

# Strength in SYNERGIES

Already a market leader, ASL Aviation Group has positioned itself as a global force with the acquisition of the Farnair Group in December 2014.

Images courtesy of ASL Aviation Group

**T**he transaction saw the ASL fleet grow to over 100 owned-and-managed aircraft, significantly broadened its European capabilities, and laid foundations for market entry in South-East Asia and India. ASL Aviation Group continues to successfully build its business in line with an overriding mission, a clearly defined vision, and five corporate values.

Safety, people, reliability, quality, and profitability are the core values that permeate through the group's businesses, creating and promoting synergies that are the bedrock for growth. The overall

aim is unambiguous. ASL's constant goal is to be an extension of its customers—the preferred 'neutral' service provider. The group's success in maintaining its impartiality has enabled it to work closely and simultaneously with major brand companies that are in competition with one another.

In essence, ASL is in the aviation business, but the mix of aviation businesses in the group is eclectic. It comprises freight, passenger, humanitarian and aid and relief flying, aircraft leasing, and aviation support companies. In the past year, before the latest acquisition, the five companies in ASL Aviation Group carried upwards of 150,000 tonnes of freight and 755,000 passengers.

Overall market presence covered Europe, Africa, Asia, North America, and the Antarctic.

ASL promotes a strong communication culture across the group companies, using, among other means, the 'indaba' process to promote interaction and collaboration. Based on the South African Zulu term used to describe business gatherings and important concerns for discussion, the premise behind indaba is that 'we cannot get where we need to be by remaining where we are'.

Hugh Flynn, the CEO of ASL Aviation, says 'indaba' is a driving force behind the group's business operations. He explains that it's all >



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about discovering and developing synergies, but at the same time it is kept separate from the fundamental business strategies of each independent company under the group's umbrella.

"Each company has its own specific strategy as they go forward but 'indaba' draws people, mainly the senior management of each of those companies, together. We gather at least once a year and have regular conference calls on an agenda that covers five or six core issues that we believe are synergistic opportunities upon which we can feast.

"It may be thought of as a financial measure but it's absolutely not. The people around the table—the operational, marketing, commercial, engineering and financial people—are there for us to find where we can do a little bit better than we are doing at the moment in terms of synergy. 'Indaba' generates this

"'Indaba' generates this synergistic strength that you don't find by just leaving everybody out on their own isolated rock."

- Hugh Flynn

synergistic strength that you don't find by just leaving everybody out on their own isolated rock.

"For example, before the Farnair acquisition, we had three airlines: one in Ireland, one in France, and one in South Africa. One of the synergies is the flexibility that enables us to use aircraft and flight crews across the three operations. This summer, our Irish airline, Air Contractors, won a contract to operate two Boeing 737 aircraft for Ryanair. It was off season in South Africa so we transferred two aircraft from Safair in Johannesburg and some pilots to operate for the season for Air Contractors.

"Europe Airpost, our French airline, also has a passenger B737 based in Dublin and that is operated on their behalf by Air Contractors flight and cabin crew, meaning that overall the group can be very competitive in the tour-operator business out of

Ireland. The other aspect which is important is having objectives," Hugh continues. "You've got to know what your objectives are and must also recognise that when you do something wrong, when you make a mistake or fail to perform, that you are only as good as that last performance.

"You have to be honest. It's never that bad that you can't fix it. Across the group, these are the sorts of things on our agenda—things like 'indaba' and various other communications. It's a combination of talking and listening. If you communicate, you're on top of it. Communication is absolutely vital. We talk to our people all the time. We visit each company with a roadshow twice a year—a good intrinsic system—where we spread the overall group story and we learn more about each company's activities. We have newsletters and newspapers, a new group intranet and individual company intranets, >



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and it's still not enough. I believe you can't communicate enough.

"I say to ASL people, and they know the language now, that they should err on the side of over-communicating with the customer and stay in touch all the time. This applies all the time, not just when there is an issue or when you want something. Keep the contact going all the time so that when something is broken or you want something it's a lot easier for them and for you to manage."

Hugh has a long history with the aviation industry and has played a fundamental part in the development of ASL Aviation. He attended a South African military academy in 1972 and then undertook further training but went into commerce while he kept flying on the side as a hobby. His first professional job was as an assistant transport procurement buyer for AECI Chemicals and Technology before he later took on the position of marketing manager for a large transport company called Tanker Services.

"One evening we played squash with a local league and people from Safair were playing as well and became aware of my interest in flying," Hugh says. "They said they were looking for a marketing manager, so long story short, that's where I ended up. That was in 1984. So I have been well and truly into the business side of aviation in South Africa and beyond and I've had a wonderful career."

After various roles with Safair and Hunting Cargo Airlines and being instrumental in setting up DHL Air, the ASL Aviation Group was officially formed in 2008 following the acquisition of several companies. "My professional background is more of a historical event," Hugh says, "from being a pilot, enjoying flying as a part-time

*"I have been associated with the ASL Group since early 2000. The group has since grown in size and influence within Europe's airline industry. It is a privilege to deal with clients to whom service and commitment is of paramount importance." - Michael Boyce, Executive Chairman, Altitude Global Ltd*



activity, to really getting into the enjoyment of running companies in this group for 30-plus years."

ASL Aviation prides itself on offering a quality service that is achieved through the proficient management of people and issues. Hugh says it's important not to focus only on how things are managed when they are going well, but to also look at what happens when something breaks down or disaster strikes. How a person reacts is driven by the exacting requirements instilled by ASL Aviation and its important customers like the express integrators.

"Every minute is vital. If we slip five minutes due to a late start, for example, in Paris, people are pushed back five minutes late and we are penalised for that. Obviously we work closely and neutrally with our customers, and their management. DHL know us very well for being on time and all the good things. The CEO of Aer Lingus had previously been with DHL and, long story short, he recognised us and took somewhat of a risk by contracting a cargo

operator to operate some of his transatlantic passenger services. We now fly three B757s every day between Dublin and Shannon in Ireland, and New York, Boston, and Toronto in North America.

"That's what is required: star performance combined with quality, innovation, and exceptional management. That's how it's got to happen." Hugh explains, "We have a federal system of subsidiary airlines and companies and they all have their own corporate identity and or brand, but there is also a common corporate identity, which is the ASL Aviation Group. Our vision is to be the preferred provider to our customers, who are extensions of us, and we are extensions of them. That's how we see it—because we fly for companies that are all competitors, we intend to be neutral at all times.

"When we acquire companies we make sure that we are not buying a passenger airline that flies people, for example, between the Caribbean and Paris. That's not what it's about. We need to have an alignment in terms of our >



business ethos and to make sure we all know what we are talking about when we say we are an extension of customers.”

“This is important and goes to support our five corporate values. These are intrinsic in terms of supporting our vision. When your customer takes any one of those values, such as profitability, they need to know you’re complying in terms of all the others—that our people are efficient, we’re a safe operation, we produce a quality service—those are the sort of things that we hang together in terms of the way we do business.”

ASL Aviation has well-established relationships with blue-chip customers, major postal agencies, leading express integrators, and mainline legacy airlines as well as government and non-government organisations. It is the business of choice for many companies and has an exclusive contract with La Poste in France while also being the largest ATR operator for FedEx outside of the US, the largest Hercules operator for the United Nations, and the largest B737QC operator.

The business is structured into three categories. In addition to the three airlines, ‘Support Services’ has ACLAS Global in Southend-on-Sea, near London, and ACLAS Technics in Edinburgh, Scotland. Finally, ‘Leasing’ is with various SPCs in Dublin as well as Safair Lease Finance in Johannesburg, South Africa.

Cooperating with strategic partners and suppliers has been an important part of ASL Aviation’s success throughout its existence. The organisation seeks to work with like-minded companies that are a “natural fit”, Hugh says. ASL has to be aware of what the customer expects from its service.

“We have an outstanding relationship with other strategic partners and stakeholders, like the Irish Aviation Authority. They’ve known us for many, many years, and we’re different from the rest. We operate a lot more aircraft types so



from a safety and an oversight point of view it is fundamental that we get their support. They’re vitally important in terms of a strategic partnership going forward.

“Providers and suppliers, I think, can be as important as your current customers. Right now, we’re working with Lockheed in the United States. We’re working on a really big opportunity to develop a new type of aeroplane that they are going to build for us.

“Their facilitation and strength in the US aviation sector and globally is vitally important to help us as a relatively small aviation group to reach out to customers such as the oil companies. The value of strong relationships with providers and suppliers such as Lockheed can’t be underestimated.”

Since the official formation of ASL Aviation more than six years ago,

the business has overcome a number of challenges and grown exponentially under Hugh’s leadership. His style is very much about developing alliances and bringing in a valuable group of employees and alliances with whom he can work closely.

“We have gained some tremendous people through growing by acquisition. We’ve brought in a team here that we work very closely with, through the ‘indaba’ process and other arrangements. We form a nucleus of probably about 40 people that really drive this business forward.”

Changes in the market and economic conditions have also proven to be testing for businesses in the aviation industry, including ASL Aviation. When the global financial crisis hit in the late 2000s, Hugh says it was a particularly difficult time. “We tweaked our

business, we reduced salaries and we all took the strain here. We’ve always been a leader and everybody was very busy, but everybody was still in a job.

“When we see difficult times, I always say to people don’t employ and don’t throw people at the problem. For example, a lot of our freight flying is at night, and so we opened a number of new bases around Europe to create a more efficient network.”

ASL Aviation holds its strong position in the aviation market due to a myriad of key qualities that it has developed over time. Its expertise and proven track record puts it ahead of the competition, and there is security knowing the business is financially stable.

Its two shareholders Compagnie Maritime Belge and 3P Air Freighters have played a significant role in developing its strength. Compagnie Maritime Belge, a Belgian shipping company, owns a

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51-per-cent share in ASL Aviation while 3P Air Freighters, an aircraft-leasing company incorporated in Dublin, holds 49 per cent.

Being flexible and adaptable has helped ASL Aviation to attract and maintain a worldwide customer base. Its fleet of jet and turboprop aircraft provide capacity for up to 177 passengers and 40 tonnes of cargo, so there is something to suit every need, whether that be to transport goods or people.

The group’s fleets are built around the popular Boeing 737, the so far irreplaceable Boeing 757, the uniquely capable Lockheed L382 Hercules transport, and the fuel-efficient and environmentally friendly ATR turboprop family. In addition, the Airbus A300 wide-body freighters provide cost-effective short-haul solutions.

ASL Aviation also owns a number of aircraft which are leased out to

third-party airlines, with a continued focus on Boeing 737 and ATR types. Looking forward, Hugh says ASL Aviation will continue to grow and reach new heights as signalled by the most recent acquisition of the Swiss-based Farnair Group. ASL Aviation Group will continue to expand its leasing arrangements with big companies, and more passenger components will be added to the business than there have been in the past.

In late 2014, Safair, ASL’s South African associated airline, launched a new low-cost airline, FlySafair. With an aim to become the first ‘true’ low-cost carrier in the South African market, it’s a bold move by the airline where the whole story started for Hugh. “I’m extremely positive going forward. We are fortunate to have the support of our shareholders, providers, and most importantly, the people and the staff of ASL Aviation, to enable us to reach and surpass our goals.” •



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