



Breakfast with Dame Deirdre Hutton

Tuesday 5 June 2018

KPMG Board Leadership Centre



Dame Deirdre Hutton, Chair of the Civil Aviation Authority (CAA) joined our FTSE350 Board Leadership Centre breakfast to share her experience and insights surrounding the response to the administration of Monarch Airlines, the handling of key stakeholder groups involved and the impact on her role as CAA Chair.

Background to the crisis

When Monarch Airlines entered insolvency on 2 October 2017, the CAA had to be ready to react and deal with the potential repatriation of over 110,000 British citizens who were overseas at the time. It was a scenario which, based on Monarch's performance, the CAA had been preparing for ahead of time and one where their response would be subject to intense media scrutiny and closely judged by the court of public opinion.

The Monarch customers

The repatriation was the largest ever handled in peacetime. With only fifteen percent of the affected passengers being ATOL protected, the CAA put highly confidential plans in place – resulting in their chartering sixty aircraft from twenty-four different airlines. Handling of the customers facing a distressing, uncertain situation was key. The CAA staff and senior personnel needed to be available to support passengers first hand, handle questions and provide assistance. The CAA put in place dedicated measures to keep people well informed, with over 98% of customers returning home on their original departure date. And whilst a proportion of those affected chose to make their own travel arrangements, in the end, around 85,000 people were flown home within a two-week period.

Changes to how consumers communicate with businesses and the instantaneous nature of social media has changed the balance of power, so careful stakeholder management was particularly key. In today's hyper-competitive and customer-centric world, it is those that know the most about their customers that achieve the greatest success – see overleaf for the six pillars of customer experience excellence.

The government

The government had charged the CAA with supporting all Monarch customers abroad at the time of the administration and to get them back to the UK at no extra cost to them.

There was a need for the government to be regularly apprised of developments; with ten government departments (including Number Ten) needing information all day, every day. A strategy that temporarily embedded civil servants within the CAA emerged as a smart, pragmatic solution.

The CAA staff

CAA employees really came into their own - not an easy task for a policy regulator having to turn airline operator virtually overnight. Shift working provided the round-the-clock approach that the situation, Monarch customers and other stakeholders required. Deploying people into affected locations gave the on the ground reassurance but inevitably, concerned passengers often took their frustrations out on the CAA employees.

Individuals were taking on tasks vastly different from their own roles, as the operation involved multiple elements, e.g. HR middle management operating a bus service between airports! People were demonstrating transferrable qualities that may ordinarily have gone unnoticed - "*individuals are capable of so much more*". There was little room for ego, with senior personnel carrying out often menial but really important tasks to keep the mammoth undertaking on track. As Chair, Dame Deirdre acted as a flexible resource, handling the media, walking the floor, sitting with central command and even offering pastoral support to team members.

It was important for senior people to offer the frontline teams the tangible support they needed, not only during the situation itself, but afterwards from a staff welfare perspective.

The media

The CAA handling of the Monarch operation had the potential to be the source of very negative media coverage had the execution not been successful. Public trust could have been significantly undermined, and the CAA's reputation could have been severely damaged. As it transpired, very little was reported of the actual success.

Strategies to support stakeholder management included; CAA staff being well briefed so they could act as advocates for the actions being taken; TV and radio studios set up 'on-site' to manage time effectively; and a regular drumbeat of status updates and key indicators on the CAA website.

The airline industry and third parties

In terms of trust, the CAA had to undertake significant confidential planning – including within the industry prior to the announced confirmation of Monarch's administration. Co-operation between competitor airlines and airports around the world was key.

Effective liaison ahead of time with other third parties also enhanced the contingency plan; regular engagement with the Foreign Office and accessing a 'surge team' operated by HMRC also boosted the support and resource available to the CAA.

A catalyst for change

Whilst the repatriation operation was very much a success for the CAA, it is inevitably second nature in this industry for the CAA to still want to conduct a post-event analysis and learn what it can from the experience.

At a practical level, there was a need for change to the insolvency regime for airlines, and as Chair, Dame Deirdre was keen to ensure she made this point in a letter to the UK Secretary of State for Transport.

Furthermore, the wider learnings from the CAA handling of the aftermath of the insolvency of Monarch Airlines will be the subject of a report by CASS Business School, available later this year.

The six pillars of a great customer experience

KPMG [research](#) shows that there are six discrete, fundamental components of an ideal customer experience.

Personalisation: Using individualised attention to drive emotional connection.

Integrity: Being trustworthy and engendering trust.

Expectations: Managing, meeting and exceeding customer expectations.

Time and effort: Minimising customer effort and creating frictionless processes.

Resolution: Turning a poor experience into a great one.

Empathy: Achieving an understanding of the customer's circumstances to drive deep rapport.

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