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ON THE Runway

Part of the influential Emirates Group, dnata has grown in recent years to become one of the leaders in the air service industry.

Images by Araman Studio

dnata knows travel, and it knows airports. Established in 1959, dnata is part of The Emirates Group. Now one of the largest combined air service companies in the world, dnata provides aircraft ground handling, cargo services, travel services, and inflight catering in more than 38 countries across the globe and employs more than 27,000 people. It operates out of 75 airports on five continents, and has seen a massive increase in profit in recent years.

The CEO Magazine interviewed dnata's four Divisional Senior Vice Presidents (DSVP)—Stewart Angus, DSVP of International Airport Operations; Jon Conway, DSVP United Arab Emirates Airport

Operations; Robin Padgett, DSVP Catering; and Iain Andrew, DSVP Travel. They shared their opinions on dnata's recent growth, the secrets to success, and what's next for the company.

How has the aviation industry been changing, and what does that mean for dnata?

Robin: We've seen over the past 20 years a cycle and a change, and a very interesting one. We've seen a segment where the low-cost carriers operate and really take apart the shorthaul market and the offering they have for their customers, which has been incredibly interesting. Then we've seen, particularly from the Gulf carriers and some of the Asian carriers, a race to the top where

they want to differentiate themselves in terms of the product offerings they have. So, for a business in dnata's case, those two very different aviation business models present magnificent opportunities and allow us to work with our customers to deliver their vision.

dnata saw some really big growth in the past year in the cargo area in particular.

Stewart: We grew a lot last year. The biggest area of growth was cargo; we actually opened 10 new cargo terminals during the last calendar year, which is a record for us and probably for anyone in our industry. We opened dnata City, which is a brand-new, 20,000-square-metre cargo facility >



Workforce Management: Get the most out of it

Companies often believe that their workforce management has already been maxed out. But what if there is a win-win situation waiting to be leveraged? One that gives employees the flexibility to have their shift schedules aligned to their private life, whilst also making those schedules adapt more flexibly to variations in workload. The result would be high quality schedules that are employee-friendly and ergonomic at the same time.

Usually the dilemma of workforce management is that by ensuring a reliable, timely service, personnel costs spiral out of control. On the other hand, any attempt to bring costs under control results in understaffing, daily bottlenecks, and dissatisfied customers and employees.

The key to success lies in the planning process. Flexible planning processes are crucial. If employee needs are taken into account, they may in turn accept more flexible shift schedules that are more closely adapted to operational requirements. Achieving this calls for powerful and adaptable software. This is where INFORM

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- Stewart Angus

at Heathrow. We opened up a number of regional airports in the UK—Newcastle, Birmingham, Gatwick, East Midlands, and Glasgow—and we opened new sheds in Manchester and Karachi, Pakistan. So those drove a big increase in volume for us.

How do you manage the high levels of growth the aviation industry is experiencing in the UAE?

Jon: That's a very, very good question, and it actually occupies most of our time at the moment, thinking about how we are going to manage the growth going forward. In terms of international passenger numbers, Dubai International is the busiest airport in the world. The problem we have

at the moment and indeed the future challenge we have here is coping with the speed of the growth. It's not something we can manage in isolation and we work hand in glove with Dubai Airports and the two home-based carriers, Emirates and Fly Dubai. All the senior stakeholders met recently to talk about some of the numbers and the projected activity levels and what we need to do to ensure service standards are maintained or improved. The growth the region is experiencing is incredible. The numbers that we expected to see in 2018 and 2020 we are now seeing in 2015, and likewise plans we had for 2020 we expect now in 2018.

What do you believe have been some of the major challenges that dnata has overcome in the past couple of years?

Iain: What we had to do initially was to take stock. The first couple of years were about re-establishing some of the relationships in the

businesses that we had in place. Some of that we probably overpromised a bit, and therefore we had to go back to some of our partners and re-establish ourselves. That covered the first couple of years; then it was setting the direction and then moving to it.

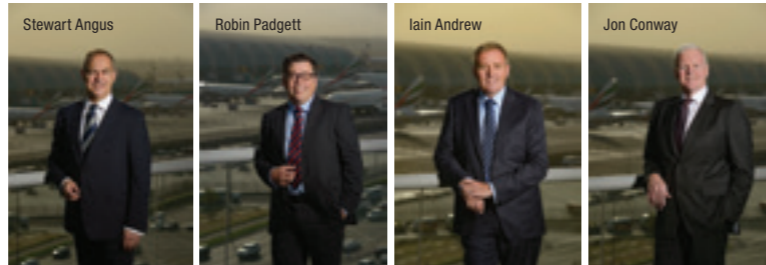
Stewart: One of the biggest challenges and risks to our business is commoditisation. We have taken a path slightly different from our competitors in that we want to differentiate ourselves on quality. I think our success in the long term is about working with the leading carriers in the world, and to work with those airlines you have to deliver quality day in, day out. You have to continually demonstrate how you are going to invest to make that quality even better tomorrow, and it's that product differentiation which will set us apart and will allow us to win contracts with the right airlines—as opposed to going down a commoditisation route where everyone's product is the same and



the only way to win a contract is on price. And that's not a game we want to play.

What are the plans for dnata locally in Dubai?

Jon: From a pure dnata-UAE-specific perspective, I look after the two airports, Dubai International and Dubai World Central at Al Maktoum International Airport. On the passenger side, we are about to see the opening of a new concourse here at Dubai International, Concourse D, and the capacity of that facility will be just shy of handling 20 million passengers per annum. That will open this year and will be for the foreign airline community. Terminal 2, which is on the north side of the airport, has essentially doubled in size in the past 18 months as well. At the new airport—Dubai World Central—the existing passenger terminal is being tripled in size between now and the end of 2017. That should take it to over 22 million in passenger capacity; and then longer term in



2025 or thereabouts, the authorities will build phase one of the new airports which in theory could accommodate well over 100 million passengers. On the cargo side, we are about to begin work on a cargo terminal development at the new airport, as you can see, it's all about managing growth.

How does dnata work with its external partners and suppliers to form stable partnerships?

Stewart: Most of our main suppliers in airport operations are in equipment. It's quite a small industry in terms of the supply chain. There are only so many companies that print boarding

cards or put in boarding card printers; there are only so many companies that build the large lower-deck loaders—the loader containers in an aircraft where your bags go in. I think our relationship journey with our suppliers is very iterative. They selectively come around and ask for feedback on equipment performance and look for opportunities to improve stuff, and it's quite a healthy relationship, actually.

Jon: When you talk about supply chain, we view ourselves very much as an important part of the supply chain for the airlines. There has been quite a shift in mood in

the industry away from in-house ground handling.

Do you think there is a trend towards replacement of labour with new technologies?

Jon: I think the future will indeed see more technology including mechanising some functions presently undertaken manually. Every two years, there is a huge exhibition in Munich featuring acres and acres of ground support equipment, IT, loaders—all airport related. It's still early days, though. If you go to a big cargo warehouse now in a lot of them, you will see highly mechanised storage retrieval systems, transfer vehicles, storage—all computerised. There is always going to be a requirement for people to build cargo units and do things like load airplanes, but there is technology out there changing things, and it's not just the ground handling industry; it's every industry.

Stewart: Even with all the robotics and technology, the success of the business is down to people on the ground next to the aircraft making the right decision. I was in Sydney two weeks ago down on the ramp. There was a cyclone with 100-kilometres-an-hour winds, and we had a supervisor who had to make a call whether it was safe to open the doors on a freight aircraft and start unloading the freight pallets. Now, you know, there is a commercial issue, but there is a safety issue and no robot is going to make the call for you. A human with experience, training and initiative is going to make the right call on that.

What do you believe sets dnata apart from its competition?

Iain: I would go back to our long-term vision, and the willingness of the organisation to invest in that long-term vision. I think we are a considerate organisation as well. It's a much more humble approach, which is that we want to learn from our competition. We have a great deal of respect for organisations elsewhere in the world that can



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bring expertise—whether that's online technology for travel, whether that's the relationships they have with hoteliers or airlines, whatever the processes they use. It's a very humble approach to how we grow the organisation. For example, Travel Republic powers our websites in the UAE and Saudi and actually offers a lot of the services around that as well. That's one of the benefits that we have seen from that relationship. We take the approach that we are quite keen to learn from other organisations and how they can help us grow in the broader Middle East and beyond.

We will always want to be strong in the Middle East, and that's another one of our objectives; we never want to lose that. If we can bring those experts in, then we see that as a benefit. During the worst of the global financial crisis in 2008–09, we weren't slashing jobs like many of our competitors. We took a long-term view again, and held several hundred people in. They picked up various projects that were available, and then when it picked up again, we redeployed them. How we work with our

teams during the tough times engenders a lot of support from them, as much as how we work with them during the good times. That goes back to what I enjoyed about coming here and the long-term perspective we take. You manage the hurdles as you hit them, but it is much more about long-term, sustainable growth than the short term, and that can separate us from others.

Where are the main areas for growth for dnata for the future?

Robin: Clearly, our business has a home in the Middle East, but the wider Middle East is not very well explored, in our opinion. Even though you've got big carriers developing mega hubs in two or three places around here, actually, if you take the wider Middle East as whole, it's got potential to grow quite rapidly. We're a lover of any geographical market because we operate in virtually all of the main continents, and our focus is always going to be places like Africa, South-East Asia, Asia generally. But we have no inhibitor to any market where we think aviation can grow and where we can support that growth. •



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