Mexico's mighty money-maker
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own Mexico way there is an airline that has seemingly been making a mockery of the effects of world recession. Mexicana has flourished right through the air transport industry's financial crisis. It carried nearly 600,000 more passengers in 1981 than it did in 1980, and its net profit for last year was nearly 250 million pesos up on the 1980 figure.
Mexicana has been pressing new air-craft into service at the rate of nearly ten a year while others have been selling existing aircraft and deferring deliveries to stay alive. It can now boast the big-gest fleet of Boeing 727s in the world outside the "USA. At the end of this year its aircraft will be only three years old on average.

But 15 years ago things were very different. Mexicana was an airline with a proud history, the oldest carrier in Central and North America. It had roots going as far back as 1921, to a company known as Compania Mexicana de Transportation Aerea. But its history did not prevent it from losing heavily in 1967. Things were so bad that, in September of that year, Mexicana's shareholders voted to ask the Mexican courts for special dispensation to defer debt repayments, if the airline's creditors approved.
The credit for the transformation must be laid entirely at the feet of two men—Crescensio Ballesteros and Manuel Sosa de la Vega. At the end of 1967, Ballesteros, an industrialist in the: con-struction business, bought the 35 per cent share in Mexicana that Pan Am then held, Pan Am had completely owned Mexicana—formally titled to this day Compania Mexicana de Aviation— from as far back as 1929, when it pur-chased Mexicana's assets under the influence of Juan Trippe. Mexicana re-mained a Pan Am subsidiary until the 1960s, but, as its fortunes faltered, Pan Am's holding grew smaller.

Mexicana is Central America's biggest and most success-ful airline. CHRIS KJELGAARD visited MEXICO CITY

to discover how Mexicana fought its way to the top.

Ballesteros immediately took advan-
tage of a farsighted decision taken by
the previous management. He put into
service three Boeing 727-100s ordered
earlier by the airline's then director
general, Pan Am appointee Max Healey. The Pan Am-led Mexicana management of that time had realised that the de Havilland Comet 4Cs being operated by the airline could not make money for the company, even though the type's tre-mendous power-to-weight ratio allowed impressive performance in the hot-and-high operational conditions at Mexico City Airport. The 727 was the answer.

Ballesteros then initiated a major advertising campaign to get the airline's name in front of the public. He did away with the first class concept alto-gether, replacing it with a high-standard one-class economy service on all flights. A new fleet livery and new uniforms were introduced to reflect the change in attitude.

During the crisis, Ballesteros sold ten airports to the Mexican Government to raise cash. Mexicana owned these be-cause, in its early days, it had been forced to build its own airports at the domestic destinations it wished to serve, as a pre-condition of being allowed to operate the routes. But this cash was not enough. Aircraft were impounded because of unpaid debts, and a pilots' strike seemed a certainty. It was at this worrying moment that Ballesteros re-placed Healey as president.

He appointed Manuel Sosa de la Vega, who had started as a bell-boy with Mexicana in 1939 and had worked his way up to commercial director. From his long experience at all levels of the airline, he knew both Mexicana's staff

and its problems well.
According to de la Vega, the airline's operating losses stemmed' from a poo reputation for service and dreadful

relations between management, workforce, and government. "Morale was
very low", he tells Flight. The airline also had a route system that was no commercially viable, and it was still operating too many different types of aircraft, some of them old, slow, and no longer attractive to the customer. Under the direction of Ballesteros and Sosa de la Vega, the airline went through an internal reorganisation, "not obvious to outsiders but obvious to insiders". It then abandoned most of the unprofitable routes, so that it could increase its service on those that wer already profitable or with high potential. More Boeing 727s were ordered, and old equipment—Comets, DC-6s and DC-3s— was phased out.
An important step, says the Mexicana president, was the creation of a Specia Services committee. It was given the job of analysing every aspect of the service the airline offered its customers The innovation was so successful tha the committee still meets every week to review the past seven days' operation and to discover how service can be improved by what has been learned. The two new Mexicana chiefs also created a committee to investigate how punctuality could be improved. The

innovations generated by the new committees brought the public back to the

airline in droves. At the same time the
Mexicana workforce, many of whose
members were very-long-term employees
even then, felt the positive forces at
work within the airline. Morale rose

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