Aer Lingus Recruitment Initiatives 2011

Predicting fit and hiring of cadet airline pilots and engineering apprentices

Maura Cassidy & Linda Byrne - Aer Lingus – People & Change - Thursday 22\textsuperscript{nd} March 2012
Agenda

- Background & Story of Aer Lingus
- What are the talent challenges facing the airline?
- Why are the cadet pilots and apprentice engineers so important?
- How do we organise our approach to these hiring processes?
- What did we find out on our journey in 2011
- What worked well and what is learned for the future
History

- Aer Lingus was established in April 1936, sponsored by the Irish government, with the primary aim to provide and develop an air transport service that is safe, efficient, reliable and profitable.

- The name Aer Lingus is an Anglicisation of Aer Liongeas, which translates as Air Fleet.

- On May 27th 1936 a six seater De Havilland Dragon Bi-Plane inaugurated the first and only route from Dublin to Bristol, carrying a full load of five passengers!

- The aircraft is named “Iolar” the Irish for Eagle and carried the registration EI ABI.

- In September 1936 a second aircraft joins and begins a regular service between Dublin and London. Aer Lingus and its tiny staff of 12 carried 892 passengers on its services in the first year. Today we have 3636 staff and over 10 million passengers.

- One of the most significant events in the history of Aer Lingus was in 1979 when a special charter carried Pope John-Paul II from Italy to Dublin and then from Shannon to Boston. It was the first time a Pope had flown on any other airline except for Alitalia, Italy’s national carrier.
Who is this German Guy?
Cost effective network extension through partnerships

<table>
<thead>
<tr>
<th>Partner</th>
<th>2009</th>
<th>2010</th>
<th>Growth %</th>
<th>2011</th>
<th>Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inter-line passenger volumes</td>
<td>629</td>
<td>693</td>
<td>10.2%</td>
<td>789</td>
<td>13.9%</td>
</tr>
</tbody>
</table>

¹ Excludes intra Aer Lingus network transfers

Mutual benefits for both parties

- Franchise agreement on thin and new routes
- 88% increase in passengers carried in 2011
- Proven business model with further geographical and partnership reach

- Code share agreement on all Aer Lingus flights between Ireland and London for connecting passengers

- Code share agreement on routes from Dublin and Cork to Amsterdam
- Interlining agreements for transfers via Paris CDG

- Code share and interlining agreement between Ireland and the US and selected domestic routes
- 41 destinations in USA and Canada

- Sales agreement allowing Aer Lingus passengers to connect to 37 US points via Boston & New York & also allowing jetBlue customers to connect onto Aer Lingus transatlantic
European Route Network
Our Routes from Dublin to North America
Current trading & 2012 outlook

• Encouraging start to 2012, especially on long haul bookings

• Key challenges:
  • Fuel price inflation likely to be a key source of uncertainty
  • Increasing passenger volumes will be hard given muted markets
  • Higher yield per seat across the network will be difficult to achieve

• 2012 expectation: to remain significantly profitable albeit below 2011 levels
Commercial strategy in 2012

Components

- Network planning
- Fleet
- Retail
- Revenue management
- Multi-channel distribution
- Strong partnerships

Achievements

- Profitably matching capacity with demand
- Serving multiple different markets simultaneously
- Clearly differentiated customer proposition: “Great care. Great fare.”

Results

- Competitive value proposition
- Revenue growth
- Above industry average operating margin

Driving business performance in 2012
A picture paints a thousand words

– http://www.youtube.com/watch?v=H7FoVu73SbM
What are the talent challenges facing the airline?

- Future proof staffing levels of Aer Lingus pilots and engineers
- Combat severe competition with larger airlines for qualified pilots & engineers
- Global shortage of qualified Airbus pilots
- Create a pool of “Aer Lingusised” staff who will choose to stay with Aer Lingus as a employer of choice for their career. Competing with other large brands for a mobile well paid workforce.
- Acquiring, growing and retaining talent long term
- Pre 9/11 Aer Lingus invested in cadet pilots and apprenticeships annually. It’s 12 years since we last ran a Cadet Programme and over 20 years since we last recruited apprentice engineers. Our Chief Pilot, Ms Davina Pratt and our Chief Operating Officer, Mr Fergus Wilson both came through a cadet /apprenticeship programme
Why do we need to focus so carefully on our process?

• As you saw from our history we were owned by the Government up until 2006. The Government still owns 25% of the Company but sometimes it feels like they still own 100%. Our biggest rival Ryanair owns 29%.

• The general public also feel that they deserve a voice in all matters concerning the Company. They are regularly on National Television and Radio airing their views.

• Aer Lingus is a household name in Ireland and is an Employer of choice. We have strong domestic appeal and growing international appeal.

• It was imperative that we conducted open, transparent and defensible competitions for both the pilot cadet and engineering apprenticeship programmes. This is one of the reasons we choose to partner with Cut-e.

• We choose a multi modal assessment approach to manage volumes / quality / expectations of all stakeholders.

• This involves a smart use of an ATS system / integrated online tests / a mid stage assessment centre / final panel interviews / medicals/sim checks.
Some Interesting Facts From Process

- Approx 2000 applicants for cadetships to hire 20 and 2000 for 20 apprenticeships – huge competition
- Line group (management pilots and senior engineers) very interested in technical awareness and motivation of the candidates and we in HR wanted to have a holistic view and include measuring general behavioural style and aptitude to predict broader capacity? The dynamic between these 2 agendas …..
- A range of flight experience in the cadet applicant pool – what would this mean and how would we manage this and remain fair?
- With the apprentice we went straight from online assessment to final interview and with cadets with ran an intermediate assessment centre. Different concepts on final assessment to make sure of hiring decision.
Cadet Pilots & Apprentice Engineer

What happened and what did we learn from the psychometric data?
Cadets (Trainee Pilots)

• Assessment tools used:
  – Complex Control
  – Reaction Time
  – Observation and Memory
  – Spatial Awareness
  – Multi-tasking
  – Verbal Reasoning
  – Numerical Reasoning
  – Work Style Compatibility


• F-JAS (Fleishman, 1992): 72 rating scales
Complex Control – eye hand – co-ordination

scales xw

scales xw

52 m/s

2 minute(s) to go
Multitasking

Example

7 - 8 + 6 + 5 = 10
- correct
- incorrect

GQVUQKW
- yes
- no

1 minute(s) to go
Cadets: Shortlisted Applicants vs. All Applicants

- Complex Control
- Reaction Time
- Observation and Memory
- Spatial Awareness
- Multi-tasking
- Verbal Reasoning
- Numerical Reasoning

Low Score

High Score

Average Band
What makes a successful Cadet at intermediate A/C?

• Reviewing Assessment Centre performance against online assessments:
  
  – Those who show a stronger degree of *work-style compatibility* on shapes behavioural assessment tool are rated more positively at Assessment Centre on ‘Building Relationships / Constructive Teamwork’
  
  – The test of *verbal reasoning* is highly predictive of Assessment Centre ratings of ‘Impactful & Effective Communication’
  
  – Those who score well on the test of *multi-tasking* are rated more positively on ‘Problem Solving’ at Assessment Centre
What makes a successful Cadet applicant at final interview?

- Reviewing interview performance against online assessment:
  - Those with higher *verbal reasoning* scores are rated more positively on ‘Interpersonal Skills / Maturity’ at interview
  - The tests of *complex control* and *spatial awareness* are particularly predictive of interview ratings of ‘Technical Awareness and Reasoning’
  - Cadets who perform well, on average, *across all tests* are rated more positively on ‘Problem Solving’ at interview
What makes a successful Cadet?

- Average Overall Interview Rating by Average Test Score (all tests aggregate to predict good interview performance).

*lower interview ratings are good!*
What makes a successful Cadet?

- Flying experience makes a difference, but not in many aspects of the assessment process – the tests allow us to look beyond this ‘halo’...
Cadets: Flying Experience vs. No Flying Experience

<table>
<thead>
<tr>
<th>Skill</th>
<th>Low Score</th>
<th>High Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complex Control</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reaction Time</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Observation and Memory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spatial Awareness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multi-tasking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Verbal Reasoning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Numerical Reasoning</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Average Band
Engineering Apprentices
Start of text

Apprentice Engineers

• Assessment tools used:
  – Mechanical Understanding
  – Verbal Understanding
  – Logical Reasoning
  – Spatial Reasoning
  – Technical Number Skills

End of text
Apprentices: Shortlisted Applicants vs. All Applicants

- Mechanical Understanding
- Verbal Understanding
- Logical Reasoning
- Spatial Reasoning
- Technical Math Skills
What makes a successful Apprentice?

• Reviewing interview performance against online assessments:

  – The *technical math skills* and *mechanical understanding* tests are particularly predictive of ratings of ‘Technical Awareness’

  – Those with high scores on the *verbal understanding* test are rated more positively on ‘Team Skills’
Insights, Lessons & Future View

Cadet

• 10% approx of candidates at final interview were not deemed technically aware and motivated enough – we would need to address this earlier in the process. At the mid phase interview for both of these – not at the end. This could be swopped with the presentation at a/c

• Being exact on full set of assessment criteria at the start - makes it easier to deal with flight ops

• Having more time to trial and think about consequences of assessment method and exercise choice
Insights, Lessons & Future View

Apprentices

- Need to be able to measure commitment to programme and maturity – very young applicants

- Communication on fraudulent behaviour and retesting on aptitude tests to be made very clear

- Competing against other large apprentice schemes – being heard and seen as an employer

- Check to see does the verbal measure remain as strong in predicting on the job performance
Picture of cadets and apprentices

Cadets

Apprentices
Questions & Thank You