

People and Organizational Development in Unprecedented Times Vol. II



KILPATRICK AVIATION

November 2, 2020

AVIATION LEADERS ROUNDTABLE

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To share different perspectives with the industry, we invited industry experts from different parts of the world, covering different executive positions in different companies. We virtually hosted them around the same roundtable and asked them few key questions.

Thanks to the panelists for taking part to this Aviation Leaders Roundtable and for their outstanding contribution:

Giovanni F. Piccione, a professional with over 30-year experience in the aviation market, under different roles, he is the MD & CEO of G&G Aviation a representation and consulting company offering products and services to airlines, business jets and helicopters operators, training centers, lessors and finance companies.

Thanos Pascalis, studied Aeronautical Engineering in the UK, followed by a Masters in Air Transport Engineering from Cranfield Institute of Technology. He settled in Hatfield, UK, working for British Aerospace Commercial Aircraft within the Airworthiness section. Following that, he held Engineering Manager positions and assisted in the setting up of the first Greek private airlines South East European and Apollo Airlines. In 1996 he returned to the UK to join Monarch Aircraft Engineering in Luton as Customer Support Manager, looking after the company's third party business. Thanos returned to Greece again in 1999 for the startup of Aegean Airlines, taking the position of Technical Director, responsible among other things for the EASA Part 145 and CAMO approval of the company. In early 2009, Thanos was appointed Chief Operating Officer and Accountable Manager of the new private Olympic Air with responsibilities for both technical and flight operations. He also held the position of CEO within the separate Engineering entity owned by MIG. In February 2011 was appointed CEO of Olympic Air. In 2013 he was a founding member of Elix Aviation Capital in Dublin, a specialized Turboprop Lessor, taking up the position of COO and Board member. In 2018 was appointed CEO of Ellinair a IT specialized carrier based in Thessaloniki.

Nitin Sarin, is the managing partner of law firm, Sarin & Co. and a front-running aviation professional in India. He is a qualified advocate in India and a solicitor in England & Wales. Mr. Sarin has a deep passion for aviation and is the founder of the Leiden–Sarin International Air Law Moot Court Competition. He is a member of the International Bar Association and also assists the Aviation Working Group as a member of India's Contact Group. Mr. Sarin is working on his PhD and is currently drafting a guide on aircraft repossession in India. He is also a guest lecturer at the IIASL, Leiden University as well as a qualified IATA trainer.

Thomas Chatfield, is the CEO of Camber Aviation Management, a team of experts that guide and manage the complex process of transforming an airliner into a corporate jet – from selecting the right aircraft to cabin design, engineering, fabrication and certification through to the delivery of the finished corporate jet to the client. Tom is a leader in aircraft completions and refurbishment management, and corporate jet visionary with 35 years of experience in the aviation industry. He founded Camber Aviation in 2014, reflecting his business philosophy in four pillars of company values – knowledge, experience, innovation and trust.



Q1: How do you overall evaluate the current situation and how are you preparing for 2021?

Piccione: the COVID pandemic has put the entire world in front of a totally unprecedented situation which affected, in some way, every industry and person. While the globalization favored the quick spread of the virus, the containment actions were not global and centrally coordinated. Decisions taken at country or regional level, and with different timing and strength, did not have sufficient power to quickly solve the situation. The effects were devastating on many businesses and certainly those involved with tourism or air transport had a large hit which will require extraordinary efforts to recover and will see a redefinition of the players. Our company is active in aircraft and engines trading for airlines, business jets and helicopters operators. The field, among the above, which suffered less is the business aviation because the lack of confidence in flying with hundreds of people in the same aircraft and the dramatically reduced number of available flights pushed many people and companies to consider private aircraft for their needs. We are therefore concentrating on business jets and (a little less) on helicopters and will continue to do so in 2021. In fact, we do not expect that airlines will recover, to a reasonable level, until several months after a vaccine will become available and the availability of commercial aircraft will exceed, by far, the demand until the air transport will be back near to pre-COVID levels.

Sarin: Given the re-emergence of the virus in large parts of the world, it would not be unreasonable to conclude that the worst may not be over yet and also that till there is a vaccine or indeed a cure for COVID19, we would continue to operate in an environment where we are held ransom by the virus. To sum it up, we fell, it is extremely difficult to take stock of the current pandemic situation primarily due to the unpredictability of the virus. Please bear in mind with 1/6th of the world's population and with India being a democracy as opposed to China, even if the world finds a solution to this problem, we will take at least a decade to recover and to get a majority of our population cured of this virus. The virus is undoubtedly the worst demand shock faced by the aviation industry post World War II. The various border closures and quarantine requirements have impacted air travel greatly, leaving the airline industry and the larger aviation ecosystem ravaged.

As a firm, at the beginning of the outbreak, we were not sure how the current situation would impact us. However, strangely enough, we have been kept extremely busy throughout this year. We hope this trend continues in 2021.

Pascalis: the industry is currently in its most aggressive and dangerous crisis since the Big Bang with an unprecedented drop in traffic, an unprecedented induced fear which has destroyed passenger demand. Borders are closed, travel restrictions are in place with high volatility for negative change which cannot inspire any sort of passenger movement for business, leisure or Visiting Friends and Family (VFR). The uncoordinated world and particularly European response to the pandemic, will continue to affect the industry and is a good lesson in the future of the EU and global fair trade. How can we be talking about single skies and fair/healthy competition, when each country, region, and authority responded differently and protected their side and their stakeholders. The tourism industry has totally lost the full year (2020) and preparation for a very difficult and different 2021 is underway! Our preparation takes into account the existing volatility (due to changes that occur daily) and thus our aim is to remain flexible, but the main pillars are, a reduction of flying capacity by approximately 50% (compared with 2019), a reduction in operating fleet, a reduction in WET lease capacity in, and a heavy cost cutting program.

Chatfield: From my point of view, as CEO of Camber Aviation Management, business aviation industry has begun the process of recovery and will become an integral part of business for many industries. With airlines' reduced networks combined with the challenges of social distancing, companies are seeking safe and efficient travel for their management, technical and sales teams that only business aviation can offer. It has been proven, especially during the COVID pandemic, that flying privately is a remarkably safer and more efficient way of traveling. As for Camber Aviation Management, I am very pleased to see that our objectivity and positive client-centric philosophy is being welcomed in the industry and business is increasing nicely.

Q2: What can you tell us about your company's future strategies regarding:

a. Customers: retention, services and experience

b. Sales and new products

Piccione: Our customer strategy is not going to change sensibly. Aviation has been through several crisis, although of a lower magnitude, in the past decades and the approach that allowed us to remain in business, for almost 26 years, has always been to maintain the highest level of professionalism, integrity, flexibility and creativity on any deal so to gain the confidence of our clients which, for the majority, have repeatedly used our services. The current situation will require an even higher care and understanding of the difficult environment to generate, as much as possible, win/win opportunities. Even the attention to proposing new products was always, and will continue to be, in our philosophy. The most interesting that we are proposing at the moment is the WheelTug system, which is nearing certification, and allows the pilot of a narrow body aircraft to move backwards and taxi autonomously without using the jet engines but the power of an electric motor installed in the nose wheels. This device provides great time and fuel savings which could help airlines balance sheets. Also, the commercial proposition is innovative as does not require any upfront investment, the system is supplied with a turn-key leasing formula and savings are made since day one.

Sarin: regarding clients, we hope to be able to interact with our clients face to face once again. The virus has curtailed this greatly and though we do not find this as a hinderance in any way, we would like to be able to resume personal contact as and when possible. We have a long-standing relationship with most of our clients and have been fortunate enough to be able to offer our services to new ones despite the pandemic. Sales and new products, on the other hand, we are the only law firm in India to provide complete aviation law services to banks, aircraft lessors, financial institutions, international airlines and governments. Our noteworthy clients include the world's top aircraft manufacturers, leasing companies, international airlines and banks. We plan to continue to offer our unique services to both our current and prospective clients during these rather unprecedented circumstances.

Pascalis: with respect to our customers: obviously the pandemic has changed attitudes, the issue is whether this is temporary or permanent? Retention of customers was always an issue but, has just now become even more important. Ellinair transformation had initiated before the pandemic, with the shift to a personalised experience, with us looking to approach each customer differently. In the past, our product was one, based on our Inclusive Tour (IT) customer with no choices, no price variation, no ability to enhance or provide something cheaper. Now, irrespectively if you are an (IT) passenger or a lone booker, you have the option to choose an array of services, like a seat, bag, fast track, food etc. The only thing given is, thedestination. These services will expand into many off-aircraft products and experiences, but the full integration of such is expected to take at least another year (completion in 2022).

As our group has the capability and is the only Greek entity that can offer in-house, flight, tour, hotel, transport and other services, we have embarked in this transformation program (initiated in 2019 (but temporarily stopped in 2020 due to covid) that will on one hand integrate the products, while on the other, offer such separately on demand. One such example on the airline side is, the offering of buy on board catering from 2020. Our new PSS system is up and running from October this being only part of a total rethink of our future GDS strategy.

Chatfield: regarding customers: retention, services and experience, during the COVID pandemic, we've invested and developed proprietary software allowing our experts to effectively capture, track and resolve issues from the initial design stage right through to aircraft acceptance, all while keeping the client abreast of the project. This software, which we call "Streamline", dramatically increases efficiency of reporting, tracking and closing issues, leading to even higher quality of the finished aircraft. Our new Streamline software and processes have already been implemented into the first project with very positive results. Camber has also developed a unique service to assist aircraft owners that parked their aircraft during the crisis and now require assistance to safely and efficiently reactivate their corporate jet. Here, a unique set of skills are required to ensure that best practices are used to ensure aircraft reliability and airworthiness compliance. Camber has a team of experts, ready to travel to the owner's location to assess, manage and guide the reactivation of the aircraft quickly and in a very cost-effective manner. Regarding sales and new products, we have been closely observing the market and have identified underserved niche opportunities within our industry. One of the most interesting lies in the refurbishment of large Airbus and Boeing corporate jets, where the asset has been depreciated but the aircraft continues to be more than capable of offering many years of excellent service to its owner. We see tremendous potential to guide owners in the updating of their cabins to enhance passenger comfort, refresh cabin finishes and furnishings, as well as upgrade communications, entertainment and galley systems to reflect that technological improvements over the past 10 – 15 years, in a very cost effective way. Refurbishing these aircraft takes significantly less time and costs a fraction of the price of purchasing and outfitting a new aircraft. With a fresh livery and new interior, it difficult to differentiate a well-executed refurbished aircraft from a newly outfitted one – important points to consider for owners contemplating replacing their current jet.

Q3: What are you doing differently on the day-to-day business operations?

Piccione: As mentioned this is not the first crisis of the aviation industry, or portion of it, which we are facing. Therefore, we don't expect to apply huge variations in our business conduct but to keep trying to adapt, as quickly as possible, to the changing requirements and to find positive new solutions, products and services for our customers. Another important aspect remains the fact to be active on various sectors within the aviation which allows a certain balancing, moving the focus from one to another depending on the ongoing situations. As a part of the process that we initiated already before COVID, we will enhance the attention to communication and market positioning.

Sarin: much like the rest of the corporate world, COVID19 has greatly reduced face to face interaction in the firm too. This however has not impacted our ability to offer our clients the exceptional level of service they have come to expect of us. We continue to engage internally and our clients to ensure business continuity. This interaction is now however limited to video calls instead of physical interactions.

Pascalis: Unfortunately, Ellinair has been hit hard from the COVID pandemic, due to country restrictions and travel bans, with 95% of our markets closed. As we write this, Russia, as well as all EU borders with the outside world are still closed. Thus, we are in crisis mode since March 2020 with the fleet initially grounded, then partially restored to accommodate a trickle of domestic flights. Demand is poor and yields are poor. Most of our staff are on the Furlough scheme. So, the first thing we are doing is multitasking. Our management team is working hard with our Safety and Training departments to assure safe operations. This has two branches (elements): The flight element, which is paramount, always has been, assuring that all our flights continue to be supported, with such being additionally monitored (by the EASA guidelines) and the second health element, which is the COVID side, assuring the wellbeing of our customers and personnel. We are happy to advise that no Ellinair staff has been diagnosed positive for Covid19 since the beginning of the pandemic. Our cleaning and sanitation protocols work well. During the first days of ops after the lockdown, we had a crew member seconded from Safety overlooking each and every departure from Thessaloniki.

Chatfield: The pandemic allowed us to take a step back, examine and optimise our business model to focus exclusively on what we do best: guiding our clients as their trusted advisor through the complex process of outfitting or refurbishing their corporate jet. Camber doesn't offer brokerage services and we aren't linked to a specific designer or completion centre, so we are completely independent, which allows us to provide objective and unbiased guidance for our private, corporate and head of state clients. Our clear position of providing objective and independent guidance to our private, corporate and head of state clients has been very well received.

Q4: Leadership is to be redefined, what new skills are you looking for in the key people of your company?

Piccione: G&G Aviation has a boutique size and, therefore, any person has to cope with the general company philosophy and approach described earlier. Each individual in the company needs to have a broad knowledge of the various aspects of our business and contribute to the overall result with the maximum availability and flexibility.

Sarin: at Sarin & Co. we have always encouraged our people to take ownership of the task at hand and find innovative solutions. This mantra has helped us deal with the current pandemic situation rather well. Our team was well positioned to deliver despite the various challenges posed by the pandemic. We are a team of leaders who believe in thinking out of the box and in doing so have always exceeded our client's expectations even during these strange times. If anything, the pandemic has strengthened our resolve to continue to work on the solid foundation laid by our founding partner, Late Mr. Harbans Lal Sarin in 1932.

Pascalis: This pandemic has been devastating on the industry but has enabled us to evaluate our current management and assess the adaptability, flexibility, commitment to safety and company values application. Additionally our managers need to have very strong people skills, as dealing with many HR issues were inevitable. Who to retain, who to furlough, do you rotate staff to keep skills, are you being fair to the core staff? not easy to deal with, as well as keeping the moral high at times when the airline had no flights (two months), but also at times when from a scheduled 250 weekly flights we could only operate 6! **Chatfield:** Tenacity, patience, flexibility and the openness to explore new avenues. These are the skills and character-features that are required as new methods of communicating and doing business unfold. To rise above the competition, a company must embrace change, examine the work that has been previously done and determine its relevance going forward; it may require a company to redefine its service offering or create new niche products. Critically, management must be open to new ideas from both within the company and from its clients, partners and suppliers. Often, new ideas are a spark that need to be recognized, considered and, possibly, pursued.

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