

# BA Shareholders – It's time for peace



**"You can have the finest strategy and best aircraft, but if you have a demotivated workforce delivering a shoddy service, it will hit your bottom line very quickly."**

*Rod Eddington, BA CEO 2002*

**"Maybe in order to stay financially airborne [BA] will destroy its greatest asset, the real esprit de corps of its staff."**

*Melanie Phillips, Daily Mail, 2010*

*Dear Shareholder,*

We know you must be concerned about what has been happening at British Airways. You, as owners, and ourselves as employees, have an enormous stake in its success.

That is why we are taking this opportunity to urge you to use your influence to help bring an end to the strife which is wrecking the airline.

We all know that BA needs to change. The only argument is about how. Should change be imposed through confrontation with the loyal and professional crew who are vital to the airline's success – or should it be negotiated in a way consistent with the 'team spirit' vital for keeping any airline in business.

Unfortunately BA has chosen the first, destructive option and is now better known for conflict rather than for world-beating service.

The cost of this dispute - well over £1 billion if we include industry estimates of future damage to brand and bookings - now vastly outstrips the savings BA originally sought and which we agreed to find. It will take years to recoup this wasted money.

Crew goodwill, passenger loyalty and BA's place in the market are all suffering from a strategy ill-suited to a premium customer service industry.

It is time for a sea change in industrial relations - it's time for cooperation, not conflict.

Crew are currently being balloted on whether to accept BA's latest offer with no union recommendation to either reject or accept.

But whatever the result of this ballot, without significant efforts to prevent it, bad feeling will endure. BA has punished over 5,000 crew who took part in legal strike action by permanently removing their seniority travel concessions.

**You need to ask BA's board and management: What are you trying to achieve by withholding this non-cost item?**

If the deal before crew now is accepted, BA's frontline staff will still be angry and aggrieved over the heavy-handed use of disciplinary action and fearful that management's vision for the airline does not support its premier-class standing. If the deal is rejected, the dispute will continue into the autumn and instability will endure. Either way, BA's bottom line is going to be affected. You can't keep BA flying with a demoralised crew.

If management want to restore morale and team spirit at BA then, whatever the result of our ballot on the offer, it needs to do one thing above all: Restore travel concessions in full to all cabin crew. It won't cost a penny. And it would be a gesture worth millions.

Yours,

*Unite British Airways cabin crew*

# What is the true cost of this dispute?

**"The old adage that it takes decades to build brand equity, but only a few months to destroy it could not be truer than in the case of British Airways."**

*Marketing Weekly, June 2010*

BA management has blown a vast sum of YOUR money confronting cabin crew. Remember, the company could have pocketed savings agreed by management and crew worth £55 million.

But rather than accept the proposed savings by crew - BA's management chose expensive conflict.

The true, known costs of the dispute SO FAR are at least:

- £154 million direct cost of 22-days strike
- Nearly £900 million in lost revenue as passengers abandon BA

As customers stay away, BA cannot pretend that strike action is having no impact. If you can't take Unite's word for it, trust the experts. Howard Wheeldon, senior strategist at BGC estimated in May the damage to BA's brand could lose the airline 10 per cent of its customers. Manchester Business School says the dispute could cost BA as much as £1.4 billion.

## **And this never-ending conflict could harm the Iberia merger**

BA's management by conflict could jeopardise this important tie-up. The Spanish union representing Iberia employees, the CCOO, recently warned the European Transport Federation:

*"The CCOO has been monitoring the situation at BA very closely and is extremely concerned with the way senior BA management have instigated a conflict-based approach to industrial relations in the current dispute with Cabin Crew.*

*"Although CCOO believes that the merger with BA is to the benefit of our members, and places BA and Iberia in a much stronger position within the global airline industry, we have grave reservations over the style of management, particularly in respect of labour issues. Should a similar approach be instituted within the new joint company, or imported into Iberia, then we are clear that it will be vigorously opposed."*

BA cabin crew care passionately for this airline. It was once the best - they want it to be so again. Whenever challenges come our way, from SARS to 9/11, cabin crew have worked with management to keep BA flying. Our professionalism has kept BA's passengers loyal.

## **Please use your influence Ask BA to end this war**

