

# Lord of the Wings

by Richard Johnson

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The man from CNN looks nervous. He is about to interview Michael O'Leary – the chief executive of Ryanair – on the 6am news. That's Michael O'Leary, the first man to get the word "fuck" onto the front page of the Financial Times. Mr Gobshite, as he likes to be known. And the interview is live. But, this morning, O'Leary is determined to be on his best behaviour. For the first time since the company went public, Ryanair is announcing a \$4million loss.

A foul-mouth and a nasty temper are fine for a pub landlord – not for a chief executive. But the shareholders were prepared to put up with him as long as he returned a profit. And since he took over in 1994, that's exactly what O'Leary has done. He has turned Ryanair into the most financially secure airline in the world – or so it seemed – by selling the cheapest flights since the Wright Brothers. This morning he just needs to convince the world that nothing has changed.

The CNN bulletin leads on the latest bombings in Iraq. O'Leary mutters something about remembering not to grow Ryanair's business into Najaf. But the man from CNN doesn't smile. He just wants to know why Ryanair are struggling. O'Leary blames sterling, the threat of terrorist attacks and the price of oil. He also blames the ongoing fare war, which will result in what O'Leary calls "a bloodbath". Ryanair, needless to say, will be walking away unscathed.

O'Leary takes off his lapel microphone – even though he doesn't have a lapel. He only wears a suit in court – although, given O'Leary's distaste for authority, that means quite often. He prefers to be comfortable. So this morning he's wearing a quilted gilet – very country casual – on top of a button-down check shirt, rolled at the cuff. His jeans, with no brand-name visible, are tightly belted at the waist. He is clean shaven, and smells of anti-perspirant. He looks like a middle manager – not a multi-millionaire.

Before he leaves the CNN building, an assistant runs up to ask if he will appear on a programme about clothing in the workplace. He agrees. "Well, it might sell a ticket somewhere in Hindustan." He doesn't know exactly where Hindustan is, but if there's money to be made there, then O'Leary is interested. "That's the downside of being a no-frills airline – you have to take cheap advertising where you can get it. Even if it means doing a programme for insomniacs that goes out at 5am."

The man who made his money (a personal fortune worth £207million, according to the Sunday Times Rich List) with no-frills is met outside by a chauffeur-driven Mercedes. O'Leary is quick to point out that today's schedule is unusually busy, otherwise he would be hailing a taxi. I suggest the no-frills bus service (the number 14) that runs between CNN and his next appointments at CNBC and Bloomberg. He doesn't laugh. He has other things on his mind.

As he flicks through the day's first editions, his brow furrows. It's the morning after a Bank Holiday – traditionally a quiet time for news – and Ryanair should have had the City pages to themselves. But it's Philip Green's intentions for M&S that are making the headlines. The owner of the UK's biggest privately-owned retailer, who built a £1bn business, is another eccentric entrepreneur. And, even though O'Leary is announcing a loss, he doesn't like sharing the attention. "It's only women's knickers" he mutters.

At Bloomberg he sees fit to comment on the assistant's stillets. At CNBC he remarks on the co-presenter's blond hair. All morning he is gloriously inappropriate. But that is O'Leary – the man who redesigned the woman in the Ryanair logo to accentuate her womanly charms. "She looked like a bloke with wings. Somebody said we should give her bigger boobs. So we did. Some quango said we were demeaning women. Fuck off. She's got bigger boobs. And the story got two half-pages in the Sun, worth £25,000 each."

He stays 'on message' all morning – things at Ryanair are getting less worse. His final interview is with the BBC, where he catches sight of Jeff Randall, the BBC's business editor. Which is embarrassing for everyone – Ryanair once lost Randall's golf clubs. While he's waiting in the studio, O'Leary tells the cameraman a joke about oral sex with a woman in a coma. Until he realises that the microphone is on. "You've got to be careful" he says. "That's how Ron Atkinson got caught out".

He ends the morning at the City Club, in London's square mile, for a meeting with the top transport correspondents. O'Leary is impressive. He knows his business inside out. And, unlike your average chief executive, is prepared to venture an opinion without running it past his communications director. "We guarantee no fuel surcharges" he says. "Oil prices can double and Ryanair will still be profitable". And the correspondents seem to want to believe him.

It may not be immediately obvious – and why would it be, with O'Leary's foul mouth – but Ryanair is an airline run by accountants. They keep a big pile of cash in reserve, and stay debt free. That's not all. Ryanair aren't just about planes any more. If times get tough, O'Leary can fall back on the rapidly-increasing income from branded credit cards and telephone services, and partnership deals with rental car companies and hotel chains. And let's face it, these are tough times for O'Leary.

Ryanair HQ in Dublin is where O'Leary holds meetings. It saves time, and money. His time and money. It's an early start, but my seat on flight 0015 from Stansted doesn't even recline. Reclining seats, it transpires, need more maintenance. Ryanair conducted an absurd little survey into reclining seatage for the company newsletter. "Would you be satisfied if the person in front couldn't recline their seat in your face?" it asked. 94% said yes.

Which does make you wonder about the 6%. But reclining seats were no more.

The survey illustrates the point – Ryanair think customer complaints are a joke. There's something slightly odd about an airline that flies 10million customers a year, but employs only four people in the customer service department. "Our customer service is the lowest prices guaranteed, on brand new aircraft flying safely, on time, with the least risk of a cancellation, or a lost bag" says O'Leary. "Did you get that service? Yes you did? Fine. Shut up and go away." It doesn't matter to him if your seat reclines or not.

And don't expect him to stump up for a hotel room, or a drinks voucher, if a flight gets delayed. It won't happen. "Sometimes the only way to get that message across is to be 'way out there'" says O'Leary. By which he means rude. "Are we going to apologise to people when something goes wrong? No we're fucking not. Please understand. It doesn't matter how many times you write to us complaining that we wouldn't put you up in a hotel because there was fog in Stansted. You didn't pay us for it."

O'Leary won't accept it, but the "no-frills" concept does have its limits. Take the case of Bob Ross, a cerebral palsy sufferer who accused Ryanair of discrimination after he had to pay for a wheelchair to take him to his plane at Stansted. O'Leary thought that the airport authorities should pay. And he was probably right. But it was unseemly – a company that was making £165 million profit, quibbling over the cost of a wheelchair. And O'Leary lost the case in court.

Barry Kenny was interviewed for a press office job in the middle of the Ross furore. "I said 'How much are you saving by not providing wheelchairs? Is good PR worth what you're saving?' He didn't agree or disagree. They're so focussed on the bottom line. Everything is weighed up on a cost basis, but then, that's what makes them successful." Kenny got the job, but left after one week for personal reasons. "I still got a cheque a few days later. They are a decent company. I wouldn't have paid me after one week."

Stelios Haji-Ioannou, the founder of easyJet, thinks that O'Leary messed up badly over the Ross case. "[O'Leary] has got a lot of free publicity for Ryanair, but he's pursued a very risky strategy from a personal point of view. He's made so many enemies, and offended so many people, that if for any reason the financial performance of the company isn't what is expected, I think there will be quite a few people who will begin to believe he's a loose cannon – and not worth the risk as chief executive of a public company."

The Air Transport Users' Council are used to receiving complaints about Ryanair. "And their strange practices" says Simon Evans, the chief executive of the AUC. "They would do anything to absolve themselves of liability. We had to take one complaint – Ryanair absolving themselves of liability for damaged bags – to the Office of Fair Trading. The airline were arguing about a few broken straps. But in the end, we managed to persuade Ryanair to change."

In 2002, the AUC published a league table of passenger complaints. The multinational British Airways was first. Ryanair were second. "That caused a fair bit of adverse comment from O'Leary toward the AUC – and me" remembers Evans. "He called the AUC a bunch of halfwits. And said we were about as useless as a condom in a convent. He seemed to take it personally. But then he takes any criticism personally. I suppose that's because he is Ryanair – in the same way that Branson is Virgin."

Last year, O'Leary set about Andrew Lobbenberg, an aviation analyst for the investment bank ABN Amro who dared to advise investors to sell their shares in Ryanair. O'Leary visited Lobbenberg in person, and tried to change his mind. But it didn't work. "He wrote me a fairly robust e-mail" says Lobbenberg, "telling me that I was wrong. And that I didn't understand the industry. He certainly 'communicates'. It's very unusual for a chief executive to be that personally involved."

Ryanair flight 0015 from Stansted to Dublin arrives on time. And the cabin doors open quickly – more quickly than a National Express arriving at Victoria Coach Station. Passengers walk across the apron – passengers didn't even know what an apron was before Ryanair – whether it's rainy or sunny, while the cabin crew get the plane ready to take off again. At 25 minutes for a 'turnaround', Ryanair are the fastest in the business. It means the crew can do an extra two trips a day.

One Ryanair captain, who was dismissed after failing to take off, accused the airline of putting their staff under too much pressure. John Charlton alleged unfair dismissal on the grounds that he was exhausted after piloting five flights a day for five consecutive days. Charlton's case came to light after an air traffic controller said that pilots were cutting corners to meet the deadlines operated by budget airlines. O'Leary was indignant. As he said at the time, "The only pressure that pilots are under is to prioritise safety".

The Ryanair HQ, on the periphery of Dublin airport, is low-rent. The carpets are stained with oil, and the blinds smell of plane exhaust. There's no art on the walls, just back issues of the company newsletter. "Michael O'Leary paid for my big knockers" reads one headline. One Ryanair worker did, indeed, pay for breast augmentation with her company share allocation. O'Leary was said to be more than usually delighted at the benefits of his share-owning democracy.

In the Ryanair canteen (one hot dish daily) a television screen scrolls through customer thankyou letters, and the details of the Crew of the Month competition. Suddenly there is a power-cut. Some wag shouts "Anyone got 50p?" No-one is quite sure if he's joking or not. The canteen is a depressing, Eastern European sort of a place which, like the rest of the building, feels as if it's furnished with bankrupt stock. Everything at Ryanair is done with cost in mind.

Only the computers are new, and they are on a three-year lease from Dell. Ryanair always like to negotiate a deal. O'Leary doesn't have a computer on his desk,

but then he doesn't have post-it notes or highlighter pens either. He reckons people should be able to manage very well without them. He likes to tell the story about the Americans who spent \$20million developing pens which could write in space – and then the Russians went up and wrote with pencils. And he has got a point.

On his desk is a photograph of an Aberdeen Angus from his 250-acre Gigginstown House estate. It was recently awarded Ireland's Best Bull. As one rival quipped, "We didn't need agricultural experts to tell us that O'Leary had the best bull." He is, unsurprisingly, hands-on with husbandry, and likes to deliver the calves. "I have this theory that childbirth is so frightening, and you're so involved in it, that it's probably not very positive. But delivering a calf, well, that's fucking amazing."

Anita Farrell, whose picture sits next to the picture of the Aberdeen Angus, will doubtless be thrilled to hear that. The couple were married last year. O'Leary temporarily dropped the "no-frills" policy, and splashed out a reported €1 million on the occasion. The bride, a former banker, was 38 minutes late. But that was, according to O'Leary, only because she had flown Aer Lingus. The reception was at Gigginstown House, where the guests drank pink champagne until 5am.

Pink champagne was a nice touch for a man reputed to be a miser. "I'm basically an Irish peasant at heart" he says. "I grew up on a farm in the Irish countryside. And now I live on a farm in the Irish countryside. You would impress fucking nobody if you were driving from the house down to the papershop on a Sunday morning in your Ferrari. They would think you were a gobshite. And you probably would be. A big tractor, now, they might be more impressed. But it doesn't get to the newspaper shop fast enough for me."

So he drives his Mercedes 500. "Not because I like the Mercedes 500. But because it's a big comfortable fucking car." It also doubles up as his own taxi. Impatience is one of O'Leary's trademarks, and he bought himself a taxi licence so that he could drive through rush-hour traffic along the bus lanes of Dublin. He made no bones about it. And when he was called to account, he said he was considering picking up fare-paying passengers. He would, of course, be beating his rivals on price.

He spends money when it needs spending. So, he'll travel economy within Europe, but will upgrade to business – at his own expense – when he's flying trans-Atlantic. But he also spends money when it doesn't need spending, on race horses. "And I do buy the occasional oil painting" he says. "I like portraits, and pictures of horses. I'm not a serious collector of paintings. I buy them just because I like them, but I wouldn't be frugal about it."

He still likes to have a kick-about with the baggage handlers every Thursday lunchtime. He doesn't play in a 'position', as such. He plays where he likes. Well, it does make a difference when you own the company. His style would best be described as aggressive – a grey-haired Roy Keane. So it's no surprise that he thinks England were missing strength in the middle in Euro 2004. "There was

nobody there to sort it out when the going got tough" he says. And, to O'Leary, that's the only time it counts.

His office in HQ is a glass box that allows him to look out over everything and everyone. Ethel Power, a former head of communications at Ryanair, reckons that's no accident. "He is always running out, and holding a general assembly on the shop floor" she remembers. "And when the company results are out, he runs round explaining them to everyone. You don't need to be a financial journalist to understand what he's saying. But then it's 'Back to reality – let's get stuck in again.'"

His desk overlooks PR and advertising. Ryanair don't employ an agency, and all ideas are generated in-house. A lot of them lack polish, as a result. One, which featured the Pope revealing the fourth secret of Fatima – Ryanair's low fares – offended Catholics, and ended up with a reproach from the Vatican press office. Another, publicising £69 air fares with the slogan "blow me", probably offended Catholics too. But that doesn't really bother O'Leary. That doesn't bother him at all.

He has a sense of fun – an accountant's sense of fun. Last year he tried to drive a tank into Luton airport to "liberate the public from easyJet's high fares." But security – surprise, surprise – refused to let his tank onto the tarmac. The rest of the Ryanair liberation army were confined to the car park of the Holiday Inn, where they stood in combat gear listening to the theme tune of The A-Team. When O'Leary calmed down, he led his troops in a song: "I've been told and it's no lie. EasyJet's fares are way too high!"

Once again, the idea was to cut company costs. "We're trying to break into markets in Germany, France, Italy and Spain" says O'Leary, "where we can't even speak the bloody language. They have no idea who Ryanair are." And these sorts of guerilla campaigns are a cheap way to attract attention. "We're doing what Branson did in the UK 20 years ago. You don't need to be a genius. You can make a lot of PR bang for your buck by being a little bit whacky."

Sometimes O'Leary's sense of fun is misplaced. Like his relentless cartoon campaign against the Irish taoiseach, Bertie Ahern. It has become personal. Mary O'Rourke, the ex-transport minister, was the subject of a similar campaign – only days after her husband died. "He's a bully" says O'Rourke. "He would bombard my office with ten letters a day, couched in declamatory and derogatory tones. He must be the most insecure man in the whole world."

O'Leary laughs at the idea. "I upset a lot of people, because I tell them what I think" he says. I'm disrespectful towards what is perceived to be authority. Like I think the Prime Minister of Ireland is a gobshite because he won't make a decision – two years he's been promising us a second terminal at Dublin and nothing's happened. Nobody ever takes on governments. Everyone wants to work their way round them with influence and lobbying. Why not shout the bastards down?"

O'Leary grew up on the outskirts of Mullingar, County Westmeath, and attended the local Christian Brothers school. "Very striking, go ahead and intelligent" recalls Fergus Oakes, one of O'Leary's teachers. He was one of six. "Which made things pretty competitive at home" says O'Leary. "We learnt to eat quick. If you didn't eat quick you would starve. And we played a lot of games out of doors. The only way of child-minding the six of us, 40 years ago, was for my mother to shout 'Out!'"

His secondary education was sent at Clongowes Wood College in County Kildare, a boarding school run by the Jesuits. Whatever the brochures might have said, it didn't feel like 'Ireland's Eton'. O'Leary was best friends with the son of a cattle dealer and the son of a bookie. "And I was the son of a guy who couldn't describe what he did. All his businesses had gone bust. So we didn't all look at each other and think 'Fuck me, we're the new elite'. We were just a bunch of scuzzy pimply teenagers."

Father Michael Sheil was O'Leary's House Master for his last two years at Clongowes. "I remember writing in Michael's report that he was working too long hours. In another I wrote 'He is pleasant and friendly, but Michael should have more self-confidence.' He didn't stand out as a great leader, but he did hang round with the leaders' gang, shall we say. He was more of a participator. I've seen him a few times since, and he hasn't changed. But he's a leader now all right."

He left Clongowes for Trinity College – slap-bang in the middle of Dublin. "After six years in a regimented boarding school, I was useless when it came to drinking and girls. After two years at Trinity, I was an expert." He still found time to get a passable business degree. And the beginnings of a swagger. "I didn't bother going on the milk round. I thought 'I'm better than that. I know I'm gifted.' So I left with no job, and scrambled around all summer until I found one."

The scramble ended up with O'Leary behind a desk at the accountancy firm KPMG. "I was one of the potential Masters of the Universe" he says. "I knew that in a few years I would be running the world. Then the phone rang. All these fucking lights were flashing and I couldn't answer it. I had done four years of a business degree, but I had to get one of the secretaries to tell me how to answer the phone. I knew it all. Then, all of a sudden, I had a handle on the fact I know very little."

He never wanted to be an accountant anyway. So he struck out on his own, as a tax advisor and property developer. One of his clients was Ryanair, a privately owned airline on the brink of bankruptcy. When the company's founder, Tony Ryan, offered him the job of chief operations officer, O'Leary accepted. He immediately set up a meeting with Herb Kelleher, the founder of Southwest Airlines – and no-frills flying. It was, according to O'Leary, an awakening.

Kelleher was a straight-talking workaholic who dressed like Elvis Presley, and arm wrestled to settle business disputes. O'Leary liked his style – and his business model. So he returned to Dublin to effect a change. He

slashed the number of Ryanair routes, and the size of the wages bill. He dropped in-flight meals. The Ryan family protested, but O'Leary prevailed. He saved the company £1million a year, and within a year, Ryanair were in profit.

The Ryan family rewarded O'Leary by making him chief executive, and giving him a 25% stake in the company. But he was already a rich man. He made his first million developing property. "I thought the first million was going to be like multiple orgasms, greatest night of your life, everything, all rolled into one, never to be repeated. But nothing. So then you think 'I've got to double this, and make two'. Then you four, then eight. At a certain point in time, don't ask when it is, money stops being important."

The young chief executive was very different character. He was shy, and reluctant to be photographed. More like an accountant in his bearing. And he certainly didn't swear. Stelios Haji-Ioannou, the founder of easyJet, first met him in 1996. "In those days he was the pinstripe-suited, serious guy who ran the company for Tony Ryan. Not the flamboyant publicity-seeking guy he has become. I think he's adapted to the needs of the job. He's gone from being an introvert to being an extrovert."

But his business sense was every bit as keen. He wanted Ryanair to fly only one type of plane. It would make life just that little bit easier for the maintenance engineers. And any aircraft in the fleet would be able to fly any route. He wanted the aircraft to turn round as quickly as possible, because aircraft make money in the air, not on the tarmac. And he wanted Ryanair to drive down their costs. They would survive by being the cheapest of the cheap.

O'Leary is modest about his success. He did take the Southwest model, but he made it his own. Southwest fly predominantly cargo into primary airports – Ryanair fly predominantly passengers into secondary airports. By flying to places such as Nyköping (or "Stockholm" as it's called in the advert, even though it's three hours from the city centre during rush hour), Ryanair has been able to cut down on landing charges. They have even persuaded secondary airports to pay them for the privilege of flying there.

Charleroi, a bleak town 60 kilometres outside Brussels, paid off Ryanair with tax breaks and subsidies. But the EU decided that they were contravening competition law. To add insult to injury, they wrote to O'Leary, demanding he repay the money. "We have written back to say 'fuck off'". O'Leary, as ever, has his eye on new routes, and the Bosnian authorities are said to be especially keen to tempt Ryanair over. "But I'm in no hurry" he says. Which is a first.

O'Leary has built 'change' into the Ryanair business model. And the airline are going some way toward shedding aspects of the brand that no longer suit them, such as the brash, fly-as-you-go feel of the earlier years. But O'Leary needs to change too. And aviation analyst Andrew Lobbenberg says it may already be happening. "He's much more restrained these days. The last conference call I had with him was almost entirely devoid of swear words."

Even the AUC see some signs of change, after O'Leary sent over staff to tell them they were reorganising their customer services. The AUC's new league table of complaints, due out later this month, will show that Ryanair have markedly improved. "With O'Leary" says Evans, "I think there's an awful lot of image. He's backed himself into a corner – and he can't just suddenly change his approach. Besides, it does keep his brand in the media. But I wouldn't believe the bluster."

Times will continue getting tougher for Ryanair. The bigger airlines have finally lowered their prices, and are starting to compete. And when the difference in price comes down to the price of a cheese sandwich, consumers will be prepared to pay for the convenience of flying into a primary rather a secondary airport. But that's the sort of thing that keeps O'Leary interested. "It keeps me sane. If I was just to think 'I'm 43, and I will be here for the next 20 years,' I would rather be shot now."

O'Leary foresees a day in the future when airports will pay him for delivering consumers to their shops, and passengers will fly for free. The reclining seats have gone already, but maybe one day there will be no seats at all. You'll be able to stand, the way you stand on a bus. Why not? You will be able to bet on the horses and view pornography. And passengers will bring baggage onto the plane with them. Imagine the time and money saved with no bags to check-in. O'Leary certainly does.

The sky isn't the limit for Ryanair. And O'Leary knows it. "We'll never be the biggest in the world," he says, "because we won't fly transatlantic. We won't fly to the States because we won't get there in a 737. And we're only ever going to be a 737 airline. The biggest airline in Europe? Probably not, because the big guys will continue to amalgamate. But we'll certainly be the biggest low fares airline in Europe. As long as we don't fuck it up. By diversifying. Or by getting fat, dumb and happy."