

BEYOND THOSE TURBULENT SKIES

Despite predictions that 2009 will be the worst in 50 years, **Deccan Aviation (Lanka)** plans to continue with the same strategy and concentrate on its core competencies.

The global economic crisis that unfolded over the latter part of 2008 delivered a severe shock to the global aviation industry, and the entire value chain – charter companies, schedule operators, aircraft and equipment manufacturers and ground-handlers – are now coping with widespread challenges.

The CEO of Aviation & Aerospace of the Favourite Group, and Director of domestic airline Deccan Aviation (Lanka) Denham Schokman believes that unfavourable conditions existed even before the slow down. "In the first half of 2008, the aviation industry had to contend with the alarming increase in the price of fuel which made forecasts for the year redundant. Then came the liquidity crunch and the subsequent meltdown. The damages will undoubtedly affect our outlook for this year," he notes.

But despite worsening global conditions, Deccan saw its fixed-wing operations post a revenue growth of 125 per cent for the nine months ending December 2008, compared to the same period last year. "Our helicopter division saw four per cent negative growth, because with tourism decreasing, there was lower demand for helicopter usage," Schokman points out.

He goes on to explain that whenever there is a recession, innovation becomes the driving factor at Deccan. "The slump brought out that innovative spirit in us. We looked inwards and started improving on our process and service delivery and looked outwards at our marketing and promotional plans in markets like the UK where we instituted a professional consultancy firm on our behalf to promote our products and services. These translated into tangible benefits, especially when the industry was cutting costs, retrenching staff and certainly not expanding," he elaborates.

With the International Air Transport Association (IATA) forecast for 2009 pointing towards it being the worst for the last 50 years, Schokman observes that some airlines will have to consolidate their massive losses. "Where Deccan is concerned, we will continue with the same strategy and concentrate on our core competencies. Having done well in the fixed-wing market, we will take some corrective measures to be more aggressive in the helicopter market, too. We are looking at



Denham Schokman
CEO – Aviation & Aerospace of the Favourite Group and Director of Deccan Aviation (Lanka).

measures to lower our retail tariffs to below US\$ 1,000 per flying hour, whereas in other markets it is as high as US\$ 1,500. We have also tied up for a zero interest scheme with banks to give people the opportunity of seeing the country from the air," he explains.

Deccan doubled its capacity to 50 flights a month to Jaffna in the past few months, with 10 flights to other destinations adding to the growth curve.

"We also have the capability to fly regionally, and we are the only purely charter airline in Sri Lanka with this ability. This is something unique we offer our clients," Schokman remarks.

Another area Deccan is concentrating on is

penetration into the Russian market, where Schokman feels there is significant potential.

"We are seeing a large number of Russian visitors to Sri Lanka. The Maldives too, has potential where a plan is under way to bring in tourists for a one-night stay of a cultural or wildlife sojourn in Sri Lanka," he says.

Schokman also reveals that Deccan did have an idea of increasing its fleet with a second fixed-wing aircraft to be based in Sri Lanka at the beginning of 2008. "Although the time was not right for us to do that, our expansion plans came about in another way. Our parent company in India now manages over 50 aircraft; so really, we denote our business as being able to service the industry with 50 aircraft rather than the two we were going to have initially," he explains.

On a concluding note, Schokman says that there is demand for another 50-seater aircraft this year but looks at that option with caution. "While the demand is there, I think we will wait awhile and watch how the industry grows and also the internal picture country-wise. But nevertheless, all indicators point to Deccan having a good year."

– Savithri Rodrigo



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