

Navigating New Expectations to Shape the Next Normal

Airlines are simultaneously navigating the immediate impacts of COVID-19 on their business and working to position themselves for the “next normal”



Operational Downsizing

While demand slowly returns, airlines must contend with potentially significant downsizing and handling excess capacity as 2019-level load factors aren't expected to return for another 2-3 years



Pervasive Health Concerns

With customers' and employees' increased attention on health and safety, airlines must adopt new activities and adapt to the shifting role of the airline



Accelerated Digital Adoption

Economic and operational constraints have resulted in a sudden and immediate need to accelerate digital solutions – particularly ones that enable touchless self-service-gearred journeys



Shifting Customer Expectations

Norms around corporate responsibility, operational transparency, and individual customer choice are rapidly shifting with evolving regulations and consumer sentiment



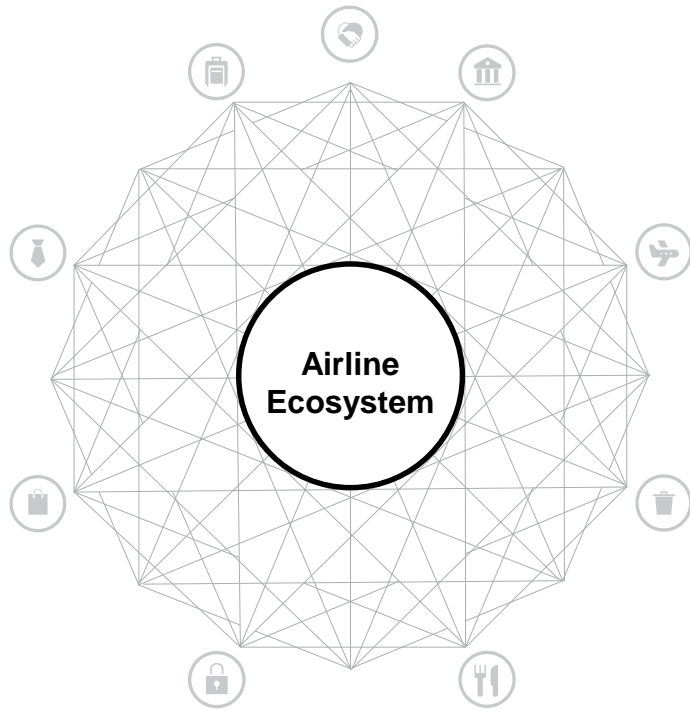
Evolving Regulations

Government regulations and restrictions will have ripple effects on airline operations and culture in the short and long term










While COVID-19 was the disruptor this time, airlines can seize this opportunity to fundamentally re-think the business from the ground up in order to thrive in the “next normal” and face future disruptors

Rising to Challenges Together with the Airline Ecosystem

Airlines and their partners will need to determine how they collectively adapt to the “next normal” of passenger and employee expectations








What could be in store for
SELECT AIRLINE RELATIONSHIPS

REGULATORS	 Airport Authorities	Airports and airlines should continue to operate in lockstep to ensure the health and safety of passengers and employees, and may explore how they accelerate the deployment of biometrics, thermal imaging, and contactless self-service technology (e.g. grab-n-go food options, self-cleaning toilets).
	 Aviation Security	Aviation security bodies (e.g. TSA, CBP, FAA) will focus on setting necessary regulations, working with airlines to build up data-sharing capabilities, accelerate the deployment of biometrics and contact tracing technologies, and develop coordinated playbooks for future disruptions.
VENDORS	 Aircraft Design	Aircraft cabin designs may place greater emphasis on premium cabin space to drive greater revenue, or be reimaged to allow for a flexible mix of passengers and cargo as demand for each fluctuates.
	 Aircraft Sanitation	Airlines may seek to increase oversight over sanitation and other vendors to ensure potential mandated sanitation requirements are properly met.
	 Catering Services	A low- or no-contact journey may drive reduced inflight food and beverage service, placing greater emphasis on airport lounges or restaurants service. There may also be an increased emphasis on food safety and associated packaging, and having passengers order food/beverages from their seats.
	 Workplace Security	Airlines will need to work with security vendors to expand safety and security measures as appropriate (e.g. thermal imaging screening, contact tracing) without fostering a culture of fear or distrust.
PARTNERS	 Airport Retailers	Airlines may expand their relationships with airport restaurants and retailers to drive revenue while decreasing contact (e.g. allowing customers to purchase goods on board and pick up at the destination airport, providing restaurant discounts/vouchers for loyal/premium passengers).
	 Corporate Travel	As businesses around the world reevaluate travel policies, airlines could work with corporate travel procurement groups to adjust incentives or offer vouchers for future use to help smooth out demand fluctuations.
	 Alliances and Partnerships	Airlines' partnerships with other airlines (e.g. alliances and JVs) and travel and hospitality companies (e.g. hotels, car rental) could grow beyond customer loyalty to include efforts to hold each other accountable to heightened health and safety standards (e.g. reciprocal sanitation endorsements).

Communication, collaboration, and coordination across the ecosystem will be vital; players should not go at this alone

Imperatives for Airlines to Recover & Thrive

As airlines prepare to transition to recovery, they can purposefully challenge longstanding orthodoxies and embrace the following imperatives to guide their efforts – all in coordination with their ecosystem partners.

Imperative	How might the imperative challenge <i>pre-COVID orthodoxies</i> ?	What questions can airlines ask themselves to <i>act on the imperative</i> ?
 Broaden the Culture of Health & Safety	Passenger and employee safety will no longer be primarily focused on physical security, and regulations will likely cause both short and long term operational shifts.	<ul style="list-style-type: none"> • How might new regulations impact existing practices and routines? • How should both customer and employee preferences and expectations around wellness and safety drive products, services, and routines? • What is our role and responsibility in protecting global public health as well as passenger and employee physical safety?
 Quickly Ramp-Up to Productivity while Building Organizational Agility	As productivity takes on a new meaning, airlines will likely need to rethink their decision-making structures, metrics for success, and talent models to become more nimble without compromising the core culture.	<ul style="list-style-type: none"> • How can we leverage workforce analytics and the open talent market to build a more agile organization that can respond to and anticipate evolving customer needs? • How should we re-engage our previous workforce in collaboration with labor groups? • What additional talent should we seek to address skills gaps created by new work outcomes? • Who should make decisions and how can we accelerate decision-making? • How did the airline's culture help or hinder its response during the crisis and what cultural norms will be required to be successful in the future?
 Identify Capabilities to Retire, Accelerate, Enhance, or Outsource	Organizational capabilities will no longer be based on filling open jobs within the existing structure, but rather on how to adapt to produce outcomes needed from people and technology.	<ul style="list-style-type: none"> • How has the customer journey evolved, and what work should stop, start, or continue, accordingly? • Given new work outcomes, where are there skills gaps and what skills are no longer needed? • How will downsizing shift the balance between a highly specialized vs. a cross-educated/utilized workforce? • As the regulatory environment shifts, what capabilities might airlines need to build up?
 Rethink Workplace Strategy	While emphasis on contactless service grows and regulations reshape both passenger and employee interactions, so too does the need to evaluate <i>where</i> work happens and how that impacts face-to-face engagement across aircraft, airports, and offices.	<ul style="list-style-type: none"> • How should the airlines' variety of work spaces (airplanes, airports, hangars, etc.) adapt to the next normal? • Which jobs and tasks can shift to remote work or touchless customer self-service? • Given a refined workplace strategy, what value does physical office space drive?
 Invest in Cognitive Automation & Digital Enablement	Technology investments will expand beyond driving cost reductions, creating incremental efficiencies, and helping fulfill current job needs to enabling contactless journeys and the redesign certain jobs.	<ul style="list-style-type: none"> • What can be automated now to reduce human-to-human contact? • How can digital enablement drive enhanced customer and employee experiences? • With work becoming increasingly digital, how should we adjust our workforce strategy and redesign certain jobs?

Relying on how things have “always been done” will not be possible as the world shifts to the *next* normal, not back to business as usual

Future of Work: “The Future is Now”

As airlines navigate the COVID19 pandemic and take action towards the five imperatives, there are key considerations across work, workforce, and workplace; different approaches and tactics to be considered across core functions; and varying levels of priority

FUTURE OF WORK DRIVERS

Work

How the nature of work is changing to achieve new business goals, requiring new human and technological capabilities and new ways of designing work?

Workforce

What skills are needed to perform the work as it changes and how organizations can close talent gaps by building (upskilling current), buying (acquiring new), or borrowing (tapping alternative workforces)?

Workplace

Where the work can get done and how we can maximize collaboration, productivity, and consistency with physical design and technologies while building the culture and workforce experience needed to drive the strategy?

AUDIENCE



On the Ground

Airport-based workforce
(e.g. ramp crews, customer service agents, maintenance & engineering)



In the Air

Airplane workforce
(e.g. pilots, flight attendants)



In Office

HQ, supporting functions, and other office-based roles
(e.g. contact centers, reservation agents, network planning, loyalty)

PRIORITY



Recover: Critical to Consider in Restarting Operations

Address gaps revealed when responding to COVID19, effectively restart operations, and ensure both passengers and employees feel safe returning




Thrive: Evolve & Accelerate Longer-Term Growth

Tackle new post-COVID19 realities and position the organization for longer-term growth

Imperatives in Action: Reimagining Key Roles

Considering the disruptive nature of the imperatives for recovery and resiliency, opportunities for automation, enabling technology to facilitate remote work, and the ability to access talent in new ways, airlines can seek to reimagine several core roles





How might the imperatives transform
SELECT AIRLINE ROLES

Imperatives Driving Transformation	 Data Analyst	 Flight Attendant	 Customer Service Agent	 Maintenance Technician	 Ramp Crew Chief
 Health & Safety	Risk analysis based on internal and external data	Front-line focus on health and safety protocols	Emphasis on decreased human-to-human contact	Empowered with operational and health & safety information	Empowered with tools to decrease safety risk
 Ramp-Up to Productivity & Org. Agility	Real-time information sharing with front-line	Leverage the most up-to-date information	Reduction of rote, mundane work	Faster response and resolution capabilities	More secure and punctual operations
 Retire, Accelerate, Enhance, or Outsource	Enhancing new analytical capabilities	Enhancing the customer experience	Accelerating touchless self-service and outcome focused activity	Accelerating the “connected warehouse” concept	Enhancing capability for real-time coordination and decision making
 Workplace Strategy	Can work anywhere it is most strategically advantageous	Critical to the customer experience in the air	Ability to flex between ticketing and gate	Can more quickly move to where work is needed	Integrate the work between warehouses, terminal, and operations
 Cognitive Automation & Digital Enablement	Provides data analytics and predictive modeling	Empowered with new tools	Helping customers use their own mobile devices for self-service	Leverage technology to predict maintenance needs	Improved technology to enable better coordination







Sample Role Profile: Customer Service Agent (gate/ticketing)

PRE COVID-19

 WORK	<p>Role Profile & Tasks: Provide safe hands-on support for passengers in airports Tasks: support safe and timely check-in, boarding, and deplaning processes at their station through face-to-face customer and crew interactions</p>
 WORKFORCE	<p>Work Outcomes: Passenger journeys with frequent agent contact, high usage of shared technology platforms (e.g. check-in kiosks, boarding pass scanners) and some usage of personal devices</p> <p>Skills: Interpersonal skills, teamwork, basic medical training, use of airport legacy technology at check-in counters and gates</p>
 WORKPLACE	<p>Talent Options: Full-time employees who are directly employed by the airline</p>
 WORKPLACE	<p>Location: Check-in counters and gates</p> <p>Tools: Computer, local servers, limited network integration</p>

POST COVID-19

 WORK	<p>Role Profile & Tasks: <i>Enable safe and healthy passenger touchless self-service</i> in airports Tasks: deliver on <i>expanded health & safety measures</i> through <i>decreased human-to-human interactions</i> (e.g. increase self-service for bag tagging and drop off) and <i>increased use of technology</i> to automate routine tasks and enable personalized service (e.g. helping passengers use their own mobile devices to check-in via remote screen access)</p>
 WORKFORCE	<p>Work Outcomes: Passenger journeys with <i>minimal agent contact</i> and <i>increased use of personal devices</i>, and <i>agent usage of technology</i> to deliver safe and customized experiences</p> <p>Skills: Less emphasis on routine tasks (e.g. scanning boarding passes) and human-to-human interactions <i>More emphasis on</i> using / navigating technology (e.g. tablets with insights on passenger needs and preferences) to deliver safe, personalized, and consistent passenger experiences with empathy (e.g. handling complex health conversations)</p>
 WORKPLACE	<p>Talent Options: Potential <i>mix of full-time employees</i> who are directly employed by the airline, <i>remote or outsourced support agents</i> to provide on-demand troubleshooting, and <i>part-time employees</i> who serve multiple airlines at the station thanks to alliances/JVs</p>
 WORKPLACE	<p>Location: <i>Check-in "areas"</i> and gates, and <i>possibly remote support</i></p> <p>Tools: <i>Handheld device</i> with access to comprehensive real-time data (e.g. contact tracing) <i>enabled by cloud server</i></p>

Core Considerations

Given the unique environment airlines operate in, there will be several considerations they need to keep top of mind when taking action towards the imperatives



Broaden the Culture of Health & Safety



Quickly Ramp-Up to Productivity while Building Organizational Agility



Identify Capabilities to Retire, Accelerate, Enhance, or Outsource



Rethink Workplace Strategy



Invest in Cognitive Automation & Digital Enablement



CONSIDERATIONS ACROSS ALL IMPERATIVES

Ecosystem Coordination

How can airlines and their partners increase communication and collaboration to drive coordinated action?

Union Engagement

How can airlines consult with labor groups at both the local and national levels to ensure the wellbeing of their employees?

Contractor & Vendor Oversight

How can airlines ensure their contractors and vendors meet the elevated safety and health standards that will likely be required in the next normal?

International Implications

What efforts might airlines be able to test domestically before rolling them out internationally, and vice versa?

“Co-opetition”

How can airlines compete effectively while also seeking opportunities to band together to drive safe, healthy, and efficient operations?

Getting Started

With the core considerations in mind, airlines can begin to take action toward the imperatives to recover and thrive

RECOVER

Immediate Opportunities

- Assess the **Voices of Customers and Employees** to understand future-state expectations and pain points – and understand how mitigation tactics will affect employees’ duties and work experience
- Determine which **capabilities are broadly applicable and available** in the organization, and identify work groups for potential temporary/ permanent redeployment
- **Ignore “the way we’ve always done it”**: Take stock of the assumptions that have guided routines and processes to-date—then discard what doesn’t serve your future needs
- Accelerate app development/ deployment to increase opportunities for **customer and employee touchless self-service** (e.g., processing checked bags before arriving at the airport; pre-ordering in-flight meals)
- Deploy **Unconscious Bias** trainings to guard against threats to diversity & inclusion efforts

Mid-Term Prospects

- Invest in **process automation** most critical to near-term business success
- Identify opportunities to rethink **organizational structures** to enable rapid, coordinated, and clear decision-making and redeployment of resources
- Begin transformation from on-premises to **cloud computing**, including investments in security, infrastructure, cloud service, and talent
- Inventory existing **data types and sources** (e.g., customer buying patterns, weather, historical performance; from customer interactions, outside sources, airport records) and a roadmap for robust **information management and data integration** processes and application
- Implement **robotic process automation** wherever feasible and cost-effective, particularly for cleaning and sanitation purposes

THRIVE

Long-Term Plays

- Continually re-evaluate and revise **risk mitigation** playbooks, to enhance organizational ability to respond
- Explore large-scale, end-to-end **business transformation** (i.e., HR, IT, Finance) to streamline operating models. reduce redundancies from legacy business units, and drive long-term organization effectiveness

Regardless of where airlines find themselves on this journey, airlines must fundamentally redefine their business to thrive in the “next normal” rather than simply re-tooling what they have today

Contacts



Charlie Buchanan
Airlines FOW Lead
cbuchanan@Deloitte.com



Lauren Mann
Airlines FOW SME
laurenmann@Deloitte.com

Development Team: Rebecca Anderson, Steph Charouk, David Hasenbalg

SME Advisors: Jack Appelbaum, Candice Irvin, Anthony Jackson, Liz Krimmel, Bryan Terry

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the “Deloitte organization”) serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 312,000 people make an impact that matters at www.deloitte.com.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

© 2020. For information, contact Deloitte Global.