



PARIS: This Wednesday, June 17, 2015, file photo shows an interior view of the Business Class seats on the second floor deck of an Airbus A380 of Qatar Airways presented at the Paris Air Show. —AP

## AVIATION POISED FOR THIRD REVOLUTION: AIRBUS BOSS CEO HOPEFUL TO PLAY LEADING ROLE IN THE FUTURE

**AMSTERDAM:** The aerospace industry is on the brink of a “third revolution” and Airbus boss Tom Enders is determined his giant company will play a leading role in its future. “I do genuinely believe that we are at a point where those technological changes and breakthroughs in electric propulsion, autonomous flight, artificial intelligence, machine learning, new materials, all come together, plus the data usage, (and) will be nothing less than a third revolution in aerospace,” Enders told AFP in an interview.

“Of course, we will only know that probably 20 years from now, when we look back and say ‘Gee, did we get this, did we understand this, did we prepare for it or did we miss it, and why did we miss it?’,” he said on the sidelines of an Airbus annual general assembly in Amsterdam. “Obviously I don’t want to look back in 20 years and say ‘Jesus, I was at the controls of this company and we missed it, how could that happen?’”

This has led to some frenetic activity within the group, which has seen the Airbus chief executive officer targeted by criticism. In November, Airbus announced it was cutting more than 1,100 jobs in Europe and closing one of its sites in Suresnes, near Paris, as part of an ongoing restructuring program. Unions accused Airbus of cutting jobs at a time when its order book is worth nearly 1.0 trillion euros (\$1.05 trillion), equivalent to eight to 10 years of production. Airbus however

is running into headwinds, prompting the search for cost-cutting opportunities. Its helicopter division has suffered from a weak market, the company has had to set aside nearly two billion euros to cover the cost of its military A400M model, and its A380 flagship has been slow to take off.

### Investment in future

But Enders insisted the company was not cutting back on investment. “Overall we are investing much more in innovation and digitalization than we’ve done in previous years,” he said. “It’s inevitable to prepare for the future.” He highlighted a number of projects such as a Pop Up venture for a flying car, and the launch of a partnership with Uber for helicopters.

The future is “more about partnership and ... aeronautic companies who are engaging in urban mobility like we do, and automotive companies, have a lot of potential for cooperation.” He added: “I think in the near future, we will be able to go overground, ie airspace in cities, because technologically it is possible.” The pace of change is accelerating, he argued. “There’s a lot of projects, a lot of noise and a lot of activity, but that is inevitable. Because at this juncture, hardly any large industrial company knows exactly what its future will look like.”

Enders also told AFP that Madrid talks last month with representatives from seven countries buying Airbus’s troubled A400M military plane had

been “constructive”. “This is basically an area where we want to negotiate, or discuss, with the nations how we can mitigate that.” The A400M was commissioned jointly in 2003 by the governments of Germany, Belgium, France, Britain, Luxembourg, Spain and Turkey, but since a delayed launch in 2013 it has run into difficulty, with behind-schedule deliveries.

### Not giving up on A380

Enders also voiced optimism over the Airbus A380 double-decker super-jumbo, even though production is due to be halved next year amid falling demand. “We haven’t given up on the A380 because the trend which we saw clearly when we started the project is visible in every area, i.e. a larger aircraft, with larger capacity,” he said.

Airbus was “working on making the aircraft more attractive” and studies on how to add 80 more seats “obviously would boost the economics of the aircraft”. In July, Airbus said it would cut the A380 production rate to one a month from 2018. The group has seen a slowdown in demand for long-distance carriers due in part to falling fuel prices which have impacted on the renewal of ageing fleets, but also as a result of weakening demand from Gulf carriers. Enders said however he believed Airbus still has time to find new customers for the A380. “While airlines are skeptical about it because their problem is they’re not sure they can fill it, customers love it,” he said. —AFP

## UBER CEO’S IRON GRIP POSES A CHALLENGE IN COO SEARCH

**SAN FRANCISCO:** Help Wanted: A chief operating officer to help change a Silicon Valley giant’s now-notorious “bro” culture, but who can thrive in a power dynamic that hands the boss overwhelming control. At Uber Technologies Inc, co-founder and CEO Travis Kalanick commands everything from board decision-making to the exact hour the beer taps will open at the company’s San Francisco headquarters. That management approach is rooted in more than just a cult of personality.

Uber’s governance and share structure, and the “founder-friendly” terms of the \$13 billion in equity the company has raised, give Kalanick, his co-founder and a fellow employee ultimate control over the company, according to company documents and an Uber investor with knowledge of the matter. As the company searches for a chief operating officer who can in theory take on some of Kalanick’s sweeping authority, that looks to be a problem.

### Power circle

“A COO would report into Travis, so structurally, there’s the rub,” said Dave Carvajal, an executive recruiter for venture-backed tech companies. “This COO is going to need to have influence at the board level to effect change.” Kalanick’s near-total control at Uber is made possible largely by a dual-class share structure that gives certain owners 10 votes per share, according to the company’s certificate of incorporation filed with the State of Delaware.

Kalanick, along with Garrett Camp, Uber’s co-founder who is now working on another startup, and Ryan Graves, Uber CEO prior to Kalanick, together hold enough of those super-voting shares to give them control of the company, according to an Uber investor with knowledge of the matter. The documents say Uber’s executive board may have eleven voting members, including nine seats controlled by shareholders with super-voting rights.

But Kalanick has kept the power circle small, leaving four board seats empty. In addition to Kalanick, Camp and Graves, the board includes venture capitalist Bill Gurley of Benchmark, David Bonderman of TPG Capital, Yasir Al Rumayyan of the Saudi Arabian public investment fund and media impresario Arianna Huffington. Leaving control with founders has become popular in Silicon Valley in recent years, both because of the success of founder-led enterprises like Facebook Inc and Alphabet Inc’s Google and because investors compete with each other to fund entrepreneurs by offering them the best terms.

Those circumstances helped Uber obtain a \$68 billion valuation, the biggest of any private venture-backed company. But with Uber rocked by scandals, including detailed accusations of sexual harassment from a former female employee and a video showing Kalanick harshly berating an Uber driver, Kalanick just weeks ago promised to “grow up” and hire a COO who would offer “leadership help.”

The COO search is ongoing, but Uber’s human resources chief told reporters last month that Kalanick, 40, is already showing a more collaborative style. The share structure leaves investors with few options if they lose patience with Kalanick, though there is little sign of that happening. With two public exceptions, investors have either supported Kalanick or stayed silent as the company’s all-important rider numbers continue to grow even in the face of controversy. Mitchell Green, a partner at Lead Edge Capital that invested in Uber at a \$40 billion valuation, believes the controversies will blow over and he even wants to buy more stock. “We believe that Travis continues to drive shareholder equity value higher,” said Green.

### Control a COO deterrent?

The most effective COOs have broad authority and direct access to the board, governance experts say. At Facebook, for example, COO Sheryl Sandberg works in partnership with founder and CEO Mark Zuckerberg and holds a board seat. At Uber, it’s not so easy to envision what a power-sharing arrangement would look like, or how the brash founder could be an agent of managerial change under such a governance structure, the experts said.

“People don’t like to correct their own homework,” said Bill Aulet, managing director of the entrepreneurship center at the Massachusetts Institute of Technology. “This is a situation where the checks and balances are not really in place.” An Uber spokesman declined to comment for this story. A string of high-level executive departures - including company president Jeff Jones last month and top communications chief Rachel Whetstone this week - has centralized even more authority with Kalanick and raised questions about the staying power of his deputies.

Kalanick is known to obsess over details like office decor alongside big issues like pricing strategy and driver relations. Kalanick at one point ordered the beer taps in the office locked during certain hours, controlling when employees could pour themselves a pint, after expressing displeasure with one imbibing staff member, said one former employee. The CEO closely managed Uber’s logo redesign last year, despite himself not being a designer, according to a source close to the company. Design chief Andrew Crow announced he was quitting the day after the new logo was unveiled. —Reuters