



The secret to establishing & sustaining a successful presence in Ireland: A powerful Employee Value Proposition

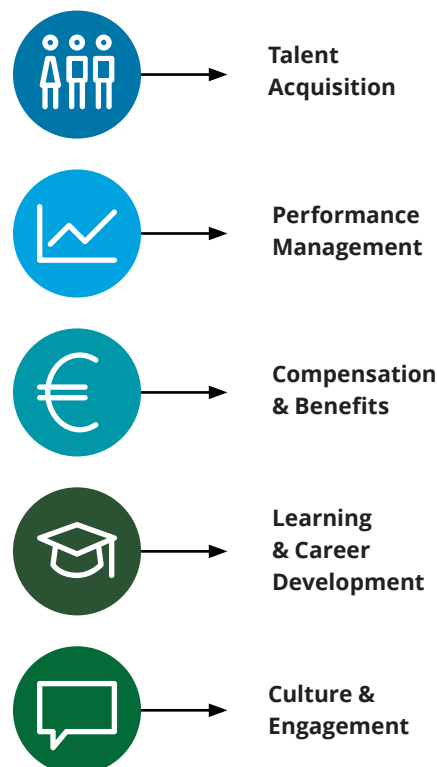
Ireland is a global leader in aircraft financing and leasing. Approximately 50% of the world's leased aircraft are managed or leased through this small, but mighty, island where the presence of top aviation senior leadership coupled with a buoyant economic climate, favourable trading conditions and clear opportunities for local expansion are increasingly attracting emerging aviation leasing companies.¹

A favourable corporate tax regime, double tax treaties, first-rate infrastructure, highly skilled talent pool and rich aviation heritage, are among the reasons why the Irish aviation market has grown exponentially in recent years. Today, Ireland is an unrivalled centre of excellence within the aviation sector.

Ireland is also home to many of the world's top technology companies including giants like Facebook, Google, Apple, Microsoft, LinkedIn, Adobe, TripAdvisor, Airbnb, Yahoo, Expedia and eBay. There is a rich eco-system of high calibre, indigenous businesses and Ireland is a leader in the fintech arena.

Against this backdrop, and coupled with momentum in the Irish economy and increasing FDI, the war for talent is intense. Aviation organisations must consider how to compete for 'hot skills' in their sector now, and in the future. To deliver sustainable competitive advantage, established lessors or those seeking to build a presence in the Irish market, must ensure that their Employee Value Proposition (EVP) (exhibit 1) differentiates their organisation from its competitors. The EVP impacts external and internal talent, influencing why people join and stay, and establishing what the organisation expects of them and what they can expect in return.

The 5 Pillars of Employee Value Proposition



1. Irish Aviation Leasing Report 2017. World Leasing Yearbook, 2017.

The talent and technical skills sought by aviation leasing companies are also in demand in many Technology organisations with EMEA headquarters located in Dublin. These organisations are renowned for their innovative company culture, flexible work practices, leading learning and development programmes and world class benefits.

Deloitte has seen some of the largest global aviation lessors respond by recognising the value of strategic HR across the whole organisation, including at Board and Executive Committee level.

To successfully attract the best talent, lessors must understand how their unique characteristics attract, inspire, motivate, manage, develop and, most importantly, retain their people. By analysing the five EVP pillars, companies in this sector can devise a talent strategy that focuses on what they need to offer candidates and existing employees to achieve a competitive edge. Aviation leasing companies who constantly reframe their EVP are five times more likely to have highly engaged employees and twice as likely to report financial performance significantly above that of their peers.²



2. Employee Value Proposition: Key to getting and keeping the best. Towers Watson, 2012.

Pillar 1: Talent Acquisition

While recruitment is an essential ingredient in building a successful and sustainable business, it remains a challenge for many within the aviation industry. In the past, airline executives typically followed a fairly straightforward career path. However, today, it is rare to see a 40-year airline veteran who has worked their way up in a single airline or lessor. The next generation of executives are millennials who will change jobs and industries throughout their career, bringing a wealth of experience to the table. In fact, millennials, who are already emerging as leaders in technology and other industries, will comprise 75 percent of the global workforce by 2025.³ It is therefore critical that aviation companies established and those setting up in Ireland have a talent acquisition strategy to reach potential employees and activate interest through numerous channels.

An effective talent acquisition strategy is built on three elements: clearly defined roles and skills, effective use of recruitment channels, and the strength of the employer's brand. To achieve business goals, identification of key roles and strategic skills is vital. Organisations must also understand how to use the channels through which candidates are contacted and acquired, including the use of experimental and disruptive tools and technologies to activate interest. Brand strength influences candidates' desire to join or stay with an organisation.

Roles and Skills

- Identification of required key strategic hires. Talent requirements should be aligned to business objectives. It is essential that companies build and monitor their recruitment pipeline carefully to achieve growth objectives and protect against risk.
- Assurance that delegated authority accountabilities are clear and protect the organisation against key man dependency.
- Cross-pollination of knowledge amongst the team to manage flight risk and retain knowledge in the organisation. There is a value in building a culture of learning and development through knowledge transfer.

Recruitment Channels

- Deepening of relationships with selected aviation talent executive search providers to secure access to an addressable market of candidates.
- Creation of a talent targeting strategy to activate passive talent globally and repatriate Irish talent operating overseas.

Employer brand

- Development of an HR marketing channel strategy focused on brand building in Ireland.
- Maintenance of the organisation's online presence with a talent page on the company website providing engaging content that is consistently refreshed and dynamic.
- Monitoring reviews and social media. 72% of employees who have a 'bad candidate experience' share it online on employer review sites such as Glassdoor, social networking sites, or directly with colleagues or friends.⁴

Implementing a comprehensive talent acquisition strategy will enable aviation lessors to gain traction quickly in Ireland and ensure they are well placed to attract the best people. To maintain a sustainable business model, talent should be top of the agenda at all times.

3. 2014 Global Millennials Survey. Deloitte, 2014.

4. Candidate Experience Study. Career Arc, 2016.

Pillar 2: Performance Management

Performance management is the process by which managers and employees work together to plan, monitor and review an employee's performance against work objectives and overall contribution to the organisation. More than just an annual review, performance management is a continuous process of setting objectives, assessing progress and providing on-going coaching and feedback to ensure that employees are meeting their objectives and career goals. Among aviation lessors in Ireland, performance management frameworks typically mirror sector norms, with targets and measures playing a role in evaluating employee performance.

In Deloitte's Global Human Capital Trends Survey 2017, 79% of CEOs identified performance management as an important issue, with the focus shifting from talking about people to talking with people in open conversations. Another study found that 40% of aviation industry employees were not satisfied with their organisation's appraisal system.⁵ Today, with companies evolving to operate as a network of teams⁶, careers and learning have assumed greater strategic importance.⁷ Roles are shifting from 'jobs' to 'work'⁸ and the need to align goals, provide feedback and coach for performance must become a real-time, continuous, multidirectional and non-negotiable process for high performing organisations.

Lessors entering the Irish market should consider their approach to performance management from the outset to meet the expectations of a highly educated and experienced workforce and to match the cultural norms that exist in other organisations. Long established blue chip employers find value in experimenting with new performance management processes, which incorporate regular check-ins and open continuous feedback. With the average lifespan of an organisation on the S&P 500 down from 61 years in 1958 to just 18 years today, many companies see

performance management as a critical pillar in maintaining their competitive advantage.⁹ Consequently, they continuously adapt their performance management frameworks by integrating highly innovative and engaging processes. Aviation companies may see improved performance by replacing cascaded goals that lock employees into a set of activities with a more flexible and transparent approach to goal setting.

Organisations now concentrate on creating a culture of continuous feedback that takes the emphasis off year-end appraisals. As employees seek ongoing feedback on their performance, the manager's role is changing from that of a part time evaluator to one of a full time coach, resulting in more frequent discussions and real-time feedback. These efforts reap real rewards:¹⁰

- 90% of companies that have redesigned performance management see direct improvements in engagement.
- 96% say the processes are simpler as a result of improved performance management processes.
- 83% say the quality of conversations between employees and managers has improved significantly.

The potential rewards for implementing a more agile performance management approach within aviation companies are equally positive, allowing management to identify talent earlier, and implement lateral moves to upskill and retain their key people.

5. Performance Appraisal Management in the Aviation Industry. International Journal of Scientific research and management, 2015.

6. 2017 Deloitte Global Human Capital Trends: Rewriting the rules for the digital age. Deloitte, 2017.

7. 2017 Deloitte Global Human Capital Trends: Rewriting the rules for the digital age. Deloitte, 2017.

8. 2017 Deloitte Global Human Capital Trends: Rewriting the rules for the digital age. Deloitte, 2017.

9. Creative Destruction Whips through Corporate America: S&P 500 Lifespans Are Shrinking. Innosight, 2016.

10. Reengineering performance management: How companies are evolving PM beyond ratings. NeuroLeadership Institute, 2015.

Pillar 3: Compensation & Benefits

A recent survey by Irish recruitment firm Brightwater, identified that base salaries for senior leadership in aviation are higher than in other sectors, ranging from €270,000 to €600,000 per year in 2018.¹¹ Since these salaries are atypical, aviation leasing companies should take a considered approach to balancing their compensation and benefits packages, tailoring them to meet the differing needs and motivations of their employee base.

Most organisations still do not tailor their reward offerings to meet the different generational needs of their workforce. Organisations need to consider that while the basic drivers of retention may remain the same for both millennials and non-millennials, their relative importance varies across different groups. Flexibility in where they work and how much they work are key drivers for the millennial generation who also place importance on their employer's values and Corporate Social Responsibility (CSR) initiatives. Non-millennials place greater emphasis on pay and development opportunities.

A challenge for many organisations is how to positively impact employees' work/life balance. This is particularly true within the aviation sector where a culture of long working hours exists in

key functions. A sustained pattern of long hours, although well compensated, can have detrimental effects on employee physical and mental wellbeing, adversely impacting employees' ability to perform successfully in their roles. Millennials require flexibility in how much they work and, as a result, organisations must adapt their cultures and provide non-monetary incentives to attract talent and retain existing staff. Some of the softer benefits in the market include flexible working arrangements, compressed working weeks, free food and canteens at work, well-being programmes and sports and social offerings. Providing services that make employees' lives easier so they can focus on their work, can achieve long-term benefits for the organisation and contribute to employee engagement and happiness.

Zeynep Ton, a Massachusetts Institute of Technology professor, in her book 'The Good Jobs Strategy' shows that retailers like Whole Foods, Costco, UPS, and Mercadona deliver higher profitability per employee by giving their employees above-average wages and greater control over their jobs. For Costco and Mercadona, this also contributes to above-average employee retention and engagement.¹²



11. Salary Survey 2018. Brightwater, 2017.

12. The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits. Zeynep Ton, 2014.



Pillar 4: Learning & Career Development

Empowering employees to take greater control over their careers and providing opportunities to move laterally throughout the organisation requires continuous learning and personal development to ensure that high standards are maintained. This is especially true in the aviation industry where organisations are evolving at pace and lateral moves are encouraged. The need to invest in employees' people management capability and technical knowhow is constant. New performance management practices and tools facilitate regular discussions about capabilities and skills, helping employees learn where to focus and what learning to adopt while innovative learning solutions create an 'always on' learning environment.

Deloitte research indicates that only a third of millennials believe their skills are fully utilised by their employer while 42% say they are likely to leave an organisation because they are not learning fast enough.¹³ This provides an opportunity for new companies entering the market to attract top talent by developing a strong learning proposition.

The goal for organisations is to create a learning environment adapted to increase employee mobility. This is especially important for aircraft leasing companies who operate out of, and communicate with, countries around the globe. Interdisciplinary skills are increasingly important in networks of highly agile and adaptable teams. A culture where learning is curated by everyone fosters knowledge transfer and builds a highly skilled organisation where employees feel valued.

The capability of the senior leadership team is also very important. As leadership roles evolve, they are becoming ever more digitally focused and team centric. Leaders must develop a pipeline of talent with the skills to drive future business success. Today only 5% of companies feel that they have strong digital leaders in place.¹⁴

Leadership development is critical within the aviation industry where companies tend to have a flat structure and are have relatively immature learning functions. Employees can be promoted quickly and awarded with accountability early in their career. Many local lessors have dedicated coaches for their executives and invest significantly in leadership development programmes. Deloitte predicts this trend will continue, supported by machine learning and AI technology.

Tips for organisations operating in Ireland include:

- Evaluate internal mobility: As the demand for cross functional teams continues to rise, organisations need to look at internal mobility programmes, including developmental and professional rotations.
- Review the organisation's job architecture: Be sure it is as nimble and streamlined as possible to support future career models.
- Refocus the Learning & Development team: Move away from training towards curation, culture and bringing people together.

Companies such as Nestlé, Dell, and Visa who focus on collaboration, leadership development, and cross-functional innovation are reaping the benefits.¹⁵ As people become more dynamic in their careers, the need to build relationships and community connections will drive performance and innovation. Consequently, aviation companies entering the Irish market should create an environment where employees constantly learn and relearn.

13. The Millennial majority is transforming your culture. Deloitte, 2016.

14. 2017 Deloitte Global Human Capital Trends: Rewriting the rules for the digital age. Deloitte, 2017.

15. 2017 Deloitte Global Human Capital Trends: Rewriting the rules for the digital age. Deloitte, 2017.

Pillar 5: Culture & Engagement

Company culture is a critical factor in the success of local lessors. It has a direct enabling impact on an organisation's strategic growth agenda and can determine success or failure during times of change. Across the globe, culture is now seen as a potential source of competitive advantage. Zappos, a company that prides itself on culture as strategy, uses its 10 core values to assess people for cultural fit in the early stages of the recruitment process.¹⁶ This assessment helps Zappos achieve a high level of employee engagement and retention and maintain its reputation as one of the best customer-service providers in online retail.¹⁷ Establishing a mission, purpose and value system is an essential ingredient in sustained success and measurable performance.

People

Culture plays a defining role in enabling employees to share a sense of purpose. Deloitte's Core Beliefs & Culture Survey found that 82% of respondents who work for an organisation with a strong sense of purpose are confident that it drives significant business growth and fosters a thriving business community. The same survey found that organisations with a strong sense of purpose are also more likely to embrace diversity and differing opinions, encourage innovation among employees, and provide the tools and resources for employees to realise their full potential.¹⁸

Customers

An organisation's ability to differentiate itself in the marketplace through the experience it offers customers is strongly influenced by culture. Without a strong culture, employees may have different ways of working which can negatively impact customer experience.

Talent

As mentioned, by 2025 Millennials will make up 75% of the global workforce.¹⁹ To be able to grow and innovate, organisations must appeal to this hyper-connected and discerning cohort. Deloitte research shows that millennials are influenced by an organisation's

leadership and culture when choosing a prospective employer. The Deloitte Ireland Millennial survey found that 45% of respondents would reject leaders who take controversial or divisive positions. This aligns closely with the Chinese social philosophy of Guānxì, which emphasises implicit mutual obligations, reciprocity, and trust. It is similar to the western belief that trust facilitates interpersonal relations and that there is benefit in establishing a social network that you can trust.²⁰

When deciding on the organisations they want to work for, today's employees look for opportunities that not only add credibility to their CVs but also offer enjoyment. Within the aviation industry in Ireland, Deloitte found that employees enjoy working co-operatively in a flat organisational structure where they are exposed to cross functional teams, and have the autonomy to show initiative and 'get ahead'. They seek organisations that offer interesting challenges, career development, and a working environment that emphasises their well-being and that of the wider community. 51% of Irish millennials report that their organisations offer opportunities to get involved with charities or good causes at work. Volunteering with charities and participating in CSR activities, boosts millennials' sense of empowerment. This is an important point for businesses to acknowledge as it offers a platform from which to build each employee's sense of purpose and contributes to a more engaged workforce.²¹

As organisations continue to adapt to meet the complex challenges in today's business climate, employee experience becomes both more important and more complex. By focusing on their employee experience, lessors can improve engagement, empower teams and leaders and develop workforce solutions that attract and retain employees. A culture of trust, collaboration, excellence, performance, ambition and entrepreneurship is no longer just nice to have, it is essential.

16. Zappos family core values. Zappos, 2017.

17. The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits. Zeynep Ton, 2014.

18. Deloitte 2014 Core Beliefs & Culture Survey. Deloitte, 2014.

19. 2014 Global Millennials Survey. Deloitte, 2014.

20. Focusing on Relationship Dimensions to Improve the Quality of Chinese-Western Business-to-Business Exchanges. Total Quality & Business Excellence, 2007.

21. Deloitte 2017 Millennial Survey Corporate Executive Board. Deloitte, 2017.

Bersin by Deloitte: Simply Irresistible Organisation™

Deloitte's Simply Irresistible Organisation model summarises the key components of engaging employees across the generations.

Simply Irresistible Organization™ model**Meaningful work****Supportive management****Positive work environment****Growth opportunity****Trust in leadership**

Autonomy	Clear and transparent goals	Flexible work environment	Training and support on the job	Mission and purpose
Select to fit	Coaching	Humanistic workplace	Facilitated talent mobility	Continuous investment in people
Small, empowered teams	Investment in development of managers	Culture of recognition	Self-directed, dynamic learning	Transparency and honesty
Time for slack	Agile performance management	Fair, inclusive, diverse work environment	High-impact learning culture	Inspiration

Cross-organisation collaboration and communication

Culture remains one of the most important business topics of 2017. CEOs and HR leaders now recognise that culture drives people's behaviour, innovation, and customer service with 82% of leaders believing that "culture is a potential competitive advantage."

Looking ahead

Ireland is a very attractive landscape for aviation lessors, but to succeed in a competitive marketplace, it is vital to have a clear and visible EVP. There is no 'one-size fits all'. It is advisable to review each EVP pillar and develop a sustainable model which works for employees and is aligned to the organisation's strategy and goals. Aviation senior leaders should ask themselves the following questions:

- Do I understand my current organisational culture, how attractive it is to employees and how representative it is of the culture I wish to realise in the future?
- What critical factors in my organisation ensure my people's success?
- What is the cost (or opportunity cost) if I do not invest in our EVP?
- Can I risk not attracting the best talent in the market and/or losing existing talent within my organisation?



Case Study:

A large global aviation lessor was keen to capitalise on the benefits that Ireland has to offer as a prime location with an unrivalled talent pool and positive business conditions. They sought advisory support from Deloitte for their talent management, remuneration and reward, and organisation design. Our objective was to support the organisation's growth aspirations and cement its position as a leading Chinese lessor with a foothold in the Irish market. We conducted a Talent management Strategic Advisory review and implemented a solution that provided the client with the information and insight required to develop their Employee Value Proposition, Talent Strategy and Organisation Design so as to achieve their strategic intent. We also identified a number of actionable next steps with Human Capital to support them in evolving their journey.



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