

# Case Study

## Aer Lingus Strategic HR

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## Background

Aer Lingus, a national airline of just under 4,000 employees turning over about €1.2 Billion, was striving to stay ahead in a ferociously competitive market.

It was aiming to maintain the high standards of service associated with much larger flag carriers at the same time as competing on price with budget airlines.

## Brief

Operating losses in 2008 and 2009 led to a major turnaround effort.

In addition to a full-scope HR Outsourcing project, HR was tasked with reinventing itself to provide strategic support to a culture-led, change-orientated service company.

The brief was to make a step change based on pragmatic "Strategic HR" tools and processes suitable for a mid-size company. The "Strategic HR" project was to run in parallel with, and complement an HR Outsourcing project.

## Analysis

The business wanted HR to become "more strategic", and, not untypically, this proved to be shorthand for:

- Provide more "business consultancy support",
- "Identify and manage Talent" and
- Get better at "leadership development".

### HR at the Coal Face

The call for consultancy support reflected the organisation's desire for HR to support change and employee engagement within the main operational management teams.

HR was needed not merely as a central hub providing corporate decision guidance and Labour Relations expertise; it was also needed to help drive local improvements in productivity, quality and customer relations.

### Consultancy Skills

Providing the level of consultancy required meant giving HR staff new opportunities and offering training where it was required.

Unusually, the skills inventory pointed to high levels of commercial awareness in HR because of a high proportion of HR staff having operational backgrounds.

However, there were fewer professional HR qualifications than expected. Also, established roles offered much more experiences in administrative, delivery-based functions rather than first-principle, HR solution design and business strategy.

### Talent Management

Specific Talent Management responsibility had not been assigned and there were insufficient resources to design and implement a Talent management solution.

## Local Training Approach

Learning primarily responded to demand and concentrated on generic "white collar" skills training and senior management courses.

All other training was locally managed, leading to local training records, systems and even training course codes and limited budget and quality coordination. Purchasing too was locked out of the training process, leading to risks of course proliferation, supplier bias and uncompetitive pricing.

## Organisation Capability

The focus on Learning without Talent Management meant that there was not one, integrated solution for developing & deploying people.

The capability of the organisation was assured because of local devotion to extremely high levels of professional competence but these efforts were not being coordinated and optimised.

There were environmental facts-of-life which tended to minimise HR influence:

- Professional certification was highly regulated.
- Accountability for competence in critical areas was legally mandated.
- Training was business critical.
- Training planning in operations was integral to shifts and rosters.

The environmental factors were both a challenge to HR and an inspiration. In many companies HR argues that professional learning and skills matter and no one listens. Yet, in Aer Lingus, the argument was won - training truly did matter a great deal. The problem was that each department thought that training mattered far too much to hand it over fully to HR.

The solution was for HR to act as the guardian of organisation capability. This meant:

- Pointing the skills and workforce analytics towards the future.
- Providing systems support and an online user interface.
- Implementing one-company processes.
- Offering practical development tools & solutions.
- Coordinating financial value.

It did not mean wrestling responsibility for professional competence away from the line where it belonged.

## Leadership Development

Leadership Development was well catered for at senior levels. Leadership values had been defined and an objective setting process had recently been installed. High value and high investment courses for senior managers had also been identified.

The focus at senior levels, however, left unclear the development route for preparing senior leaders. There was an assumption that senior leaders had done the ground work and just needed topping out. Whilst the assumption might have been correct, it was accepted that there was no need to assume such things when planned development could ensure it.

## Performance Management

The performance management process, though launched, was experiencing limited take up and suffering from lag. The conformance analysis revealed initial completion,

without progress chasing, to be lower than half. The lag started with corporate objectives and running through to individual objective-setting could run as high as 5 months off the actual performance year.

## Solution

Every renewal starts with aligning HR with business strategy. However, in Aer Lingus, the clear goal was to get tools and processes working smoothly together rather than over-cook "strategy".

### HR Organisation Structure and Staff

A few strategic hires were recruited into the HR department to bring a balance between commercial awareness and professional HR skills.

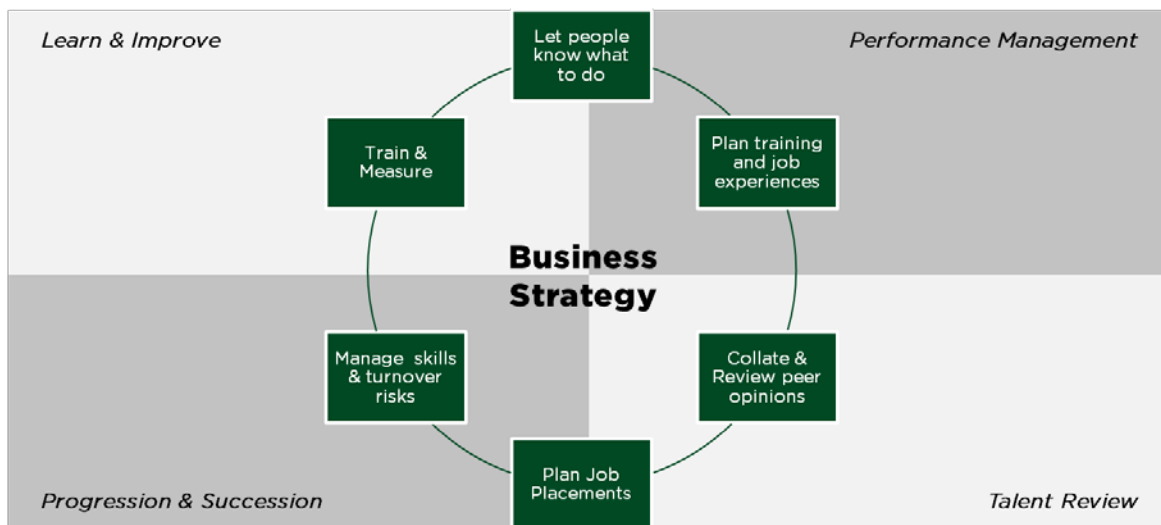
At the same time, each of the main operational management teams were assigned a HR generalist to bring change and engagement expertise into the heart of operations thinking and planning.

### People Development Cycle

An annual People Development cycle was designed which incorporated Performance Management, Talent Management and a redesigned Learning Management processes into an integrated, repeatable solution.

The solution retained the simplicity of 6 core People Development actions (Fig. 1.).

Figure 1 People Development Cycle



The cycle allowed for Performance Management to flow into Talent Reviews which in turn flowed into Progression and Succession, then into Learning and Development planning before beginning again.

In Aer Lingus the Talent Review solution employed a 9-Box distribution method coupled with Peer Review. Data to support reviews came largely from the Performance Appraisal process.

Progression and succession allowed for both informal aspirational planning by managers and employees coupled with formal planning sponsored by HR. Any progression data was fed into Talent Pools from which succession could be planned.

The Learning solution revolved around planned catalogue management linked to an organisation competence framework. In essence, posts could be assigned a competence profile and a competence reference could be assigned a training solution.

### Training Catalogue Management

Without getting bogged down in detail, the idea was to get away from responding to training needs in an ad-hoc way.

Training needs were managed by referencing the framework and catalogue. If not provided for, they were incorporated into the framework and a course was added to the catalogue, thereby ensuring that any need and any solution was only processed once, and thereafter became a permanent solution.

The training catalogue also simplified organisation oversight over training quality and spend. In principle, training could only be booked from the catalogue. To be included in the catalogue, a course and course provider would be approved through standard HR, Finance and Purchasing controls.

### Professional Competence

The Competence Framework was designed to underpin organisation capability, and, in this regard, was more complete than frameworks focused on leadership behavioural competencies alone.

It comprised of typical leadership and business skills competencies, and also function-specific, professional competences (Fig. 2.).

*Figure 2 Functional Competence*

Functional Excellence	4 Levels
The foundation of functional development is technical expertise. This is the path through which colleagues learn the skills, knowledge and behaviour to accomplish their function specific jobs and gain relevant qualifications	Range from the primary skills and knowledge of the profession to the mastery exhibited by very few leaders in the field

By devising professional functional training curricula, HR was using its expertise to underpin principles that were important to the Line; rather than just peddle HR theories about "management behaviours".

### Leadership Development Programme

A structured Leadership Development Programme was implemented to address key behaviours early in careers and ensure that there were planned interventions at key times in people's careers.

Therefore, both Supervisor and Manager Development courses were introduced which built upon each other and fed into the senior leadership training that already existed.

### HRIS

All of the new People Development processes were underpinned by a new HRIS with integrated Learning, Talent and Performance Management with Payroll HR Administration and Recruitment.

## Implementation

### Alignment with Outsourcing

The renewal of HR's core strategic processes went hand in hand with the parallel outsourcing project.

Both were planned so that the design of core process could inform the build of the system and so that key functionality such as the competence framework could be completed in time to be incorporated in the systems solution.

### Putting the People in Place

The first step was to get HR's strategic hires into place and to organise the functions that were not being outsourced into specifically tasked HR groups.

One of the retained groups comprised of Learning, Talent, Performance Management and Leadership Development and was tasked with the Organisation Capability brief.

### Starting Talent Management & the LDP

Performance Management had commenced in the previous year and in its second iteration focused on increasing participation and timeline conformance.

The new Talent Review and Progression & Succession Planning processes were implemented using paper documentation and reports.

However, the process steps, dialogue and content were exactly the same as would be implemented after online functionality was delivered by the parallel HRO project.

The Leadership Development Programme was started early in the transformation to get a head start on the learnings that needed to be practiced over time. The programme was established as a long term solution to management training which would continue well beyond the immediate change window.

### Introducing Competencies

The new Framework was introduced with the second iteration of the Talent Management cycle.

However, to prevent the Performance Management Process becoming bogged down in competencies, only the business and leadership competencies were assessed during performance review.

The Functional Competencies were left as development tools for when the Training Catalogue and HRIS were deployed.

### Learning Management System

The deployment of the new HRIS coincided with transfer of payroll to the outsourced provider and included the Learning Management System.

This allowed the Training Catalogue and Competency Framework links to the Training catalogue to be launched.

### Online Talent Management

Lastly, after self-service had been stabilised and HRIS functionality had been enhanced to incorporate the "To-Be" Talent Management design, Talent Management tools were implemented on line.

## Conclusion

Aer Lingus has benefited from a willingness to embrace change which is business-aligned, farsighted, holistic and qualitative. It has rejected short cuts and recognised that foundations must be put in place before capability can be built, and that capability itself is nurtured in layers. Aer Lingus recognised too the role that leadership development plays without relying on it being the only thing to bring about change.

Our top 5 Learnings from delivering HR Transformation in Aer Lingus are:

1. The entry of strategic hires needs to be carefully handled. The blend has to be right and the "feelings" of all parties have to be taken into account.
2. The "professional" skillset can be sub-optimised in consultancy roles. As things turned out, it often coincided with an interest in HR processes which could have been successfully used in central policy roles as opposed to business consultancy. On the other hand, the strong, commercial awareness of established HR staff was sometimes a great success in consultant roles.
3. There was unexpected resistance to the idea of developing a functional competence framework. Ironically, whilst this was manageable amongst Line managers, the place it was least manageable was within HR itself. On the one hand, there was a simple difference of opinion. On the other hand, there was a level of attachment to "leadership behaviours" that prevented consideration of the practical application of functional competence even when the customer was asking for it.
4. There may be a wider question concerning the professional education given to HR staff early in their careers which is giving more credence to a professional body of knowledge. Whilst generally speaking this is a good thing, a preoccupation with "best practice" in a field that undisputedly has no clear grounds for absolutes, can blind HR to legitimate business needs.
5. Fear of misuse by a minority of employees can cause some elements of transformation to be regarded as a "step too far". This fear tends to affect practices where employees are empowered with responsibility for self-development and learning management. When not managed, this Bad Apple Syndrome can lead to the organisation watering down its vision rather than address the misuse.

#### Authors

The author of the study is Rich Hodge of Debunk who led the design and implementation of Halfords' Performance Development Process.