



Proposals from EACP for Post-Pandemic Measures on Human Resources Management for Aviation, Aerospace and Defence Industries in Europe





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I. Introduction and overview

The rapid onset of the coronavirus has had starkly different effects on industries. In commercial aerospace, suppliers saw profits fall precipitously as flights were grounded, production rates dropped, and whole factories were made idle. In contrast, defence markets and manufacturers appear to be largely unscathed, although they have weathered some disruptions. Defence spending is driven by annual budget cycles rather than daily load factor, so changes can take longer to manifest.

Broadly speaking, two factors have historically had the most influence on defence spending: threats and affordability. Both will come into play in the aftermath of the coronavirus pandemic as governments calibrate the relative importance of the threats they face against their new economic realities. In keeping with past patterns, countries may give most weight to threats, real or perceived, over the near term.

The following inputs were collected from a number of management and skills experts within the EACP network.

Shifting priorities

COVID-19 outbreak is a human tragedy, above all, and the continued coronavirus spread, and eventual evolution remains a source of global uncertainty. First, and we all agree on this matter, we must find solutions for both the coronavirus and the economy; the dual imperative of our time is the desire to preserve lives and livelihoods. Both will require substantial resources for public health and for economic recovery. Many countries are reallocating substantial sums to disaster assistance and health system improvement and adaptation measures to preserve lives in the present situation and, furthermore, to cope with an eventual more severe situation in the times to come. Although this shift is essential during the pandemic, it will likely put enormous pressure on the public purse and could force cuts in other areas.

Although the future is uncertain, scenarios suggest that the economic impact of the COVID-19 pandemic could exceed anything experienced since World War II. If historic trends repeat, governments are likely to curtail defence spending to fund other priorities. But with governments debts at high levels, there is less money to go around. Together, these forces may put many (European) countries on the brink of a deficit-driven defence downturn.

Regardless of the size of a country's defence budget, there may well be changes in how governments define national security—and that could shift priorities for defence missions and tasks. The pandemic has taught us the value of resilience and planning ahead. Although defence budgets have normally been fairly “sticky,” the coronavirus might prompt leaders to favour investments that bolster national resilience and take a homeland-first lens. Their new focus could



include traditional capabilities, such as robust air defence and strengthened coastal defences (border control), as well as cybersecurity, enhanced protection of national infrastructure, greater capacity to support civil authorities in a national emergency, and, of course, biodefence.

The post-9/11 era might be giving way to a post-pandemic paradigm. Whether this next normal will permanently alter the world order is still uncertain, but it is likely to have drastic implications on how leaders think about national security and foreign policy. One thing seems quite clear: in the absence of an escalation or emerging tensions in a great-power competition, we can expect downward pressure on defence budgets around the world. The threat of COVID-19 to lives and livelihoods will fully resolve only when enough people are immune to the disease to reduce the rate of transmission, either from a vaccine or direct exposure. Until then, governments that want to restart their economies must have public-health systems that are strong enough to detect and respond to cases.

One possible next normal state is that decisions made during and after the crisis lead to less prosperity, slower growth, widening inequality, bloated government bureaucracies, and rigid borders. Or it could be that the decisions made during this crisis lead to a burst of innovation and productivity, more resilient industries, smarter government at all levels, and the emergence of a reconnected world. Neither is inevitable; indeed, the outcome is probably more likely to be a mix. The point is that where the world lands is a matter of choice—of countless decisions to be made by individuals, companies, governments, and institutions.

On the other hand, the coronavirus pandemic has radically changed demand for products and services in every sector – and the European Aeronautic and Aviation Industries are true examples of it –, while exposing points of weakness and fragility in global supply chains and service networks. In respect of European companies, mainly SMEs, there is an urgent need to shorten the time between the application for funding with the EU and the start of the financial support for a project. Many months of waiting are not acceptable and will prevent SME from applying for funding. This is the same for fixed application dates and deadlines. The EU needs to come up with highly flexible programmes SMEs can apply for once they are ready to start.

In comparison to the defence market, it is quite difficult to estimate how the civil aviation market will develop as it is mainly depending on the decisions, perceptions and opportunities of the civil society regarding air traffic itself. This sub-part of the sector holds more potential but has also much variables to be considered.



At the same time, and there is somehow a paradox, it has been striking how well and how fast many companies have adapted, achieving new levels of visibility, agility, productivity, and end-customer connectivity—while also preserving their cash. Companies are realizing that they can aspire to much more than simply a safe return to work. They want to take what they have learned during the COVID-19 crisis and create a new kind of operational performance. According to a McKinsey study based on ongoing discussions with leaders in multiple industries, including aviation and aerospace, it is suggested that this effort on returning to normal will focus on five key themes (see picture below):

Five themes shape post-COVID-19 recovery efforts in operations.

Building operations resilience	Accelerating end-to-end digitization	Rapidly increasing capital- and operating-expense transparency	Driving the future of work	Reimagining a sustainable operations competitive advantage
<p>Review asset strategy, including geographic footprint and concentration risks</p> <p>Reassess make-or-buy decisions for flexibility</p> <p>Transform for agility, eg, through asset modularity and workforce upskilling</p> <p>Build robust supply-chain risk-management function</p>	<p>Accelerate customer-back Industry 4.0 digital and analytics as well as digital services capabilities to raise performance in</p> <ul style="list-style-type: none"> • customer experience • productivity • flexibility 	<p>Apply digital acceleration tools for spend transparency and opportunity identification</p> <p>Reassess total operational cost structure</p> <p>Establish robust cash and liquidity management</p> <p>Reassess capital projects based on defined scenarios and frequent portfolio reviews</p>	<p>Establish next normal of remote working through digital communication and collaboration tools</p> <p>Reskill the workforce to accelerate transition from manual, repetitive tasks to human-only capabilities</p> <p>Sustain new safety norms through physically distributed yet integrated operations teams</p>	<p>Step-change customer-centric development of new products, services, and customer-service models</p> <p>Establish collaborative ecosystems and rewrite value-creation role relative to suppliers, customers, and adjacent players</p> <p>Capture rapid value creation from M&A</p> <p>Embed sustainability throughout operations</p>



Driving the future of work

Many people's jobs have been fundamentally changed by the COVID-19 pandemic. With access to workplaces limited to essential staff, many employees have had to learn how to complete tasks remotely, using digital tools – some that they were not accustomed to - to communicate and collaborate with colleagues.

The transition to the next normal is likely to accelerate trends that were already underway in many industries, with a marked reduction in manual and repetitive roles and an increase in the need for personnel with analytical and technical skills. This shift to the future of work will therefore require an unprecedented wave of reskilling, with operations roles affected more than most.

Some companies have already used this period as an opportunity to boost skills, encouraging people not fully occupied by the crisis response to participate in remote learning and coaching programs. Postcrisis, organizations will need to ramp up their reskilling and upskilling programs significantly to develop a workforce with the capabilities needed to run their next-normal operations.

It is very likely that the recovery from the crisis will also be a catalyst for changes in where work is done. With the need for physical-distancing measures likely to remain in place for some time, remote working may become the norm for many employees. As organizations master the challenge of managing physically distributed operations teams, they may adapt their operating models accordingly, with staff on the ground in local markets able to draw upon the expertise of specialist colleagues who provide support remotely via digital connectivity tools.



II. Proposals of HR measures to ease impact on Aviation, Aerospace and Defence Industries in Europe

No one knows how our world will evolve but one thing we can be certain, the “normal” is something of the past. There will be no turning back, a new reality is upon us and the capability to adapt is paramount. The future is now and rapid adaptation by both individuals and organisations, will be the difference between surviving (or collapsing) and thriving.

- Thus, is our approach to work and workforce transformation sustainable?
- Will our current work models attract new generations?
- How will we reinvigorate our businesses?
- How can we ensure our employee value proposition meets rising health, wealth and career concerns?
- And are existing practices agile enough to withstand this and future unpredictable events’ impact on profit?

At a macro level, the European Commission has created a new instrument for temporary support to mitigate Unemployment Risks in an Emergency (SURE) that is designed to help protect jobs and workers affected by the coronavirus pandemic. It will provide financial assistance, in the form of loans granted on favourable terms from the EU to Member States, of up to €100 billion in total. These loans will assist Member States to address sudden increases in public expenditure to preserve employment. Specifically, these loans will help Member States to cover the costs directly related to the creation or extension of national short-time work schemes, and other similar measures they have put in place for the self-employed as a response to the current coronavirus pandemic.

Short-time work schemes are programmes that, under exceptional circumstances, will allow firms experiencing economic difficulties to temporarily reduce the hours worked by their employees, which are provided with public income support for the hours not worked. Similar schemes apply for income replacement for the self-employed. Obviously, these are measures only to be taken when it comes to support the survival of companies and protecting employees and their families.



i. A changing world requires an innovative approach to Employee Experience

Beyond financial issues and the necessary immediate solutions provided, today's workforce, as we may see, is experiencing especially turbulent and uncertain times. A global health crisis has exacerbated an already dynamic and volatile environment for both workers and companies. Unforeseen changes to the workplace, remote work, and heightened pressure to deliver under challenging conditions are just some of the obstacles faced by enterprises and their employees. As human resource departments and talent managers everywhere attempt to meet this new reality, it will become clear that investing in a positive employee experience must, and will be, a top priority for companies fighting to preserve productivity and growth.

Companies that invest in the employee experience will create a more productive, future-proof workforce that can ultimately benefit both the company and its employees. While that has always been true, the current ongoing global pandemic has made it a necessity. Even before the crisis, according to McKinsey, 67% of employees said they were not engaged at work. In recent weeks, the workforce of every small, medium and large company has been disrupted and, now more than ever, enterprises will need to increase employee engagement to close the gap between the broad business functions and the employees that power them. Investing in the employee experience, career development, and providing flexibility will make enterprises more agile and better prepared to handle challenges of the future.

ii. Employee engagement has become a critical business function

Although the statistical and scientific facts have been known for more than 60 years, there was (is) an enormous mismatch between what science knows and what the business does. People hardly react to the incentives package commonly applied by the majority of companies. In fact, science shows that groups perform poorly when subjected to a bonus or reward package with exception of very simple mechanical tasks. Companies, in a rubble of economic collapse, have been making their decisions about people and talent based on assumptions that are outdated, unexamined and rooted more in folklore than in science.



And if we really want to thrive after this economic crisis, and if we really want high performance on the critical core tasks of the 21st century, the solution is not to do more of the wrong things, to entice people with a sweeter carrot, or threaten them with a sharper stick. We need a whole new approach.

The real question is how to accomplish it in a world where executives are having to redeploy, juggle, and in some instances, furlough, millions of employees across time zones and geographies in unprecedented ways. **Organizations must find ways to move talent within the company, reallocate staff, gain visibility into the skills their employees already hold, and even proactively match employees with internal projects.**

Companies need to learn to reallocate talent at speed and move people around internally to high priority roles. This requires a swift identification and assignment, by capability, of people to the preeminent areas of the business whilst trying to optimize areas that might be struggling. By improving communication across teams and geographical locations, companies can source talent from within and quickly access in-house skills instead of being forced to use contractors or third-party entities. This allows businesses to unlock the internal capacity to compensate for a lack of external resources and budget while empowering employees to set career goals and creating paths for the desired upward mobility within the company, one needs to step away from the mind-set that limits career goals to an hierarchy.

Traditionally, new hiring and opportunities for internal growth and development have been treated as separate endeavours - often because managers are unaware of the skills or ambitions that their existing employees hold. This can lead to a stagnant and unengaged workforce. **When, however, both hiring and internal career and skill development are treated as part of a holistic strategy, it improves the employee experience and benefits the company as a whole.**

As we may see, in the picture in next page (source: McKinsey Organization Practice), the current state of our world requires executives to ensure the wellbeing of their employees, rapid adaption to changing workforce conditions, make sure that their employees remain connected to and engaged with the enterprise and continue to support their customers and partners while navigating uncertain short term and long term economic conditions.



Levers for Organizations		Degree of change		
		Minimal change		Drastic change
Organization configuration	Where work happens	White-collar employees remain "in the office"	Remote working enabled but most professions still "in person"	Remote working is fully accepted (e.g., ~25% of white collar labor fully remote incl. radiologists, financial analysts, consultants)
	How people organize	Traditional pyramidal structure to cover all functions needed to execute projects	Certain BU's organized into networks of project-based work	Leaner, more 'agile' structure leveraging the gig economy for project-based execution
	How decisions are made	Defined process for execution of tasks (e.g., command and control, red-tape approvals)	More empowered teams	Strategy remains centrally set and coordinated; all operational decisions de-centralized with a bias for speed & test-and-learn mentality
	Workforce size and composition	WF predominantly consists of full-time employees	Management remains full-time; non-management shifts to "gig" workers	Gig economy utilized for all workers (full-time employees make up <20% of labor force)

In an ever-changing world, this is all about making sure every person is prepared for what the future holds. Most people are concerned about both the skills they currently possess and the need for continuous learning and development.

When enterprises can quickly optimize their employee base, reallocate talent, unlock capacity, provide flexibility and future-proof their workforce, they, in turn, future-proof the organization as a whole, no matter what challenges they may face.

In summary, emerging concerns towards employees are: Are policies working (e.g., safety, productivity)? How well? How do we adapt to new developments (e.g. longer term closures of business)?

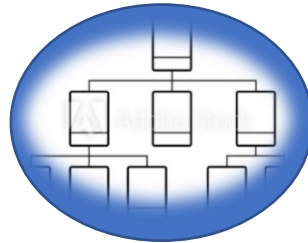


iii. Key areas of possible intervention



People

Providing psychological safety
(e.g. delegate decision making
powers, role model empathy);
Communication support,
feedback and proximity response



Structure

Defining clear objectives and key
results to effectively set and
communicate goals and outcomes;
Allow high degree of autonomy in
decision making



Process

Establishing a clear cadence (e.g.
pre-scheduled daily and weekly
meetings, frequent check-ins);
Defining clear and integrated
workflow, aligning strategic goals
and clarify roles and
responsibilities



Technology

Leveraging a suite of digital
tools / new media to address
specific work needs;
Setup an effective ergonomic,
digitally enabled remote
working environment to ensure
productivity

iv. General identified issues of Human Resources

- Ensure employees are safe and know how to protect themselves. Establish (or reinforce) sanitation rules in the workplace and assess mobility policies to encourage remote working where possible and necessary. Require employees who are sick to stay home until they are better. Eliminate nonessential travel;
- Discuss change management and flexible working arrangements;
- Creating a major Problem-Solving Network, evolving Aviation, Aerospace and Defence clusters, but also with several contributions of national and international authorities, that can allow to answer the immediate demands of remote work, training, qualification and certification on those sectors;



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- Assess strategies and plans to retain and deploy your workforce during the slowdown and establish risk mitigation programs for employees who still need to work on-site.
- Consider ways to automate tasks to minimize person-to-person contact;
- Gather necessary data on employees (geography, visas, etc.) and track employee movements during the crisis;
- Outsource functions (e.g. corporate – moving IT to the cloud or shifting internal non-core operating functions to contractors) that can trim operating costs;
- Developing a European Fund for 3D, augmented and online training to support companies and employees on this transition to a more than ever VUCA (volatility, uncertainty, complexity, ambiguity) world.
- Encourage and follow start-ups on innovation and development ecosystem, valuing best practices and recognizing them on new modalities of sharing knowledge and wisdom in Aviation, Aerospace and Defence industries.
- Link in a more effective and decisive way, industries, universities, national authorities and training entities to discuss, build and develop mind-set programmes;
- Promoting the Mentorship as a way to recognize the older people that stays active on organizations, as a social responsibility measure for industries on these sectors;
- Need to diminish the lack of connection between the Industry and the Academy – discrepancy in evaluation metrics of each of the organisations leads to a growing gap between them preventing the theoretical knowledge and practical experience to retro-feed the process and achieve greater results.



III. Proposals for lines of action to be tested /implemented by EACP

The idea is to create a number of strategic lines of action for the aerospace industry and main stakeholders to be promoted by WG Skills (primarily) and test within EACP environment, later, with some test case results, propose the actions to be widespread as best practices or simply, successful case studies.

a) First response online training solutions

Combination of diverse digital resources with Virtual Classrooms, e-Coaching sessions, and practical on-job activities throughout several stages. Series of Webinars of immediate response, synchronous and/or recorded, with useful and transversal themes to help teams and organizations to deal with the context of uncertainty and need to adapt to the new professional and family reality imposed by COVID-19.

Proposal of transversal subjects to be worked in a training environment:

- To manage in times of uncertainty
- Leading Teams at a Distance
- Increasing the Effectiveness of Remote Working
- Increase Professional Effectiveness in Agile Contexts
- Taking Care of Personal Well-Being in Times of Crisis
- Design thinking
- Change management
- Communication - Working from Home tips (e.g. family communication, physical and mental need management)

This can be a simple and effective solution suitable for populations with a high number of employees, adjustable to the reality and context of each organization and the size of the group of participants (up to 100 pax).

b) 100% digital micro and macro Learning courses



Composed of online activities and eLearning modules, which can be immediately available and easy to follow.

The need for easy and intuitive interfaces, internationally recognized, which can provide a simple and appealing learning experience to users, enabling them to train, qualify, certify, and even accredit employees in the areas identified in this proposal.

The need to have an active follow-up of e-tutors accredited by national bodies for this purpose, to support and mobilize employees for practical work throughout the learning path.

In this modality, which we can consider as Lab Training, also using video-recorded simulations, the technical content of the job functions of each professional should be privileged, in order to allow the updating of skills but also, and above all, of qualifications and certifications, absolutely critical for these professionals, in highly qualified and competitive sectors, such as Aviation, Aerospace and Defence.

c) Upskilling Courses

100% digital training courses, with a duration varying from 4 to 6 weeks, focusing on the possibility of personalising the learning path of each participant according to their individual needs and the professional context in which they are inserted. In this particular subject, Trainers, Mentors, Coaches and Tutors have an opportunity to shift their knowledge, contents and the way they transfer their knowledge into an online approach.

Also, in this subject, courses can be given like data analytics, data visualization, data science, and AI and machine learning programming basics to ensure HR stays ahead and role models the skills of the future.

d) Reshaping the People Model into a Reskilling Workforce Transformation

HR function transformation is twofold:

To institute a new career model attractive to today and tomorrow's talent, there's an urgent need of mapping talent (and talent gaps) against future organizational needs to ensure the future for both valued talent and the Aviation, Aerospace and Defence sectors as a whole. The key is providing a path to action and giving people a sense of control. Transparency alleviates concerns associated with job security and future roles. Job redesign helps pave the way. An activity that high performing companies employ more frequently. Sharing AI and automation plans, creating an inventory of critical future-focused skills (even if the inventory is evolving) and concrete learning maps can go a long way to alleviate anxieties. Transparency about what will be valued in the future is key.



In the current environment, the need to think laterally about potential careers becomes acute — displaced workers, if applicable, could be redeployed to support industries with talent needs. Doing so gives people valuable new skills and opens up future career pathways outside their technical background, their company and even their industry. The importance of job-crafting also extends beyond societal needs into engagement levels as employees who shape their own work tend to perform better.

e) Create a culture of change and adaptation within the companies through small scale testing and further implementation based on results

Develop test cases, based on the usage of transformational psychology-based tools and proven technics to induce an attitude change allowing for a consistent transformation in the person and, consequently, on the organisation.

The majority of the managers are trying to survive in these turbulent waters, and in situations of high stress and uncertainty. While it is human nature to turn to the most comfortable and familiar actions, these are not only proven wrong as they do not apply to an everchanging reality. The good news is that the scientists who have been studying motivation have given us a new approach built much more around intrinsic motivation. The approach is founded on the desire to do things because they matter, because we like it, they are interesting and because they are part of something important.

That new operating system for businesses revolves around three elements: **Autonomy, Mastery and Purpose**.

Autonomy: the urge to direct our own lives.

Mastery: the desire to get better and better at something that matters.

Purpose: the yearning to do what we do in the service of something larger than ourselves.

These should be the proposed building blocks of an entirely New Operating System for our businesses.