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BRITISH AIRWAYS 

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The magazine for everyone in British Airways

Special Edition



*Lord Marshall of Knightsbridge
1933-2012*

Lord Marshall of Knightsbridge

As chief executive of British Airways in the early 1980s, Lord Marshall of Knightsbridge led the state-owned corporation into successful private ownership, placing UK civil aviation at the competitive forefront of world air transport.

He went on to lead the airline for a total of 21 years and is probably most closely associated with BA. Yet, Lord Marshall had already made his name as an outstanding entrepreneur in North America and around the world and went on to be recognised as one of Britain's few, internationally-acclaimed business leaders.

Described as a 'business polymath', his career embraced an extraordinary range of major companies in many different sectors. Lord Marshall also devoted much time and expertise to public service duties, especially championing British interests around the world, notably as President of the Confederation of British Industry, chairman of VisitBritain and chairman of the Royal Institute of International Affairs (Chatham House). At the same time, he became the only overseas board member of the New York Stock Exchange; and chairman of The Conference Board in New York.

Colin Marshall was born in 1933 into a modest suburban household in Edgware, north London. In his early days, he would cycle to and from school, often with the RAF and Luftwaffe engaged in overhead battles which produced many trophies of shrapnel and shells.

Expectations were that the young Marshall would either go on to university or enter a profession, probably accountancy. After the deprivations of war-time London, however, his ambitions were set on wider, more exciting horizons. Marshall started out, as he once put it, by "running away to sea" as a cadet purser with the Orient Steam Navigation Company. After six years of travelling the world on ocean liners, he was appointed deputy purser, becoming the youngest person in the company ever to achieve the rank. It was aboard a liner in 1956 that Marshall met his future wife, a fellow officer, Janet Cracknell.

During a period of leave in 1957, his father, an executive with the Daimler Hire company, met and introduced his son to Donald Petrie of the US Hertz Corporation. Petrie talked encouragingly about the endless opportunities available in America for anyone prepared to work hard. Back at sea, Marshall could not shake the enticement to 'go west, young man'. Some months later, he took the plunge and contacted Petrie who immediately offered to take Marshall on as his PA at Hertz head office in Chicago. With no further encouragement needed and no time to lose, he proposed to Janet so that she could be with him on this new adventure as his wife. This American 'get up and go' experience set the pace for the rest of Marshall's business career.

He was posted to Canada to gain hands-on experience and then to Mexico as general manager. It was during the Marshalls' time in Mexico that Janet gave birth to Joanna (known as Anna) in 1960.

Marshall soon returned to the UK as general manager for Hertz Rent A Car at the company's London office in Knightsbridge, a location with which he would have a long and meaningful association.

Against a background of successful business development in the UK, Marshall left Hertz, lured by rival Avis to set up its European operation, again based in Knightsbridge. Over the next four years, Marshall turned round the company's existing European business and established new operations in nine countries across Europe, helped by a skilful, hard-hitting marketing campaign featuring a memorable slogan. Pointed unashamedly at Hertz which promoted itself as 'No 1' in car rental, Avis proclaimed cheekily: "We're No. 2 – We Try Harder." But by 1969, under Marshall's management, Avis overtook Hertz to become number one in Europe.

By 1976, Marshall was appointed president and chief executive. Reaching the top rung of the US corporate ladder was a remarkable achievement for a British executive at that time – one that led the way for others in later decades.

By 1980, Marshall was a prized business asset and was being headhunted by several major corporations. In the end, he was attracted by an offer to return to the UK with Sears Holdings, the giant retail group, in readiness to become chief executive.

Under Margaret Thatcher's premiership, Britain had a new business edge, with free-market sights set on state-owned industries including air transport and plans to wholly privatise BA were passed in the Civil Aviation Act of 1980. It was an inauspicious time for such a move. The world was in the grip of recession which had serious effects on the airline industry. Major carriers were recording vast losses and at one stage during the period, the accumulated global industry deficit stood

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at US\$6.2bn. BA was not immune and during 1980, was heading for an annual pre-tax loss of more than £140m.

The fact was that the airline welded together in the early 1970s from the former British European Airways and British Overseas Airways Corporation was heavily overstaffed. The job of marrying up two workforces from different cultures was made more difficult by a series of external crises, largely economic. Morale within BA was low, with service attitudes and standards declining. Thatcher brought in a new chairman, the industrialist, Sir John (later Lord) King to oversee the airline's reformation.

It was a daunting task. By 1982, the airline recorded a loss of £544.8m. The deficit, however, included a number of extraordinary items, most notably a provision of £199m to cover the cost of a staff severance programme designed to cut numbers from more than 58,000 to 35,000. It was the first step in a massive scheme to reduce costs and improve efficiency to place the airline on a sound footing for privatisation. Crucially, a new, world-class chief executive was



City bound: Lord Marshall piloted British Airways' privatisation in 1987 and was a familiar face in FTSE 100 boardrooms



Marshall: 25 years in control

required to devise, lead and implement wholesale business transformation. Marshall was sought, appointed and joined BA on February 1, 1983. Together, King and Marshall formed a formidable team.

Marshall later recalled: "Almost like an archaeological excavation, we had to sweep away the dust and dirt of generations of economic and attitudinal litter, in order to expose the treasure trove of air transport quality that we knew had accumulated over

years of network, product and technical development. Then it needed to be polished to the point where it would both attract the customer and dazzle the competition."

The strategy worked. In the five years ending 31 March, 1987, by which time BA was fully privatised, BA became one of Britain's most important public companies and a global market leader earning more than £800m in pre-tax profits. A great deal of attention was paid to modernising and standardising the large, mixed fleet inherited from the BEA/BOAC merger. Its chief executive was knighted becoming Sir Colin Marshall, the same year.

Privatisation allowed the future development of the industry in the UK to be determined by commercial, rather than political means. In 1989, the UK's second-largest scheduled airline, British Caledonian Airways, was taken over and the two operations successfully merged.

Perhaps the most remarkable, indeed defining, aspect of BA's transformation was the way the King/Marshall leadership rallied a disaffected workforce. The difficult process of severe cut back and restructure was achieved. Pride was restored and loyalty inspired.

The basis of Marshall's business transformation was the customer service ethos adopted from his time at sea and then honed in the tough, consumer-driven US market. This, together with advanced branding and marketing skills acquired from international competitive experience, set BA apart.

His philosophy was once summed up in a speech: "In a deregulated environment, where government policies can no longer fix markets and offer competitive protection, who calls the shots? The answer is obvious: the customer. It is the essential truth of the new world competitive order – of global business development – that customer choice, preference and demand are its real driving forces."

It was this customer focus from which the memorable slogan, 'The World's Favourite Airline' emerged. As Marshall explained: "On the face of it, it is not a modest statement. Nevertheless, it is not so much a claim we make for ourselves but a fact produced by our customers. Quite simply, more people choose BA for their international travel than any other airline."

Marshall would never accept sole credit for his marketing team's success and always acknowledged the contribution of Maurice (now Lord) Saatchi and his agency in translating philosophies about image and competitiveness into award-winning advertising.

Marshall's marketing flair was complemented by astute financial management and strategic business skills. Over the five years following privatisation, BA turned in more than £1.3bn in pre-tax profits. It was carrying more than 25 million passengers a year over a route network

serving 150 destinations in 70 countries with a fleet of 230 aircraft. Marshall's workplace was not just offices in London but the entire BA global network. He was as familiar with staff, suppliers, shareholders and customers across the world as he was with those in the UK.

Marshall foresaw the need for global development and built strategic links with other carriers such as Qantas and US Airways. His vision is now enshrined in the International Airlines Group which brings BA and Spain's Iberia together under single ownership; and in the **oneworld** alliance, the global consortium of 12 international airlines.

In 1993, Marshall became chairman of BA in succession to Lord King. This new position was coupled with existing responsibilities as chief executive. He became non-executive chairman in 1996 when Robert Ayling, the airline's group managing director, was named chief executive.

In 1998, he was awarded a peerage in the Queen's Birthday Honours and took the title, Baron Marshall of Knightsbridge, electing to sit on the cross benches of the House of Lords.

But at the turn of the century, the airline industry was set to face a series of unprecedented setbacks, the very worst of which took place in 2001. The immediate impacts and ongoing repercussions of 9/11 were cathartic for the industry. Further threats of terrorism, war and escalating fuel costs, were visited on the industry over the next few years. Some major airlines went out of business. At the end of 2003, Concorde, for so long British Airways' flagship, was retired. Yet under Marshall and

Lord Marshall of Knightsbridge

Born 1933

1951 Joins Orient Steam Navigation Co as cadet purser

1956 Deputy Purser

1958 US Hertz Corporation, various roles including General manager Mexico, UK general manager Hertz Rent A Car

1964 General manager, Avis UK and then Europe

1971 Executive vice-president and COO, Avis, New York

1977 Executive vice-president of Norton Simon Inc, owner of Avis, Hunt Wesson, United Can and Southern Cotton Oil

1980 Deputy chief executive, Sears Holdings

1983 Chief executive, British Airways

1987 Receives knighthood

1993 Chairman and CEO, British Airways

1996 Non-exec chairman, British Airways

1998 Elevated to Baron Marshall of Knightsbridge

2004 Retires from British Airways

Seats on the boards

Chairman, Inchape; deputy chairman, British Telecom; director of HSBC Holdings; chairman of Invensys; director of Grand Metropolitan; board member of IBM (UK); board member NY Stock Exchange

Other key appointments

1991-96 President, Chartered Institute of Marketing

1998 Chairman, London Development Partnership

1996-98 President, CBI

1999-2003 Chairman, Royal Institute of International Affairs

2004-11 Chairman of trustees, Birkbeck College

Rod Eddington, the CEO who replaced Ayling in 1996, BA survived the onslaught.

Marshall retired from BA in July, 2004, after being able to announce that, in his final financial year, the airline achieved a pre-tax profit of £230m, a 70 per cent improvement over the previous year.

In his farewell annual meeting, he told shareholders: "I look back on a remarkable record of business transformation, competitive endeavour and financial performance. To have been part of the outstanding team which made BA a world leader and one of the UK's great companies has been an extraordinary and fulfilling experience."

Although by now aged 70, Marshall was not prepared for a relaxed retirement. After leaving BA, he continued as chairman of Pirelli UK (a position taken the previous year), became chairman of VisitBritain and was appointed chairman of Nomura International, the Japanese bank's European subsidiary. This was nothing surprising. Over the years, Marshall had also been active in a number of other major companies and business organisations. He served as chairman of Inchage; deputy chairman of British Telecom (BT); director of HSBC Holdings; chairman of Invensys; director of Grand Metropolitan; and board member of IBM (UK). Between 1996 and 1998, he served as president of the CBI. From 1999 to 2003, he was chairman of the Royal Institute of International Affairs (Chatham House); and President of the Chartered Institute of Marketing between 1991 and 1996. Significantly, he was a board member of the New York Stock Exchange from 1994 to 2000, the only non-American to hold such a position.

As a born-and-bred Londoner, his passion for the city led to his appointment in 1994 as chairman of London First Centre, the inward investment agency, and he became chairman of the London Development Partnership, the body which paved the way for the London Development Agency and the city's mayoral administration.

Marshall's busy diary was never closed to charitable requests, and he gave time, wise counsel and fund-raising support to a range of worthy causes, and served as a trustee for many charities. His association with academia was marked by the award of 13 honorary degrees from UK and US universities and he served as chairman of the Trustees at Birkbeck College from 2004 until illness required his retirement in 2011.

An energetic, purposeful individual, Marshall was noted for his drive and remarkable attention to detail. He enjoyed people and was



Change leader: Marshall instituted a focus on the customer that led to British Airways becoming the 'World's favourite airline'

at home in any company, from the board room to the shop floor. Many a colleague would relate stories of personal kindness and many a high-flying executive would attribute success to his mentoring. He was a warm family man, conscientiously making sure to spend happy, private time with Janet, their daughter Anna and son-in-law, Simon. His exceptional level of business success owed much to the enduring love, support and encouragement of his family.

Marshall was a sports enthusiast. As a member of the All England Lawn Tennis & Croquet Club and of Queen's Club he played tennis to a reasonable standard well into his late 70s. He enjoyed rugby at Twickenham and had supported Arsenal since boyhood. He and Lady Marshall shared a love of opera and ballet, and were often to be seen together at Covent Garden and Glyndebourne. In latter years, they happily revisited their maritime beginnings on cruise holidays.

Lord Marshall is survived by his wife, Janet, and daughter, Anna.

Lord Marshall of Knightsbridge, international business leader, was born on November 16, 1933. He died on July 5, 2012, aged 78.



Sir Martin Broughton, who succeeded Lord Marshall as chairman of British Airways in 2004, pays tribute to his predecessor

While our thoughts are with his family, who have lost a loving husband and father, British business has also lost an eminent leader.

Colin is a legend at British Airways where he was hired in February 1983 by Lord King as the chief executive to lead the company through the privatisation process.

He transformed the service culture, leading to British Airways becoming 'The World's Favourite Airline'.

Colin remained at British Airways for 21 years as either chief executive or chairman.

A period that Colin bestrode as an enduring symbol of management excellence. We strive today to carry his legacy forward.

I have never known anyone better able to juggle a variety of responsibilities. He was ubiquitous in British business having held a multitude of roles on FTSE 100 company boards, and business interest organisations both here in the UK and overseas. He also had involvement with an array of aviation and tourism groups, not to mention sports bodies like the All England Tennis & Croquet Club and Queen's Club.

Colin will always be remembered fondly as one of the great heroes of British Airways.
