff and capacity.

**1. Coordinate your sales effort**  
"People may consider air cargo to be a commodity, but the business of selling it is still pretty complex," says Gert-Jan Jansen, executive director of Seabury's cargo advisory. "It is not unusual for 20 people, located from Shanghai [China] to Chicago [US], to be involved in a regional forwarder deal."

Given that, it is vital to have a properly orchestrated sales strategy – one that ensures that sales people in the field know what is happening in head office, and vice versa, and that the efforts of both are aligned.

This includes assembling all the knowledge in the company about a particular client, even something as trivial as whether the client plays golf with one of your sales team. "Make sure you have all the decision makers on the map," says

in the Seabury cargo advisory: don't confuse coordinated sales with all sales being controlled from the centre. "A lot of key accounts are also local, and there is a lot of knowledge the local guys [have] about how to approach the clients. The local and the central should be talking together," he says.

Don't forget your general sales and service agents (GSSAs). "The better-performing airlines have a closer relationship with their GSSAs – feeding them data, inviting them to corporate events," says Van de Wouw. "Treat them as if they are part of the in-house sales team and that produces much more revenue."

## 2. Maximise your network

This sounds like obvious advice, but many airline outstations only focus on selling into the hub, as it is a lot easier than trying to sell transit cargo and is likely to be more hassle-free for airline staff.

"But if you do this, you are missing out on extremely high-yielding markets," Van de Wouw points out. "For example, if you can sell Shanghai to

and Europe – and increasingly in the Middle East and south-east Asia too – is a major factor to expand your reach."

Talking of which, if you want 'to park your tanks on a

**"Better airlines...are tough when targets are not met, but share successes with the team"**

competitor's front lawn', set up an interline agreement with them. "Interline is not used so much in cargo as on the passenger side, where it can account for up to 20 per cent of revenue," Van de Wouw points out.

"But one way to compete with a rival is to set up a GSA in its home market, and then sign an interline agreement with that airline. You can then compete with them as a steppingstone to flying there yourself."

**3. Set and police proper sales targets**  
Every carrier sets targets for its sales staff, but many are not very rigorous, or are not properly followed up.

For a start, every target should be set against external benchmarks, not just on how well the company itself did last year. "A 20 per cent sales target sounds great, but not if the market is forecast to grow 40 per cent," says Bloemen. "In times of escalating fuel prices, make sure that can't be used as an easy way to make the budget. A successful airline should have bigger ambitions."

Once targets have been set, they should be properly monitored. "Better airlines have targets to meet every week, and they follow up on them rigorously," says Bloemen. "They are tough when targets are not met, but share successes with the team."

Best of all is to base budgets on contribution not revenue, says Van de Wouw. "This ensures money is not coming in the front door and going out the back."

## 4. Know how much belly capacity you have

There are huge revenue opportunities to be had in better communications between the passenger and cargo side on likely belly space. Van de Wouw cites a carrier that was recently able to get 12 pallets weighing a total of 42 metric tonnes in the belly of a 777, simply because it was alerted to a light passenger load.

There is software to help with this kind of thing, but

Jansen says it is mainly just about good verbal communication and making use of data already available in the airline. "Having proper measurement tools helps too," he says. "There is a lot of focus on weight, but cubic metres are important too."

## 5. Base your decisions on sound data

"We are always extremely amazed that a US\$50-60 billion industry makes decisions about which markets to be in or what aircraft to buy on such thin data," says Bloemen. "There is a lot of data out there, and much of it is on accessible databases. So, why isn't it at the fingertips of managers when they are making decisions that will have serious financial impacts?"

Data can come from external sources, of course, but there is often also a lot of it in in-house systems – about revenue and yields, for example – which is not used. "Many operators don't even monitor freighter profitability on a monthly basis," Bloemen says. "The data is all there; it just has to be brought together, and that often doesn't take as much time as you might think."

Once it has been compiled, it is important to share it with outstations. "It is surprising how often head office has a subscription to an external database, but doesn't make that information available to staff in the field," says Jansen, "or field staff get the information, but as a great big [spreadsheet] that they are not trained to interpret."

One final warning from Van de Wouw: data does just not only mean facts and figures extracted from IT systems and reports. "As consultants, we love data, but it is not a holy grail. What you hear in the field is just as important, and that needs to be shared with others in the company too. It is the combination of the two that really works."

## 6. Use revenue management, but use it wisely

Some carriers invest huge sums in sophisticated revenue-management systems; others just have a few spreadsheets. Either approach can be valid, says Jansen, but it is important first to understand what you want from revenue management, and be sure that communication between it and sales staff is effective.

He points out that in some airlines revenue management is seen as part of sales and in others as part of operations. "There is no right or wrong approach, but it is important to understand how the two styles differ. In the former, you might be prepared to accept a lower yielding shipment because in the long term that customer could be really valuable. By contrast, with an operational approach, you might say: 'Why make an exception for this, when there is better business we could go for right now?'"



**BLOEMEN:** There is a lot of focus on weight, but cubic metres are important too



**JANSEN:** Shippers and forwarders have become more demanding



**VAN DE WOUW:** Revenue management is a tool, not a magic bullet

to realise that revenue management is a tool, not a magic bullet. "Too many carriers think that if they implement a revenue-management system,

their sales will all fall into place," says Van de Wouw. "In many airlines, so much could be achieved if they just used the data they already have

effectively. If you already have that in place, then a big revenue-management system can be very valuable. If you don't, then it won't help."



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