



2017 Talent Acquisition & Retention Summit

Winter 2017

DECEMBER 13TH , 2017
CONFIDENTIAL AND PROPRIETARY

Greetings

- **Summit Rules of the Road**
 - **Confidentiality**
 - **Openness and Acceptance**
 - **Breakouts and Facilitated Conversation (engage)**
 - **Dialogue – not a lecture**
 - **Bio breaks (ad hoc)**
 - **Summary of Summit Document**

Agenda

Understand the Criticality

Build of Pile of Ideas and Observations (Collaboratively)

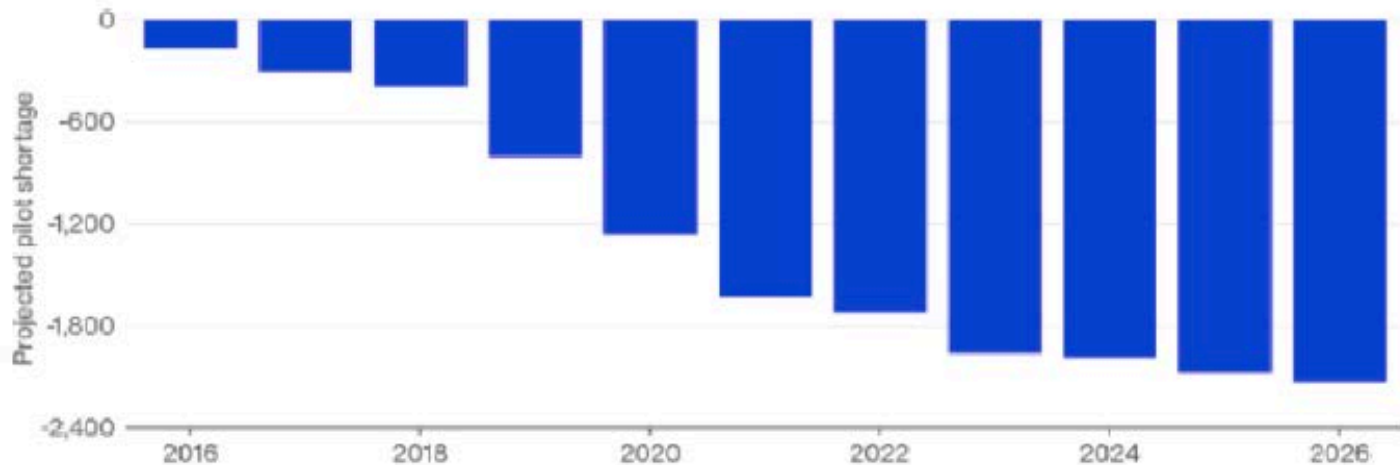
Pull and Tug on the Ideas (Taffy)

Wrap up with “Ah-has”

Bottom Line

Help Wanted in the Cockpit

Annual shortages are expected to add up to 15,000 pilots in 10 years



Source: University of North Dakota

Bloomberg

Bottom Line

Over 12,000 Corporate Jets registered in the
United States

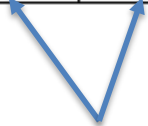
X 3 Pilots per aircraft =

36,000 Business Aviation Pilots

Bottom Line

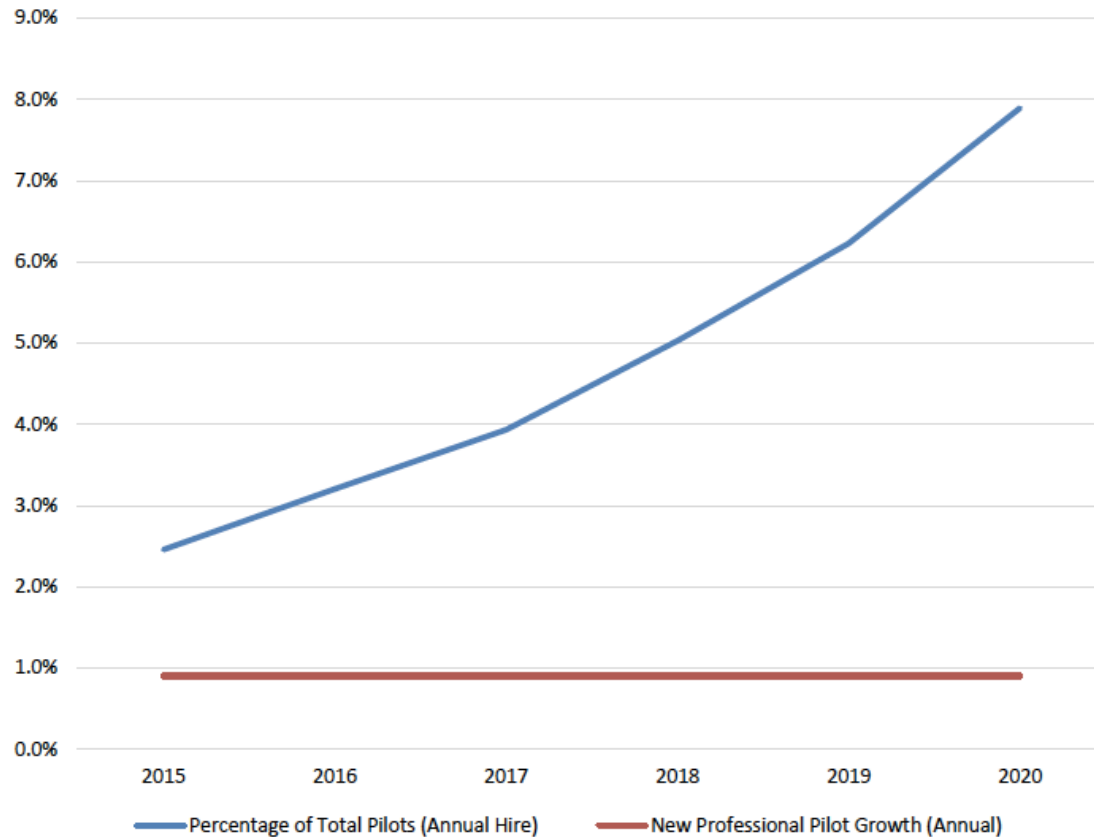
TABLE 1
ESTIMATED ACTIVE AIRMEN CERTIFICATES HELD
as of DECEMBER 31

CATEGORY	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Pilot--Total	584,362	590,039	593,499	599,086	610,576	617,128	627,588	594,285	613,746	590,349
Airline Transport	157,894	154,730	152,933	149,824	145,590	142,511	142,198	144,600	146,838	143,953
Mechanic 8/	279,435	342,528	341,409	338,844	337,775	335,431	331,989	329,027	326,276	322,852



Bottom Line

US Major Airline New Hire Demand of Total Qualified Pilots



In 2018, the major airlines will need to hire almost 6% of the *total* professional pilot population. The growth of professional pilots continues to remain flat at 0.9% annually. Companies that are proactive with compensation increases will have better retention rates.

Bottom Line

Exhibit ES-1: Projected Total Physician Shortfall Range, 2015–2030

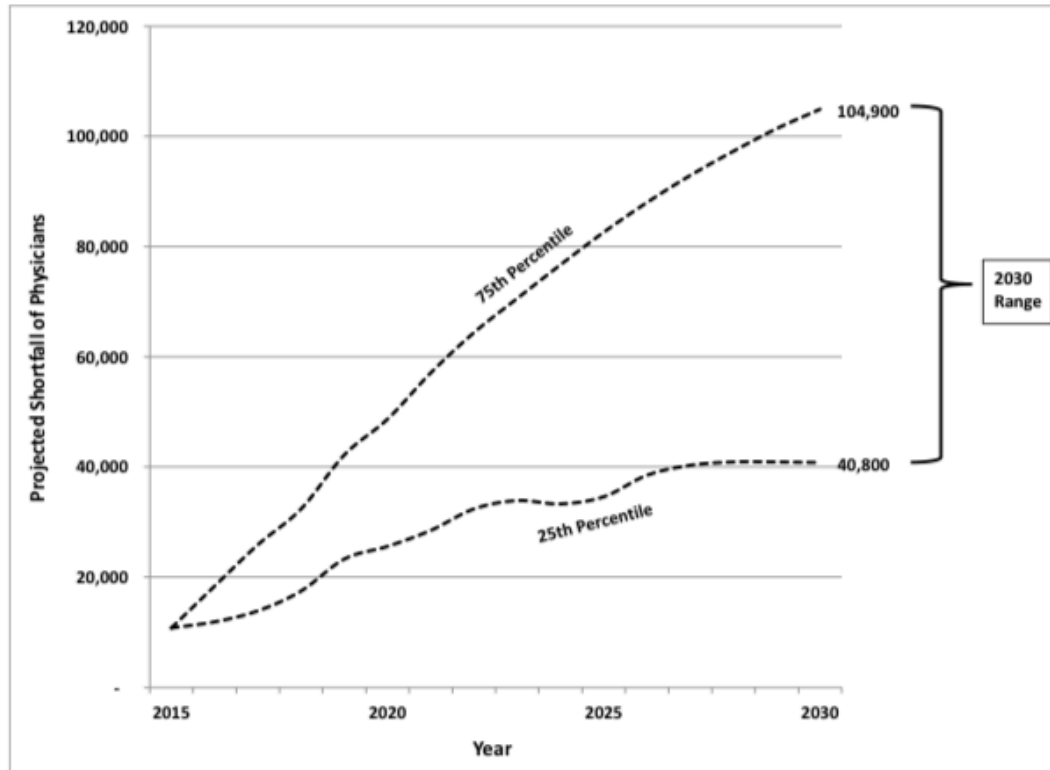
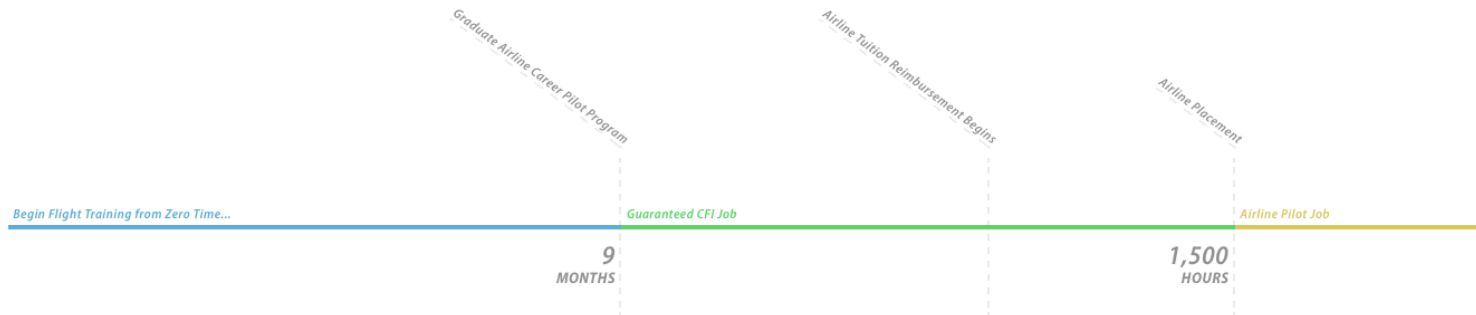


Exhibit ES-1: As complex systems have internal “checks and balances” to avoid extremes, we believe that the 25th to 75th percentile of the shortage projections continues to reflect a likely range for the projected adequacy of physician supply. The projected shortfall of total physicians in 2030 is 40,800–104,700, with the range growing over time to reflect growing uncertainty in key supply and demand trends.

Bottom Line

*From Zero Experience to Airline Pilot
in About 2 Years*



1.

With airline-oriented, total immersion training from day one, you will **graduate from the Airline Career Pilot Program** in 9 months (*from zero time*), earning your Commercial Multi-Engine pilot certificate with Certified Flight Instructor certificates.

2.

After graduating the program, you receive a **guaranteed Flight Instructor job with ATP**, where you can earn up to \$42,000 annually with airline tuition reimbursement and gain the necessary flight experience to reach airline hiring minimums of 1500 hours.

3.

During your time as a flight instructor, at 500 hours total flight time, you can begin earning at least **\$11,000 in airline sponsored tuition reimbursement**, if qualified.

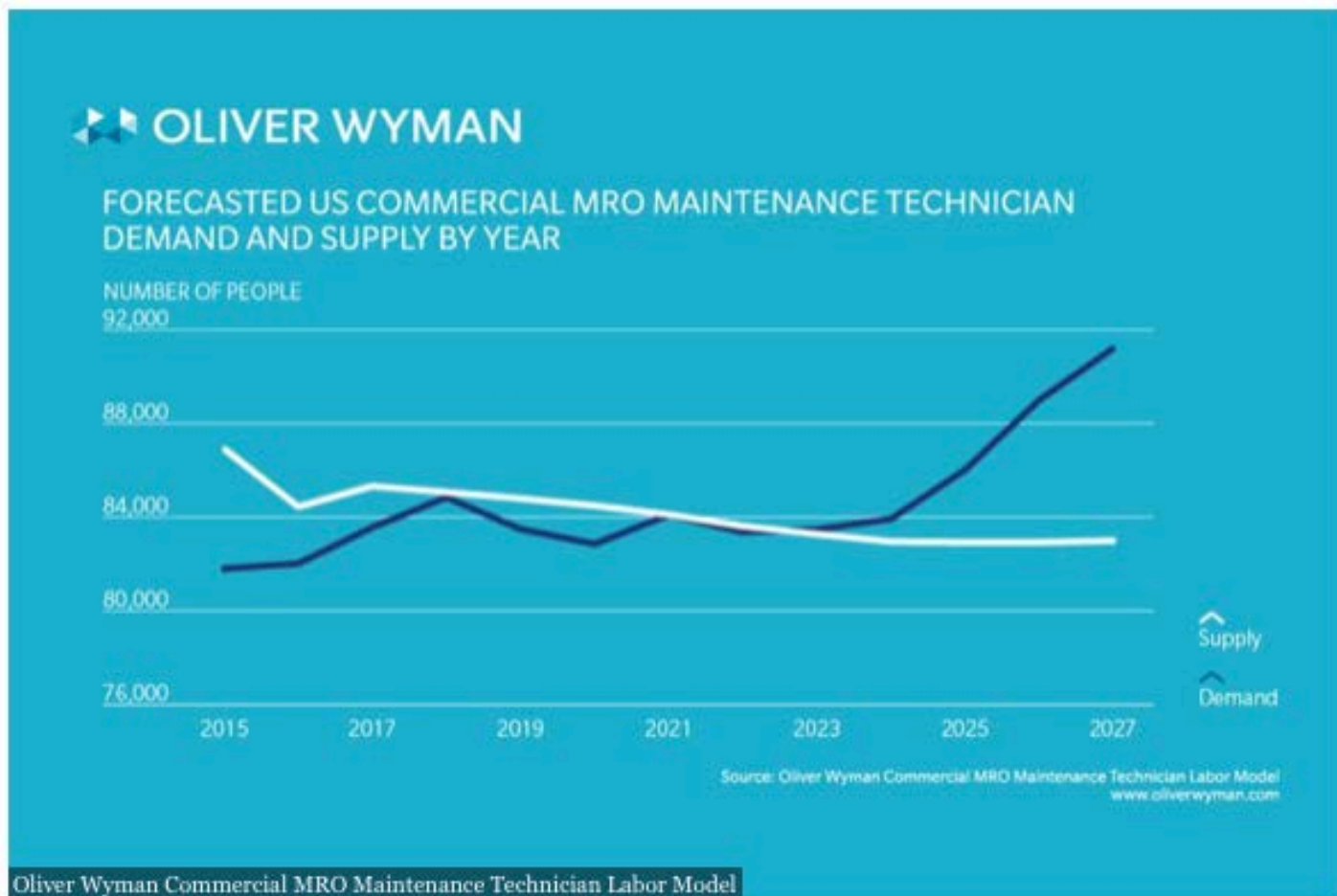
4.

After approximately 18 months as a flight instructor, you will be at **airline minimums** and ready to take the next step in your professional pilot career.

Bottom Line

	Start From Private	
	9 MONTH FAST TRACK 40 Hours Multi	9 MONTH FAST TRACK 100 Hours Multi
Train in New G500-Equipped Piper Archers & Seminoles (at select locations)		
Certificates		
Private	✓	✓
Instrument Rating	SE	ME
Commercial Multi- & Single-Engine	✓	✓
Certified Flight Instructor – Multi-Engine, Single-Engine & Instrument	✓	✓
FAA Knowledge Tests	PAR, IRA, CAX, FIA, FII, FOI	PAR, IRA, CAX, FIA, FII, FOI
Flight Time		
Total Logged Time	275	275
Multi-Engine Flight Time	40	108
Single-Engine Flight Time	185	117
Simulator (FTD) Time	50	50
Competitive Advantages		
Airline Tuition Reimbursement	✓	✓
Guaranteed Instructor Job	✓	✓
Schedule & Time Frame		
Training Schedule	Full Time Weekends Off	Full Time Weekends Off
Training Time Frame	9 months	9 months
More		
Crew-Style Cross-Country	SE	ME
Housing Option (\$200 per week)	Add \$8,000	Add \$8,000
Locations	All 42 Locations	15 Locations
✓ Full Financing Available ✓ Airline Tuition Reimbursement	\$69,995 Learn More	\$79,995 Learn More

Bottom Line



Oliver Wyman Commercial MRO Maintenance Technician Labor Model
In 2022 demand starts outpacing supply and peaks in 2027.

Levers to Pull?

- **What are the levers we can pull?**
 - **Compensation**
 - **Leadership Experience**
 - **Quality of Life**
 - **Professional Development**
 - **Significance**
 - **???**

Fears

Identify your “fears” and concerns around human resource issues and aviation
(today to 10 years)

Team Doolittle

Team SHRM

Team Crossfield

Risk Management

7 QUALIFICATIONS AND TRAINING

7.1 Flight Crew Licenses and Ratings

Required Pilot Certificates:

- FAA Airline Transport Pilot Certificate with English language endorsement.
- A type rating in the airplane to which he is assigned if required;
- FAA First Class Medical Certificate; and
- FCC Radio Operator's License.

7.2 Flight Crew Qualifications and Competency

Crew Member Qualification

1. Crewmember qualification will be in accordance with the requirements of this section, including compliance with the appropriate regulations.
2. Each crewmember shall be fluent in reading, writing and speaking English.
3. No pilot may be assigned as a crewmember on more than one aircraft.
4. A pilot will not serve as a crewmember during the course of training or qualification. Pilots undergoing IOE are considered to meet these qualifications. Except as otherwise provided, a pilot who is assigned to a position as a Pilot.
5. It is the joint responsibility of KeyCorp and the appropriate authority to ensure that the appropriate crewmember is qualified on the aircraft to which he is assigned.
6. Training and competency requirements shall be maintained in a continuous program of organization which shall:
 - a. Be in compliance with FAR 61.57 and 61.58;
 - b. Consist of both flight and ground training;
 - c. Be accomplished annually, with exception of simulator training every six months. If the simulator training is accomplished in the calendar month after the month in which it is due, the training is considered accomplished in the due month; and
 - d. Be administered by an approved training facility and/or personnel.
7. The training curriculum shall provide continued proficiency in:
 - a. Crew duties and use of checklists;
 - b. Normal and emergency procedures;
 - c. Instrument procedures;

All AMTs will complete the following on a one-time basis:

Training Schedule Course	Due	Grace Period
Aircraft Type Maintenance Initial	within 1 year of hire or 6 months of new type in fleet	6 months
Type Specific Avionics	36 months	6 months
Type Specific Engine Line Maint.	48 months	6 months
Advanced Troubleshooting	60 months	6 months

All AMTs will complete the following on a recurrent basis:

Training Schedule Course	Training Interval	Grace Period
Aircraft Type Update	24 months	3 months
Engine Run & Taxi	24 months	3 months
Maintenance Resource Management	60 months	12 months
RVSM Maintenance	24 months	3 months
Line Service & Ground Support	24 months	3 months
Minimum Equipment List	12 months	3 months
Hazmat	24 months	3 months
Hazcom	12 months	3 months
Aircraft Tug Training	12 months	1 month

Risk Management

1.3 Minimum Staff Qualifications

Title	Minimum Total Time	Minimum Qualifications
Aviation Attendant	None	Line Supervisor Training 14 CFR Part 139 Section 321
Junior Maintenance Technician	2 - 3 years	A&P Line Supervisor Training Basic Electricity Principles of Troubleshooting
Maintenance Technician	5 – 10 years	A&P Line Supervisor Training Basic Electricity Principles of Troubleshooting Advanced Troubleshooting Engine Line Maintenance
Senior Maintenance Technician	10 + years	A&P Line Supervisor Training Basic Electricity Principles of Troubleshooting Advanced Troubleshooting Engine Line Maintenance New Tech. A/C Electronics (1 & 2) Human Factors in A/C maintenance FlightSafety Master Technician Certificate
Director of Maintenance	15 + years	IA Line Supervisor Training Basic Electricity Principles of Troubleshooting Advanced Troubleshooting Engine Line Maintenance New Tech. A/C Electronics (1 & 2) Human Factors in A/C maintenance FlightSafety Master Technician Certificate Darden - Leadership in the Aviation Function Principles of Performance Reviews Principles of Business Writing
Pilot	1,500 hours	ATP-Multiengine
Captain	3,000 hours	ATP-Multiengine Advanced CRM training;
Senior Captain	4,500 hours	ATP-Multiengine Advanced CRM training; International Procedures School; Leadership Development Courses
Safety Advisor	Qualified as a Captain, Maintenance Technician, or Flight Coordinator	Aviation Safety School (within 48 months) Accident Investigation (within 12 months) IS-BAO Manual Development
Chief Pilot	6,000 hours	International Procedures School Standards Pilot Training; Darden - Leadership in the Aviation Function Principles of Performance Reviews Principles of Business Writing

Risk Management

Mandatory Retirement –The
dialogue just started and now
we need to change?

Off the Table

Identify what you consider “off the table” – Not open to consideration. The group doesn’t have to agree, but be prepared to explain differences in the group.

Team Aviators

Team Techs

Team People

IF there were no rules

If there were no rules... What would you do?

Team Rogue

Team Crazy

Team Liability

The “Traditional” Levers

- Leadership
- Quality of Life
- Compensation

Success

Identify what has worked for you already and what else you are implementing.

Team Doolittle

Team SHRM

Team Crossfield

Motivation

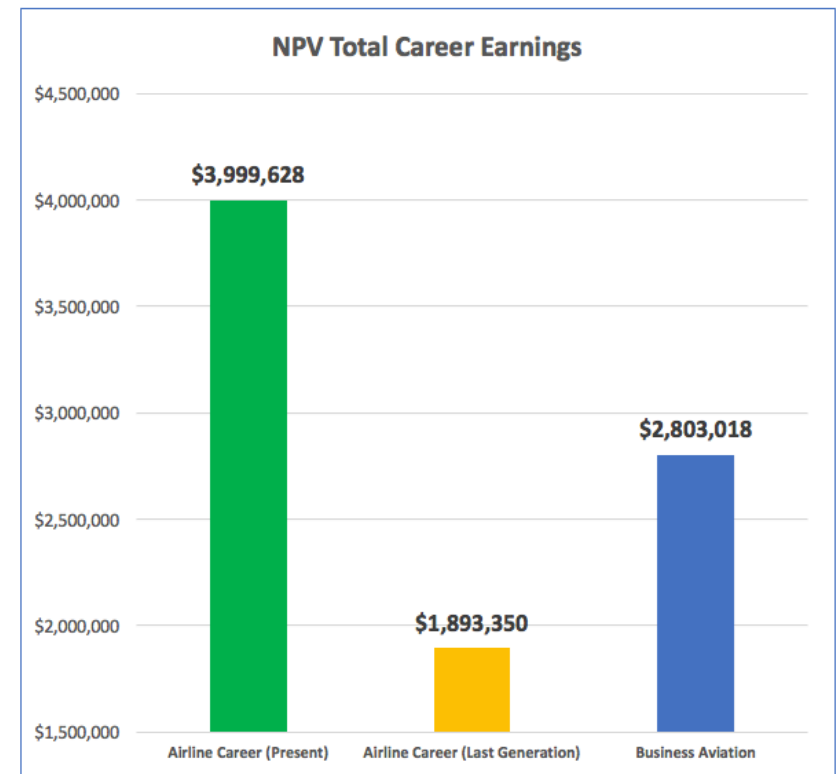
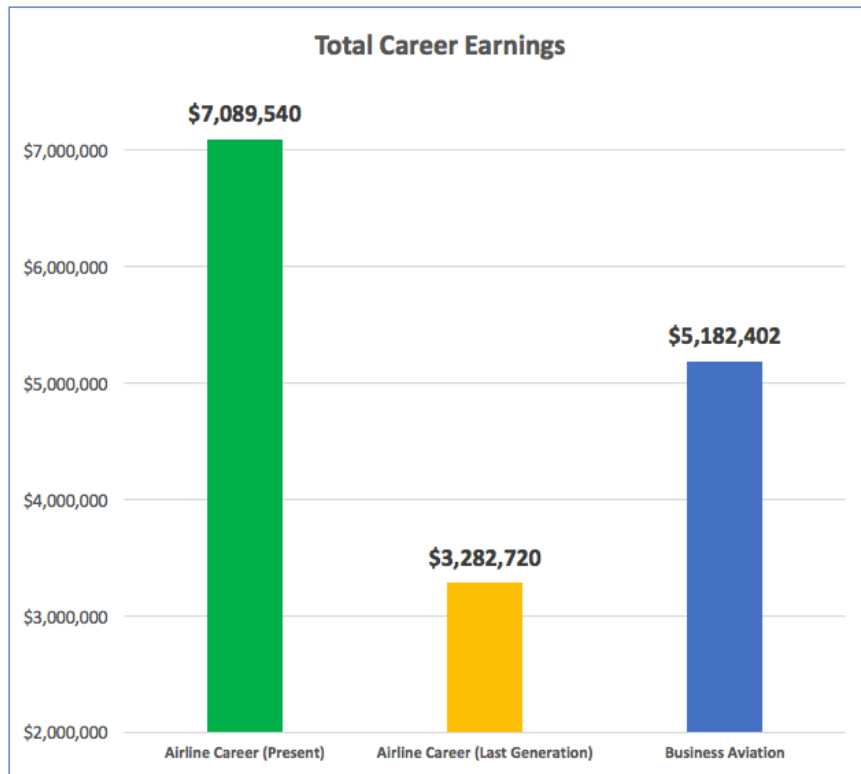


Compensation



Compensation

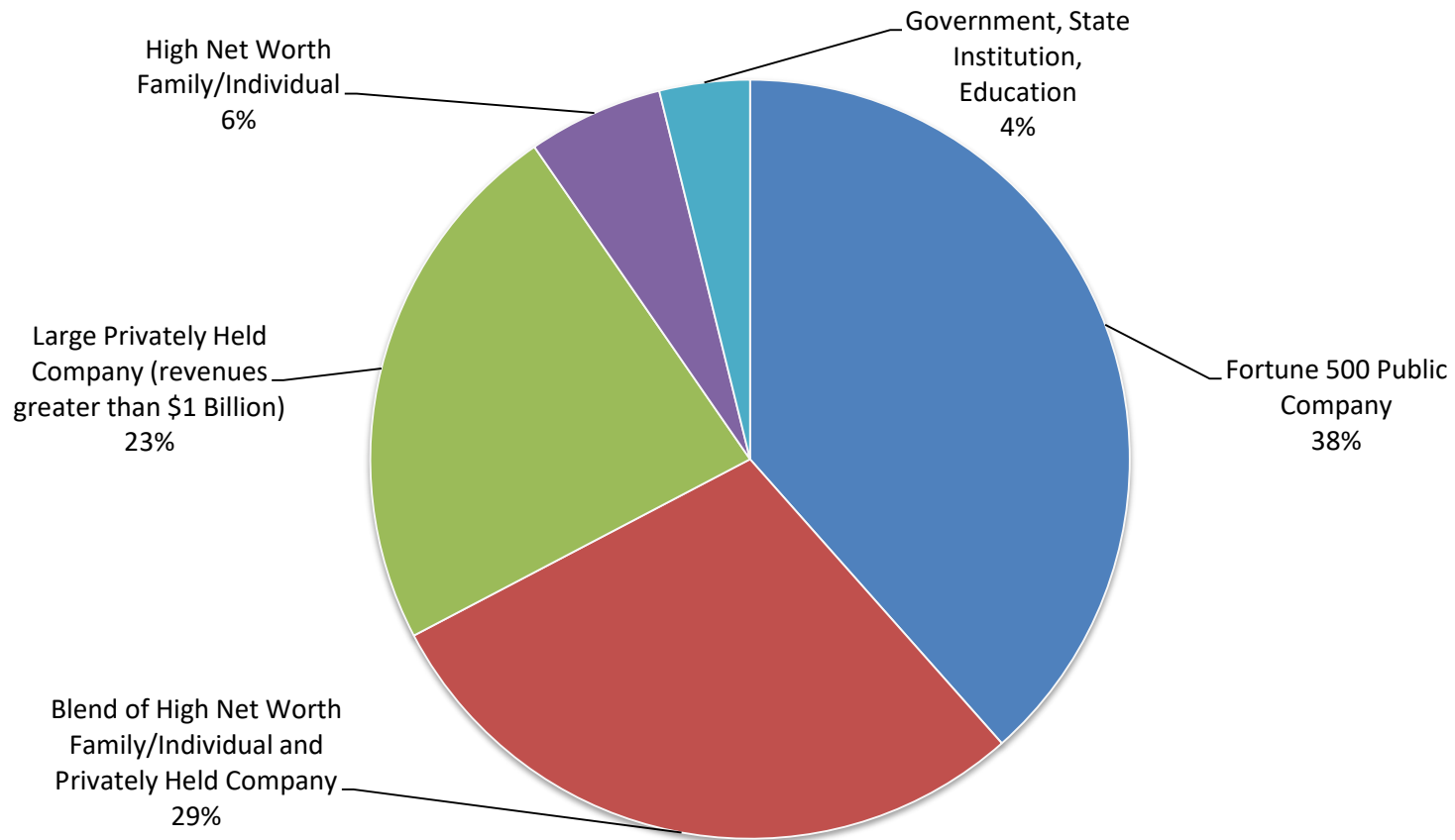
Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
Airline Career (Present)	Regional					First Officer					Junior Captain					Mature Captain					Senior Captain																			
Airline Career (Last Generation)	Regional					First Officer					Furlough					Junior Captain					Senior Captain					Retired														
Business Aviation	Charter					LJ F/O					LJ Captain					MJ Captain					Lg J F/O					Lg J Captain - Domestic					Lg J Captain International									



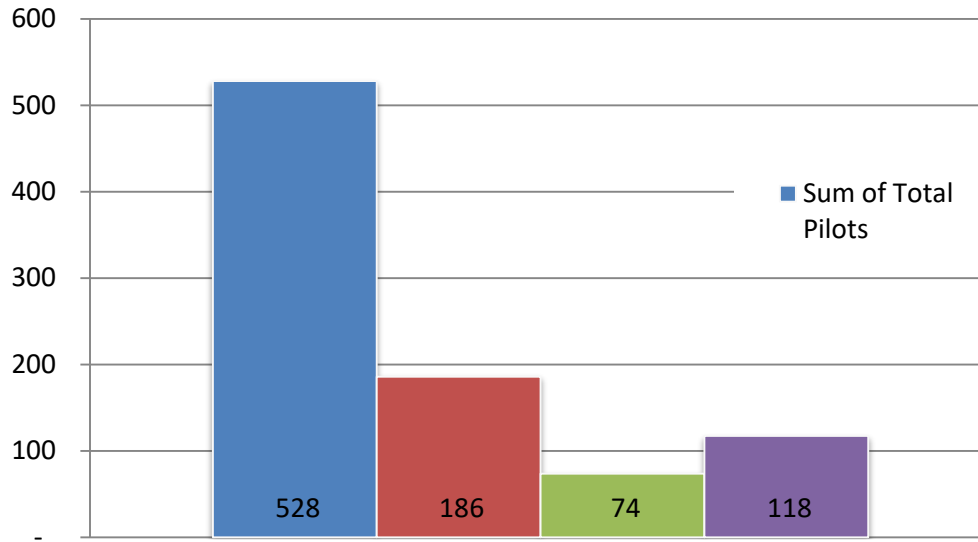
Compensation - Strategy

- **Blending Corporate Compensation Philosophy with Aviation Demands...**
 - **Dynamic Compensation Change**
 - **Salary Survey's Delayed**
 - **Credibility with Corporate Compensation Teams**
 - **Corporate Strategy is in conflict with Aviation Needs**
 - **Managing FTE Expense for downtown**
 - **Aviation Teams often are expected to be Asset Limited**
 - **Emergency Room or Factory Floor?**

Compensation



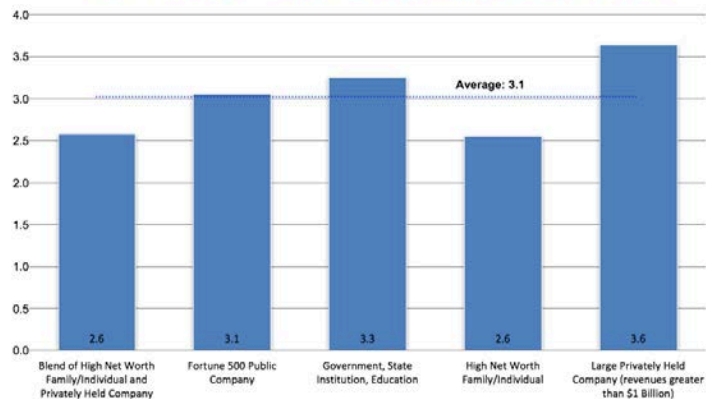
Compensation



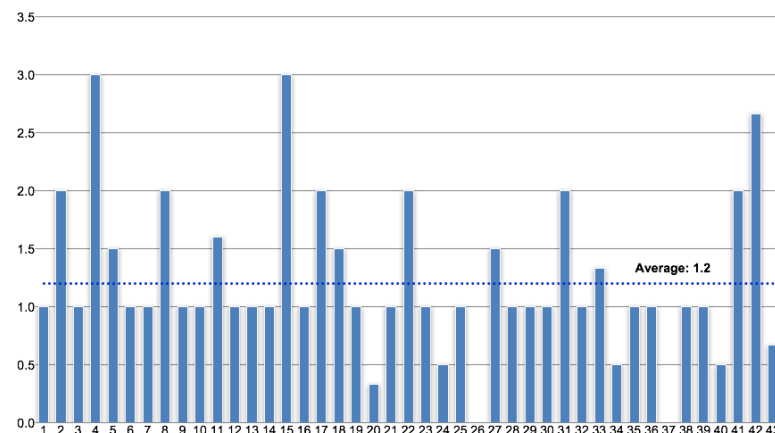
Heavy Aircraft	= 12
Large Aircraft	= 44
Super Midsize	= 44
Midsize	= 25
Light Jet	= 12
Helicopter	= 8
Turbo Prop	= 6

Compensation

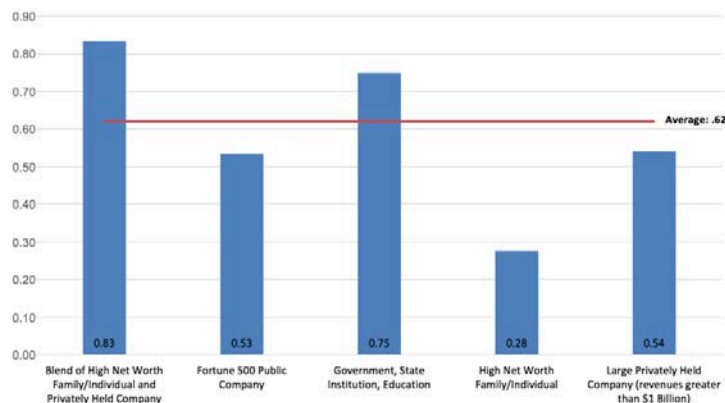
Average Number of Pilots:
Per Aircraft per Organization Type



Technicians per Aircraft

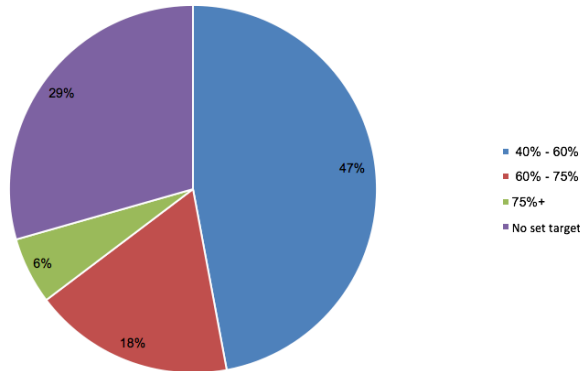


Average Number of Schedulers per Aircraft

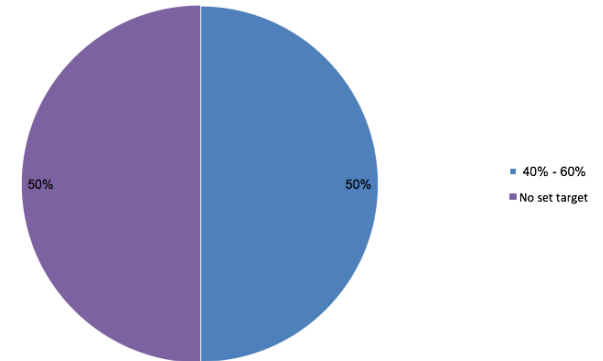


Compensation

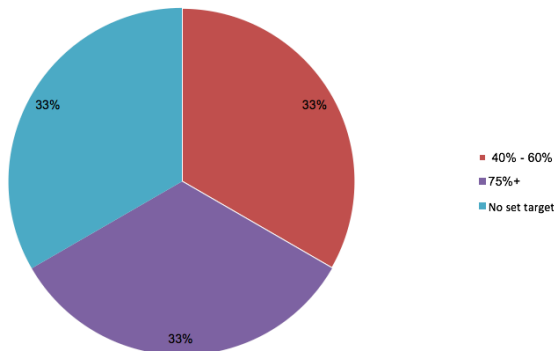
Target Compensation:
Fortune 500 Companies



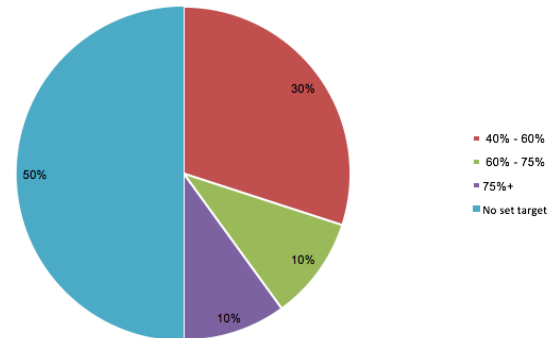
Target Compensation:
Government, State, or Education



Target Compensation:
High Net Worth Individuals



Target Compensation:
Large, Privately Held Companies



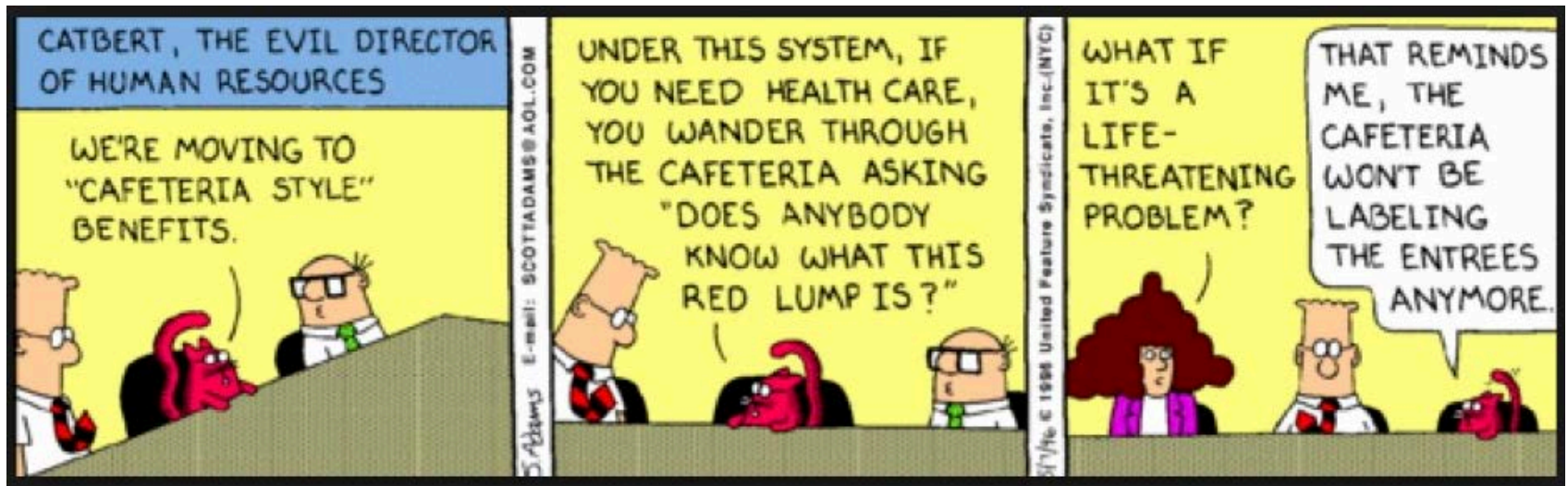
Quality of Life

- **What is “Appropriate Work”?**
 - **Acceptable Pilot Workload?**
 - **Hard Time Off?**
 - **Standby Time?**
 - **Ability to “Plan”**
 - **Acceptable Technician Workload?**
 - **Flexible work demands (Non-Exempt)**
 - **Unpredictable work demands**

Quality of Life

How are you managing Quality of Life?

Benefits



Benefits

	<i>2016 Benefits Offered</i>	
	NBAA	Gallagher
Medical Coverage	100.0%	NR
Health Savings Account Option	89.1%	NR
Prescriptions	89.1%	NR
Group Life	94.5%	NR
Accidental Death and Dismemberment	89.1%	NR
Dental	98.2%	NR
Vision	96.4%	NR
Loss of license	14.5%	17.6%
Long Term Disability	87.3%	84.1%
Auto	12.0%	2.5%
Line Service Uniforms	12.0%	NR
Mechanic Uniforms	42.0%	63.8%
Pilot Uniforms	78.0%	51.6%
Uniform Cleaning	NR	33.6%
Maintenance Technician Tool allowance	NR	46.8%
Health Club Dues	30.0%	NR
Profit Sharing Program	40.4%	NR
Defined Contribution Retirement Plan	98.1%	59.6
Defined Contribution Retirement Plan (Company Paid)	13.5%	NR
Compensatory Time off for Flight Crews	28.8%	NR
Stock Options/Long Term Incentive Plans	See note below	
Percentage of Health Premium paid by Company	68.9%	NR
Signing Bonus	NR	29.5%
Short Term Bonus	NR	75.4%

Professional Development

What is Professional Development?



Career Path

Unsure of what a healthy career path ratio looks like? The rule of thumb is that companies should average approximately **four transfers for each promotion**, meaning a career path ratio of 0.2 or less. If your ratio number ends up between 0.5 and 1.0, that may be indicative of a problem with how your business approaches development. In cases like these, managers may be guilty of “talent hoarding,” or

While providing greater opportunities for lateral movement might be the right thing to do, is there a business case for it? **Over 70 percent** of dissatisfied workers cite feeling “boxed in” by their roles, enough to seek employment elsewhere. What’s more, when employees are only given the chance to move upward, that often forces them into a premature jump into management. By some estimates, **nearly 60 percent** of new managers fail within the first 24 months after their promotion. If these same individuals were given the opportunity to expand their skill set in other roles beforehand, they might have been better equipped to move their career forward.

Career Path

What is unique or different about the career path at your organization?

Leadership

- **Can I trust you?**
- **Do you have my best interests at heart?**
- **Do you know where I want to be?**
- **Will you tell me the truth?**
- **Do you and I understand the value I bring?**
- **Do I believe you have a vision for the future?**

Crazy Ideas

- **Are you willing to have a shared workforce?**
- **Are you willing to pay for ab initio training?**
- **What if the max duration of an employee was 36 months?**
- **Do all employees need to be employees of the company?**

Action Steps

What have you heard today that surprised you?

Action Steps

What are you going to do differently?

Action Steps

What do you want to communicate to your corporate senior leadership team?

Action Steps

What does your Aviation Team need to hear?

Action Steps

**What does your Executive in charge of Aviation
need to understand?**

Action Steps

What does your Aviation Team need to hear?



Closing Thoughts?

Thank You!