

AN AFFORDABLE EXPRESS

Interview by Yelena Biberman, Russia Profile

May 31, 2008

As general director of Russia's first wallet-friendly airline, Sky Express, Marina Bukalova has embarked on a mission to get Russians off the rails and into the sky. At 30, she exemplifies the young, cheerful image that Sky Express hopes to present, showing Russians that flying can be fun and not any more expensive than traveling by train.

R.P.: Whose brainchild is Sky Express?

M.B.: The idea for this kind of airline has been up in the air for a long time in Russia because other countries' experience has shown that such projects can be very successful. An airline of this type did not exist in Russia.

Our project was created under the aegis of Boris Abramovich [no relation to Roman Abramovich], who is KrasAir CEO and co-owner of the AIRUnion alliance. As a first step, a team was set up to make a business plan out of the idea. I was a member of this team. Then, the project was made into a legal entity, and we searched for additional shareholders. [Mr. Abramovich](#) did not want to mix his two businesses nor create this business alone from scratch. A consortium of shareholders was formed, and financed the initial stages of the company's development. Among the shareholders is the European Bank for Reconstruction and Development, Altima Partners, MG Capital and several private funds.

The team that put together the company's development strategy started to manage the business. Sky Express was registered in March 2006, and, in August, we actively began to recruit personnel. In December 2006, we received our Air Operator Certificate. In January 2007 we commenced flying.

R.P.: Prior to joining Sky Express, you held a relatively senior position of Assistant to the General Director for Commerce at an established company – KrasAir. What motivated you to move on to Sky Express?

M.B.: Because it's something new, unique, and has not been done in Russia before. I was part of the team that put together the business plan and was very interested in seeing how the theoretical components of the business plan would work in practice. I am the kind of a person who likes to be on the operational side of things – a practitioner.

R.P.: You have been described as one of the “Best 200 top managers of Russia.” How would you describe your management style?

M.B.: Fortunately or unfortunately, I don't have formal management education. I don't have an MBA. I am self-taught, so it's difficult for me to describe my style using some management jargon. But, in my own words, I can say that I am very open and thoughtful. I always work to get to the bottom of things. I am also very welcoming of others' opinions. I am not embarrassed to ask questions and don't think of myself as the smartest one of all.

It is my belief that truth comes from open discussion, and I talk about all my decisions with my colleagues. Anyone, at any level, can come to me with his idea, and I will listen to him. If I disagree with him, I always explain why, so that he doesn't walk away thinking that he was not listened to.

I am very demanding, but I don't demand the impossible. When I set a goal, I ask my subordinates whether they can accomplish it by a certain deadline. If they say no, then, together, we work out another deadline. However, once we agree on a deadline, I am very strict about having it followed. I have a very good memory, and so it's difficult to get anything past me!

R.P.: In Russia, there are significantly fewer women holding leadership roles in big businesses than there are men. But I noticed that there are at least as many women at the top of Sky Express as there are men. How has your experience been shaped by opportunities available to Russian women?

M.B.: It is join coincidence that there are so many successful women working for Sky Express. I don't see the need to classify workers according to their gender. As my former boss once said, when you're at work, you're not a "man" or a "woman," you're a "colleague."

Not being a man, I can't say how much more difficult it is for me to manage as a woman. Maybe being a woman even helps. When you are a female manager in Russia, you have a big advantage. If you are a man, any woman working with you feels that she can work less because men are seen as having to work harder. This wouldn't work with me. When it comes to men working with me, because of the same cultural logic, they feel uncomfortable working less than me. So, if I work late, for example, both men and women feel uncomfortable leaving early.

If something needs to be done, there is no reason why it can't be done in evening. If I start something, it has to be finished, unless there is an earthquake or something. I demand this of myself and of those around me. If you can't accomplish something, you have to explain why.

I don't know how many women with such standards there are in Russian big business, but high standards for oneself and others are necessary for success. At the same time, I think that the situation for women is changing. The world is developing technologically, opening up more opportunities for women to devote themselves more to work. Things like washing machines make everyday life easier. It used to be that a woman had to run to the store and keep house – all this took a remarkable amount of time. And if she did not do all this, her family was likely to fall apart. Today, things are becoming simpler, and a woman can spend as much time at work as a man, while still keeping her household in order.

During the Soviet days, we had the iron curtain that prevented us from developing our technologies at the same pace as did Europe or the United States. This is why we see more women in politics and business there than in Russia today. But we are moving in their direction and, I think, in ten years more Russian women will be able to afford the kinds of technologies that simplify life, and will excel in big business. Women are intellectually equal to men, after all.

R.P.: Having grown up in the late Soviet period and educated in the 1990s, did you ever imagine yourself as the head of a company?

M.B.: I never thought about making it big. Not during my childhood, not while at university, not even later. I always knew for sure that I would have an interesting job. I also knew that I would have a job in which something important depends on me personally. I have never been afraid of making important decisions. This is why I was noticed and promoted. I also had the skills that allowed me to make the right decisions, of course. This is how my current position came about. I can't say that I ever dreamed of becoming a general director. But, I always knew that I would have a role with high responsibility. This is because I am the kind of person who is difficult to manage. I have my own view, and to make me think otherwise, I need to be convinced. It's not

enough to just tell me that I am wrong. I need to know why. I was always like that, since childhood.

R.P.: You now work for a company with a colorful, cheerful image. How does this image match Sky Express' philosophy?

M.B.: It matches it completely. If you walk around our offices, you'll see lots of creative people. The top management generates this tempo, this attitude toward life. We're all relatively young, self-assured and simple. There are no hassles with some crazy dress code; a third of our time during meetings is devoted to joking around. This is because when a person is in a good mood, he more confidently expresses his ideas. But, when everything is formal and everyone knows his "place," people think: "I could say something, but my boss is sitting right next to me and not saying anything." When people address each other by *ty* [the casual version of "you" in Russian], everyone feels free to share ideas.

R.P.: What do you consider as the main source of Sky Express' competition? In what ways is Sky Express distinct from its competitors?

M.B.: On the one hand, we compete with all other airlines. We picked a different marketing strategy when it comes to our passengers. It's all about simplicity. We simplified many things so that the passenger feels comfortable on the plane and knows that we are happy to see him there. This is more of a European or American style of doing business. It's not like at Aeroflot – "sit down, buckle your belts, and keep sitting." We do things with humor.

We are different in the way that we communicate with our clients before the flight. The process of purchasing the ticket, our website – these things are completely different from our competitors' and are made to simplify the lives of our clients. We don't tell our passengers on our website how wonderful we are, how many passengers and miles we've flown. We tell them things like where they could book a hotel, what there is to see in the city they plan to visit, where to get the taxi... things that the clients need. The information that our shareholders need to see is available elsewhere. We don't overload the passenger.

We also actively participate in online conferences and try to communicate with our clients as much as possible. We simplified the process of purchasing tickets. We don't send our clients to some office to get tickets. All they need is to make the purchase on the web and show up at the airport. No need for useless formalities.

R.P.: To what extent is Sky Express modeled on budget airlines like Easyjet or Ryanair?

M.B.: I've never been on Easyjet. But, I can say that I prefer to fly Sky Express over Ryanair because I get more attention as a client at Sky Express. Unlike Ryanair, Sky Express tries to establish a long-term relationship with its clients. But we sell our tickets in a similar style. We both tell our clients flat out to buy our tickets because they are cheap, and we don't overload them with unnecessary stuff.

When it comes to brand recognition, globally, we still have a way to go before Easyjet or Ryanair. Though, in Russia, we're known more than these two companies. If a Russian client is asked which airline he knows, he'll most likely name Aeroflot, just because he's lived with it for 70 years, then probably Sky Express, then Ryanair or Easyjet.

R.P.: Given its history, the Russian market for passenger flights is probably quite distinct from the European or American one.

M.B.: It's very distinct. First of all, it's very small. Today, despite the fact that it's quickly growing, much faster than others in the world, it's still tiny. All Russian airlines combined fly much less than Lufthansa or British Airways. The biggest Russian airport is the smallest European airport in terms of passenger traffic. At the same time, the Russian client is still uneducated when it comes to flying. Europeans and Americans moved onto online reservations 20 years ago. Russians – 2 years ago. European and Americans began using credit cards 30 years ago. Russians – 2 to 3 years ago.

Most Russians either don't know how to pay online or don't trust it. Electronic tickets were introduced in Russia only a year ago. The fear of using the Internet to find better options is prevalent in Russia. In the West, people are used to paying their bills online; they are also used to calculating things like their rents and taxes themselves. In Russia, everything used to be done for you by the government. The government calculated everything for you. When you came to the sales counter, you did not know that there could be such a thing as different tariffs for the same product. Now, you have to make choices, find the best deals. Many people still don't trust that it's safe to make the best choice, especially if it means buying online. But, we are evolving quickly out of this fear. In a single year, we see the amount of progress in Russia that took Europe 3 to 4 years to reach. So we work to get our passengers accustomed to our style.

R.P.: As you mentioned earlier, people choose Sky Express in large part because of the relatively low cost of its tickets. However, the price of fuel has recently gone up, and, I noticed, so have your ticket prices. How have you prepared Sky Express to deal with this situation?

M.B.: The cost of fuel went up for all companies, and I don't think that other companies will subsidize these costs for their passenger. In Russia, the passengers were never made aware of the reasons why the price of tickets went up. We decided to be transparent on this issue and announced to our clients the reasoning behind the increase in ticket prices. What makes us different is that while other companies just raise their prices, we tell our clients why. This is a completely normal practice for European and American companies. At the same time, the rise is not that big, no greater than 10 percent of the entire price of the ticket. The price of our tickets is still lower than other airlines'.

R.P.: On your flights you offer clients to purchase a t-shirt with an image of a crossed-out train, suggesting that trains are no longer the way to go. Do you think that, given the increase in prices, you will be able to compete with the railroad companies as well?

M.B.: The railroad companies helped us in this regard. They significantly increased their ticket prices for this summer. We expected that we would be about 30 percent more expensive than a *4-beds private compartment*. Now for most cities, our prices no higher private compartment if you buy ticket about 3 weeks in advance.

R.P.: Finally, I'd like to ask about the future plans of Sky Express.

M.B.: Our grand plan is to become the leader in the Russian domestic market by 2011. Right now, we're number 5 in Russia in terms of **domestic** passenger traffic. In just one year we outperformed many of our competitors. By 2011, we hope to fly 7 million passengers annually. We expect 1.5 million passengers for this year. The market changes quickly, which makes it hard to predict anything. But, we plan to quadruple the number of our planes in the next three years. Also, starting June 1, we will kick off flights to two new locations – Samara and Chelyabinsk.