NATS AT A GLANCE
NATS is the UK’s leading provider of air traffic control services, currently employing 4,100 people and handling 2.2 million flights and 220 million passengers in UK airspace each year. Its vision is to be the global leader in innovative air traffic solutions and airport performance.

THE CHALLENGE
Major Technology Change
NATS is undertaking a technology shift that is transforming the organisation. As Gerry Skelton, Human Resources Director, notes, “If people who recently left the business were to return in the next two to three years, NATS would be unrecognisable to them ... if they were to look at how people operate, behave, and interact, they would think they were looking at a different company.”

The major driver of this transformation? The European Commission’s Single European Sky (SES) initiative. The SES initiative aims to improve the way Europe’s airspace is managed. Currently, Europe’s airspace is fragmented, divided along national borders. A key part of the initiative is creating a common system for air traffic control while reducing costs and inefficiencies, and increasing capacity to meet growing demand for air traffic.

To help realise these objectives, NATS will be the first to adopt SaaS/cloud-based technology in its operations. To successfully make the technology shift, NATS must recruit employees with new skills and carry out a significant programme of reskilling existing job populations.

Age Diversity
Another challenge NATS faces is an aging employee population. In the next 15 years, 40% of NATS’ workforce will be able to retire — with roughly 12% retiring within the next five years. This creates significant timing pressures: As Skelton observes: “Qualifying as an air traffic controller takes a minimum of three years. If 12% of your population is leaving in the next five years and you have only three years to train replacements, that’s a tight window. And when we look at hiring future business leaders, we find similar issues affecting our succession pool.”

To address future talent shortages, Skelton conducted a risk assessment of NATS’ talent capability, focusing on leaders in key roles and their potential retirement age. The analysis uncovered significant threats to the continuity of the business. As Skelton notes, “An operations director in a major centre is overseeing a project implementation that isn’t scheduled to end until 2018, but that operations director can retire in 2017. There’s an obvious gap there. People in our organisation simply weren’t aware of this issue, nor were they aware that this same issue will arise in more than 100 different situations in six functional areas.” The imminent loss of knowledge, capability, and experience throughout the company could seriously undermine the transition programme NATS is undertaking.

DESIGNING THE SOLUTION
To mitigate the risks, NATS created a development programme to identify next-generation leaders. To date, 350 individuals have completed a programme called PATH, short for “Career Flight Path Development Plan”, a name inspired by the aviation industry. Just as an aircraft has a flight path and a pilot logs the flight destination, the programme is about charting a path — participants take part in strategic planning to advance NATS’ business and build its future.

To participate, individuals must be nominated by an executive team member and have the potential to advance to the next level or move laterally to another function. Nominees undergo an assessment process that requires them to exhibit their capability in finance, strategic planning, customer management, and market orientation to show how they would manage critical business issues.

“Qualifying as an air traffic controller takes a minimum of three years. If 12% of your population is leaving in the next five years and you have only three years to train replacements, that’s a tight window. And when we look at hiring future business leaders, we find similar issues affecting our succession pool.”
Talent Development Takes Flight
During PATH, each participant is assigned to a team that becomes, in effect, the board of directors of an airline (modelled after NATS’ real customers, like Ryanair and EasyJet). The teams develop a financial forecast, people plan, marketing plan, and investment strategy with the goal of delivering a successful outcome for their business. They have six weeks to implement their business plan.

At the end of six weeks, teams deliver their results to a panel made up of external faculty and NATS senior leaders. The panel assesses each team’s business case: The winners receive an award and individual prizes. The losers each receive a pair of waders so they can clean out the bird sanctuary pond (part of NATS property is a nature reserve) and give back to the community. As Skelton notes, “It’s extremely competitive — nobody wants the waders.”

Programme Design
The PATH programme is comparable to executive programmes of other major business schools, but expands upon selected elements. Skelton explains: “Instead of spending a morning on a given topic, we might devote two or three days to that topic to go in-depth. If we take finance, for example, our people can now talk to one another fluently about the differences between prime value, market value, share value, and shareholder value. Their fiscal fluency has increased dramatically.”

“We’ve built the programme around our own knowledge and experience — so we’re delivering to NATS for NATS.”

Although external faculty lead modules in finance and strategy, Skelton underscores the importance of using NATS’ own models: “We’ve built the programme around our own knowledge and experience — so we’re delivering to NATS for NATS.” The 17-week programme offers a blended learning platform: participants complete group and individual work, take part in e-learning, webinars, and classroom activities (30 to 35 days total are spent in the classroom).

MAKING AN IMPACT
In 2014, NATS achieved record revenues and reduced costs substantially, due in part to the programme’s impact. Global surveys of airline customers suggest PATH is increasing engagement and contribution. Programme participants have boosted their performance ratings. Based on measurement against smart targets and tangible outputs, the programme is working.

PATH is also promoting a performance culture. Skelton observes that “the programme has generated healthy competition among our people: the question everyone asks is ‘Have you done PATH?’ People recognise that those who have been on the programme are the ones who get promoted, are given the lead on projects, and are nominated for rewards externally. It’s crazy the currency the programme has — today we have 140 people on the waiting list.”

In addition to driving business results and raising performance, the programme is earning recognition, which is creating a positive impact. In 2015, NATS will compete for several people management awards. In addition, NATS has been invited to take part in a formal case study of the technology shift it’s undertaking for the Single European Sky ATM Research programme.

ADVICE FOR OTHERS AND LESSONS LEARNED
When asked what advice he has for those starting on a transformational change, Skelton offers the following: “Looking back, I would have spent 50% more time at the outset on influencing, explaining, and putting things into context. I spent six months having a coffee here, a sandwich there, agreeing to come to this or that meeting. Although the individuals I talked to were nodding in the right places, what I didn’t understand then is that in some business cultures, nodding isn’t the same as agreeing.”

The Power of Influence
To accelerate the introduction of a transformation programme, Skelton advises identifying programme ambassadors early on and spending time with key players, like board members and the Chairman, to ensure their commitment: “If you know who the political movers and shakers are and get close to them, you can convince and persuade them.”

It’s crazy the currency the programme has — today we have 140 people on the waiting list.”