

What will be the biggest challenge for Companies within the Aviation Industry over the next few years of recovery?

The Aviation Industry has been hit hard with the impact of restricted travel due to Governments shifting COVID regulations. In response, most companies have laid off staff and are now running with a workforce that may be as low as 20% of the original size. There has been lots of discussion about the immediate challenge of encouraging people to travel again, but when looking more internally, what will be the biggest challenges Aviation based businesses face?

My LinkedIn poll showed that the most common concern was 'Lost knowledge' and 'Lack of cash' as the biggest challenges companies within the Aviation Industry will face over the next few years of recovery, beyond convincing passengers, and governments, that it is safe to travel by air.

Despite the fact, that these results may not be statistically significant given the relatively small number of respondents. It does, however, show the thinking of some people in the industry.

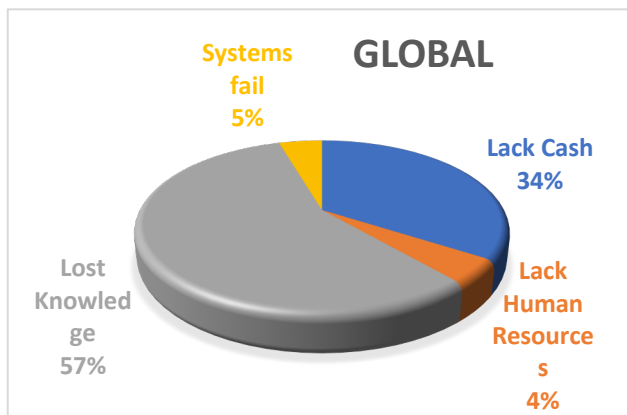


Figure 1: Global view of what the biggest challenge for companies in the Aviation industry over the next few years of recovery will be.

Lost knowledge was considered to be the biggest challenge outside of encouraging people to travel again. In the European market, the region where the most respondents come from, 67% of the respondents identified lost knowledge as the biggest challenge.

The discussion that this poll generated was also interesting. One respondent commented "when [a] company shrinks by 80% due to external factors, revenue goes, then people. If systems are

decent, a lot of the knowledge is retained but a lot of the softer stuff will also go with the people. Many of those people then go and get other jobs in other sectors and are difficult to lure back". This statement highlights the interconnectedness of business:

So, does the aviation industry have solid and up to date mechanisms that allowed knowledge retention independently to the individuals employed? In my experience working in a number of different businesses in the aviation industry, I would say this is incredibly variable.

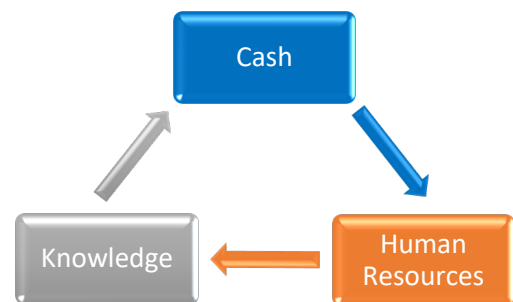


Figure 2: Interconnectedness of the three key challenges.

For instance, for many valid reasons, pilot and flight attendant processes are very well documented within Airlines and training organisations. The key drivers that have supported this knowledge retention include safety, regulation, and consistent customer service. Consistent customer service has been critical to differentiate the particular airline brand from others.

The same can not be said, in my experience, for more ground based and back of house operations. In just about every project I have led, all of which involved delivering change into operational environments, I have had to start by documenting clearly the specific operational

requirements and processes. In some cases, there was some material documented but it was not up to date with the current practices used in the operation at the time.

With this understanding and given the volume of experienced personnel who have been stood down, let go, or redeployed during the industry hiatus that has been created by the global pandemic, it is not hard to believe that 'lack of knowledge' will be a key issue during recovery. As a consequence, knowledge of operational processes that are the most efficient, when operating with high volumes of customers/bags/aircraft/etc. will be one of the biggest challenges faced by the industry as travel recovery returns.

This brings me to the second greatest perceived challenge – cash! This issue was probably the one most people expected to come out on top. It may yet be the biggest challenge to be faced, especially by those businesses who must report performance publicly, for example due to share/stock ownership rules.

The commentary that was triggered by my poll fell into two categories. Firstly, a short term view *"... you get wage inflation for good people and that has to be funded by.....cash. The knowledge and the people can be regained but will likely have to be done before customer volumes rise again so costs are high relative to revenues in the early phases of recovery."* Secondly, a long term view *"i.e. the need to achieve net zero [carbon emissions] by 2050....will require significant levels of investment & innovation"*.

There are also the mid-term (5-15 year) impacts. Many airports around the world stopped their capital development programs. Those with some available cash or access to credit prioritised their capital works with decisions on what was of greatest priority varying widely. These priorities spanned basic maintenance and repair; required regulatory change; building capacity; customer experience improvements; and, revenue generating projects.

It is not hard to understand and justify each of these positions. The questions for recovery in the mid-term, just as pre-COVID traffic volumes are achieved and the previous growth profiles re-established, are;

- Will the missed opportunity, of undertaking capital works that impact operational areas, restrict the speed of recovery / growth and hence profitability?
- Have airports considered the opportunity cost in their decision making? Delaying some capital works, for example runway resurfacing or projects addressing regulatory or safety improvements in operational areas, may mean that their ability to accept previous traffic volumes and subsequent growth, may be restricted?
- Has the industry, either collectively or as independent entities, used the 'down-time' to challenge the operational norms and investigate different, perhaps more efficient and/or safer, ways of working?
- Will the economic impact on the industry support the data sharing initiatives that A-CDM & SESAR (Single European Sky ATM Research) programs require, or will parties become insular and resist these collaborative initiatives that support the collective as well as the individual parties?

In conclusion, the challenges the aviation industry faces beyond enticing passengers back into the air, are expected, in the near/short-term, to be driven by how well each organisation has managed to retain and/or document critical knowledge. However, availability of cash/funds is expected to rapidly rise to the top of the challenge list as the impact of decisions made during the global pandemic shape the overall health and readiness of the organisation to process previous levels of traffic and grow beyond it.

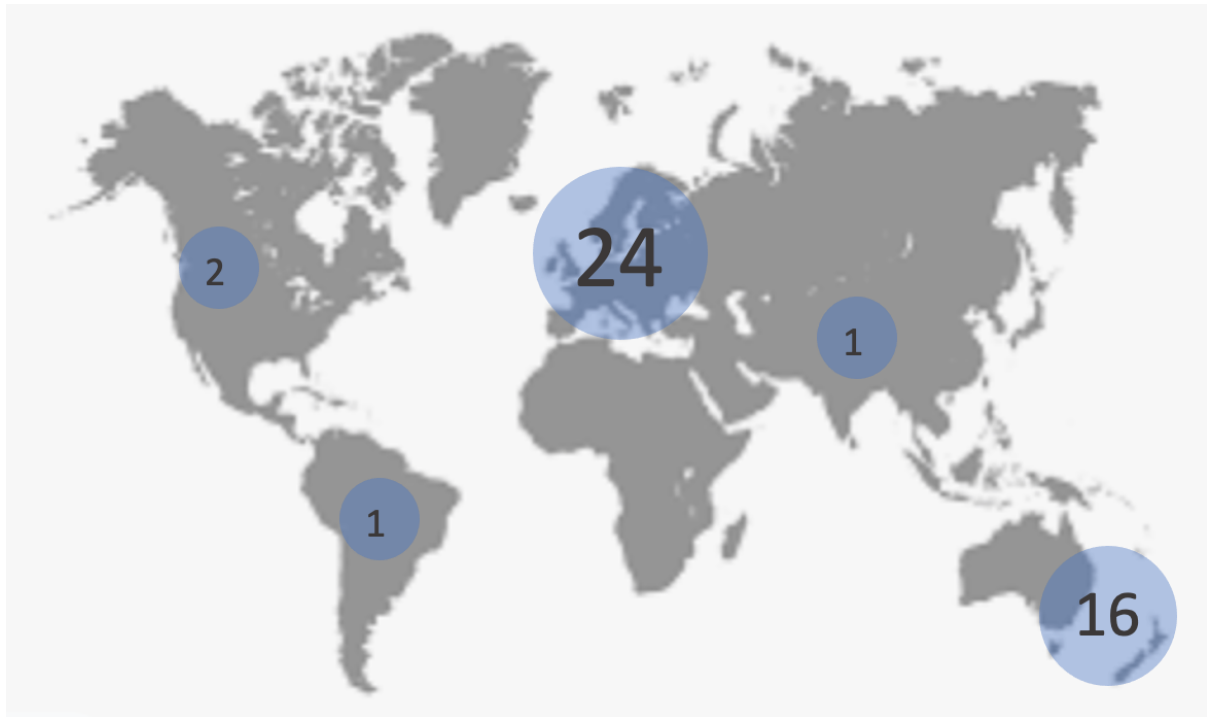


Figure 3: Geographic distribution of respondents to the poll



Christine Druce is the founder and General Manager of ID&Resolve. Christine has over 20 years working in the aviation industry having delivered operational change projects in Airline, Airport and Ground Handling environments. She is also an active member of the Royal Aeronautical Society (RAeS), Air Transport Specialist Group (ATSG) and was a key leader in the

development of the Airport Operations Management Concept within the Single European Sky Air Traffic Research (SESAR) Program.

Through her company ID&Resolve, Christine works with organisations to identify, define and ultimately resolve the operational challenges identified. Having been involved in working for the three main stakeholders in the delivery of Air Transport Services, Christine can bring unique insight to the interconnectedness that is central to the success of the Aviation industry as a whole.

In recent years Christine has been focussing on Baggage Handling Systems and technology, including their associated processes and interfaces. Maintaining her focus on operational performance and safety, Christine drives engagement across the involved stakeholders, helping all parties to understand and appreciate the opportunities, risks and challenges in the end-to-end process and system life-cycle.