

BIMAN BANGLADESH AIRLINES

**SHAKING OFF
THE BURDEN OF HISTORY AND
CHARTING A NEW COURSE**

REVIEWED BY **KEN DONOHUE**

AN AIRLINE THAT has been flying DC-10s for the past 30 years has not been investing in a lot of things. That was the sentiment shared with me during a visit to the headquarters of Biman Bangladesh Airlines. Biman was the last passenger carrier to operate the venerable DC-10 when it retired the last airframe of the type in February 2014. While the airline's history has been fraught with challenges, new aircraft and new management are providing Biman with a perfect opportunity to turn things around.

C**STUMBLING OUT OF WAR** with Pakistan in the early 1970s, the newly formed country of Bangladesh soon had a national airline of its own. Formed in January 1972, the fledgling airline was initially called Air Bangladesh, but changed its name to Biman Bangladesh Airlines. Using a single DC-3, the airline began domestic service on February 4, 1972 with routes linking Dhaka, Chittagong, Jessore, Sylhet, and Ishwardi. An omen perhaps of the difficulties ahead, the DC-3 crashed during a training flight a few days into the airline's young life.



Biman was the last airline to offer scheduled services on DC-10 aircraft. Pictured is DC-10-30, S2-ACQ (MSN 47817 / LN 300) landing in Rome-Fiumicino in front of a group of Italian spotters.

PHOTO: BRUNO BEVIVINO



AIRLINE REVIEW

Thankfully, the Indian government supplied two Fokker F-27s to the Bangladeshi airline so it could continue operations. In March of that first year, international service was initiated with a weekly flight to London using a leased Boeing 707, followed soon after with service to Calcutta, India. A year later, Bangkok the most populous city of Thailand became the airline's third international destination. It was in the late 1970s that the airline's network grew considerably with new routes to several destinations in Europe, the Middle East, and eastern Asia.

Despite serving 29 international destinations at its peak, Biman has never been able to realize its full potential because of a long history of weak governance and corruption. This led to a lack of planning with regard to scheduling, fleet management and poor passenger service, resulting in chronic financial losses. Biman could either wallow in its history or change direction for the better. It chose the latter and recently started to turn things around, but few can deny the challenges that lie ahead.

With much fanfare, Kevin Steele was appointed as Biman's CEO in March 2013. A Brit, Steele was the first foreigner to assume this position and the first CEO with extensive commercial aviation experience. The airline's previous leaders were mostly former military personnel. Steele's aviation career included stints at British Airways, Arik Air, and Etihad. He introduced new management principles, a new website, a frequent flyer program, and reduced Biman's financial losses. And maybe just as important, he gave everyone at the airline a reason to believe that Biman could be better.

But Steele left abruptly just a year into his three-year contract, citing health reasons for his departure. He declined an offer to be interviewed for this article. Kyle Haywood, who has been with South Africa's fastjet was then selected as the airline's new CEO.

One of Steele's first moves was to bring in veteran revenue management expert,



Biman Bangladesh • Airbus A310-324 • (MSN 594) – Originally delivered in 1991 to Aerocancun.



Paul Rose, who spent more than 25 years with British Airways. Revenue integrity, a concept coined by Rose is essential to strong revenue management. Its purpose is to prevent leakages in revenue, which can occur in various places throughout the ticketing process. It is the difference between the revenue the airline expects from bookings and the amount they actually receive. An airline that does not employ revenue integrity can unnecessarily lose millions of dollars each year, this was the case at Biman.

“It’s like moving an airline from the 1970s to 2014 overnight,” Rose said, speaking about Biman. “It takes time.” Fares were ridiculously low, so one of Rose’s first tasks was to raise business class fares by 50% and economy fares by 10%. Business class fares have since been increased again, but they are still typically cheaper than some of Biman’s competitors. Poorly bargained contracts by previous management were renegotiated and the airline stopped offering commissions to travel agents, a practice most airlines had ended years



PHOTO: BRUNO BEVIVINO

ago. All of these strategies were intended to stop the financial bleeding that has plagued Biman for much of its history.

If Biman's financial losses were notorious, then too was its schedule unreliability of two to three hour delays. The airline even lost five slot pairs at London's Heathrow airport because of poor on-time performance. Steele's gargantuan task of turning the airline around began by launching a campaign to improve on-time performance, which had been languishing at a horrid 30%. These efforts have paid off as on-time performance is nearing 80%, something not thought possible just a few years ago. While now having backup aircraft has helped, so too has more efficient processes and imparting a sense of urgency at the gate to maintain the schedules. With improved reliability, the airline hopes to regain some of those lost Heathrow slots.

For years, the backbone of the Biman fleet was four DC-10s, configured in an all economy layout with 314 seats. The final



Biman offers 35 Business Class seats on its new Boeing 777-300 aircraft.

PHOTO: AUTHOR

—“It’s like moving an airline from the 1970s to 2014 overnight,” Rose said, speaking about Biman. “It takes time.”—

DC-10 was retired from service in February 2014, but not before a final farewell tour to Birmingham, England, where thousands of enthusiasts took one last ride on this classic airliner. There had been some talk that the last DC-10 was going to end its life in a museum in Seattle, but according to one Biman official, a purported verbal offer from Boeing didn't hold when there was nothing in writing. A UK museum was offered the aircraft, but when they didn't have enough space for the tri-jet, it returned empty to Dhaka, and now sits with the other DC-10s near the airport's cargo facility, all in various states of disrepair waiting to be scrapped.

With the gas-guzzling DC-10s retired, Biman's fleet has a much younger look with the recent delivery of four new Boeing 777-300s, and two Boeing 777-200s on a five-year lease from EgyptAir. The airline has also ordered four Boeing 787s, which are expected to arrive in 2017, and are intended to replace the two aging Airbus A310s. Biman also operates two Boeing 737s.

From its home base at Dhaka's Shahjalal International Airport (DAC/VGHS), formerly known as Zia International, Biman currently operates 19 international routes, with almost half being to Middle East destinations (not surprising considering the huge number of Bangladeshi laborers working in those countries).

The airline's longest flight is to London, though the airline is considering restarting New York service via Birmingham, England. The airline actually announced in late 2013 that New York service would commence in 2014, but that fell through when Biman was unable to negotiate an economically viable wet lease agreement with another carrier. The United States' Federal Aviation Administration (FAA) has downgraded Bangladesh to Category 2, which means Biman is unable to



PHOTO: BRUNO BEVIVINO

Biman Bangladesh • Boeing 777-3E9(ER) • S2-AFO (MSN 40122 / LN 964) – Delivered to Biman in 2011, is configured with a C35Y384 layout.

–“We need to do a better job at building connecting traffic and increasing our frequencies, so that we can offer service more than just a couple days a week.”–

fly its own aircraft to U.S. destinations, hence the need for a wet lease agreement. The airline is still considering other offers. According to Biman, the weekly New York-Dhaka market is about 1,700, with the bulk of those passengers using Emirates, Turkish, and Qatar Airways. Biman previously served New York beginning in 1993 before the route was discontinued in 2006.

The airline’s most profitable routes are to Singapore, Jeddah (Saudi Arabia), and Kuala Lumpur, with the latter being its biggest international market with daily service. “Virtually all of our traffic is point to point,” says George Reeleder, a former Air Canada executive who was brought on by Kevin Steele as Director of Customer Service. “We need to do a better job at building connecting traffic and increasing our frequencies, so that we can offer service more than just a couple days a week.” Having recently restarted Frankfurt service, Paris and

Brussels are possible European markets the airline is considering, along with Bahrain, Medina, in Saudia Arabia, and Kunming, China.

One of the biggest challenges facing Biman is most of its sales happen in the week leading up to a flight, making it very difficult to plan ahead. This is because most Bangladeshi laborers won’t book until they have their employment visa. Additionally, Biman’s online sales last year totaled just 1% of bookings. And while internet use in the country is growing, it’s not as strong as it is in other parts of the world. 96% of Biman’s tickets are still sold by travel agents. The airline is looking at technology that will allow people to purchase tickets through their mobile phones.

Currently there are three domestic airlines operating in Bangladesh. Biman has about 15 to 20% of that market, with service to just three cities—



PHOTO: AUTHOR

Biman's Airbus A310-325(ET) • S2-ADF (MSN 700) at Dhaka's Shahjalal International Airport.

Dhaka, Sylhet and Chittagong. Biman's domestic operations are designed to feed its international network. The airline is considering expanding the number of domestic routes with the acquisition of additional turbo prop aircraft.

The majority of Bangladeshis living in the United Kingdom come from Sylhet, in northern Bangladesh. On the three days Biman flies to London, it operates a near-empty, Boeing 737 ferry flight from Dhaka to Sylhet. Returning to Dhaka is a planeload of passengers connecting to the London-bound flight. While costly and not ideal, this is necessary because there is no fuel available in Sylhet and a fully-loaded Boeing 777 would not be able to land at that airport.

In an effort to refresh and modernize its image, Biman introduced a new livery in 2010. It lasted just a few months, as the design apparently did not please the new Prime Minister. The airline reverted to a more contemporary version of its former livery, featuring a stylized stork, and red and green lines representing the flag of Bangladesh. The short-lived livery, not to the Prime Minister's liking, is still worn on two Boeing 737s and an Airbus A310 waiting to be scrapped. When the Boeing 737s go for its next C-check, it will likely be repainted to reflect the current livery.

Biman competes with some of the best airlines in the world. To the east are the likes of Singapore Airlines, Malaysia and Thai, and to the west are the big three Middle East carriers—Emirates, Etihad, and Qatar Airways. Of these, Malaysia and Emirates are especially aggressive, offering three and two flights a day to Dhaka respectively. Critical then for Biman's success is ensuring the quality of its product. New aircraft and improved operational performance are a good start, but it takes time to change people's perceptions. Biman has made several enhancements to its inflight product, including new amenity kits on long-haul services, and well-presented cheese and dessert trays on flights to London.

FAST FACTS: BIMAN BANGLADESH

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IATA:	Biman Bangladesh Airlines LTD. Head Office, Balaka Kumitola, Dhaka-1229. Bangladesh		TEL: FAX:	+88-02-8901600 +88-02-8901558	
Website: www.biman-airlines.com Global Alliance: None FFP: Loyalty Club Passengers: Cargo: Founded: 1972 Ownership: Public Ltd. Employees: CEO: A M Mosaddique Ahmed					
DESTINATIONS					
DOMESTIC:	Chittagong, Dhaka, Sylhet.				
INTERNATIONAL:	Abu Dhabi, Bangkok, Damman, Delhi, Doha, Dubai, Frankfurt, Hong Kong, Jeddah, Kathmandu, Kolkata, Kuala Lumpur, Kuwait, London (LHR), Muscat, Riyadh, Rome, Singapore, Yangon (Rangoon).				
FLEET					
AIRCRAFT	REGISTRATION	SEATS	NAME	AGE	
Airbus A310-325(ET)	S2-ADF	C25Y196	City of Chittagong	18.3 Years	
Airbus A310-324	S2-ADK	CY198		23.1 Years	
Boeing 737-83N(WL)	S2-AFL	Y177	The Palki	13.2 Years	
Boeing 737-83N(WL)	S2-AFM	Y177		13 Years	
Boeing 777-3E9(ER)	S2-AFO	C35Y384	The Arun Alo	2.9 Years	
Boeing 777-3E9(ER)	S2-AFP	C35Y384		2.9 Years	
Boeing 777-266(ER)	S2-AHK	C12Y307	Aakash Pradeep	13 Years	
Boeing 777-266(ER)	S2-AHL	C12Y307		12.9 Years	
Boeing 777-3E9(ER)	S2-AHM	C35Y384	Raanga Pravat	0.6 Years	
Boeing 777-3E9(ER)	S2-AHN	C35Y384		0.5 Years	

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While some business class passengers prefer the Gulf carriers, one young businessman I spoke to, who lives in London and is considering returning to Bangladesh because of the improving economic opportunities, doesn't see a big difference between Biman and its competitors now that the airline is operating newer aircraft. The Boeing 777-300s are flown primarily on premium routes to Europe and Dubai.

Like many national airlines, there is a halo effect for Biman as many Bangladeshis living abroad are drawn to the carrier, but the airline knows it still needs to deliver a good product. "Passengers are pleasantly surprised with our new service, but we still have to work to ensure consistency of service delivery," says Reeleder.

"We need to motivate and train our staff, so they know the brand and our new aspirations." It's been years since the airline hired new cabin crews and during its recent recruitment drive more than 6,000 applications were received for 200 positions. Of those applying, only 50 had previous airline experience. Unlike other parts of the world, many young Bangladeshis have no customer service experience. In fact, during one set of cabin crew interviews, 85% of the candidates had no previous work experience. According to Reeleder, Bangladeshis are eager to learn and with the right training they are as good as anyone in the world. The airline is working with the colleges to start offering courses that will prepare young people for a career in the aviation industry.

Bangladesh is the second largest garment exporter in the world, soon to become number one. With the demands of the just-in-time clothing industry, cargo is an important part of Biman's business. The airline is the sole freight forwarding handler in Dhaka. Finished garments and leather products are the country's largest exports. Its largest imports include fabrics and garment accessories (buttons and zippers), along with raw materials for the country's burgeoning pharmaceuticals manufacturing industry.

More than 30 freighter flights call in at Dhaka each week, one day last year, seven freighters arrived in a single day. The cargo facility processes 300 to 500 tons of cargo each day. Biman expects its annual cargo to grow about 10%. While they wouldn't release any figures, it was suggested that the airline's cargo division is profitable. The biggest challenge is that much of the operation is still done manually, not surprising considering labor costs at Biman are just 6% compared to 25% at some other airlines. A new semi-automated freight processing system is being introduced in 2015, which will create more efficiencies and increased productivity.

Dhaka's Shahjalal International airport was built in 1981, and has nine gates



Business Class appetizer.

PHOTO: AUTHOR



Business Class main course (entrée).

PHOTO: AUTHOR

-“Passengers are pleasantly surprised with our new service, but we still have to work to ensure consistency of service delivery,”-



PHOTO: TON JOCHEMS

Biman Bangladesh • Boeing 777-3E9(ER) • S2-AFO (MSN 40122 / LN 964) – Pictured on final approach to London-Heathrow International Airport.



A unique view from the cockpit on the DC-10's last flight.
PHOTOS: JEREMY DWYER-LINDGREN



The final DC-10 rests in its hangar in Dhaka, as it receives a final maintenance check from its crew the day before its last flight.

equipped with air bridges. In the early 1990s, an expansion of the passenger terminal was completed, doubling its size. The airline concedes that its network isn't banked properly, but says that it is making improvements. Most of the airline's flights to the Middle East depart in the evening, with flights to Europe and eastern Asia departing in the morning.

It's a new era for the airline. That's the refrain I heard from one Biman official. Indeed. Now represents a golden opportunity for the airline to shake off its past and chart a new course. While it will take time to change perception, Biman Bangladesh Airlines should no longer be seen as an airline of last resort. To be sure, there are still challenges ahead, but the airline is better positioned today than it has been for decades. The airline's new CEO, Kyle Haywood needs to be given the freedom to make bold decisions, decisions that will ensure the long term success of the airline—one that Bangladeshis can be proud of. *-KD*

-“The Boeing 777-300s are flown primarily on premium routes to Europe and Dubai.”-



BANGLADESH AIRLINES

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Mission accomplished. The last DC-10 to ever operate passenger flights rests on the ramp at Birmingham International Airport as the sun sets the airplane, both figuratively and literally.

PHOTO: JEREMY DWYER-LINDGREN