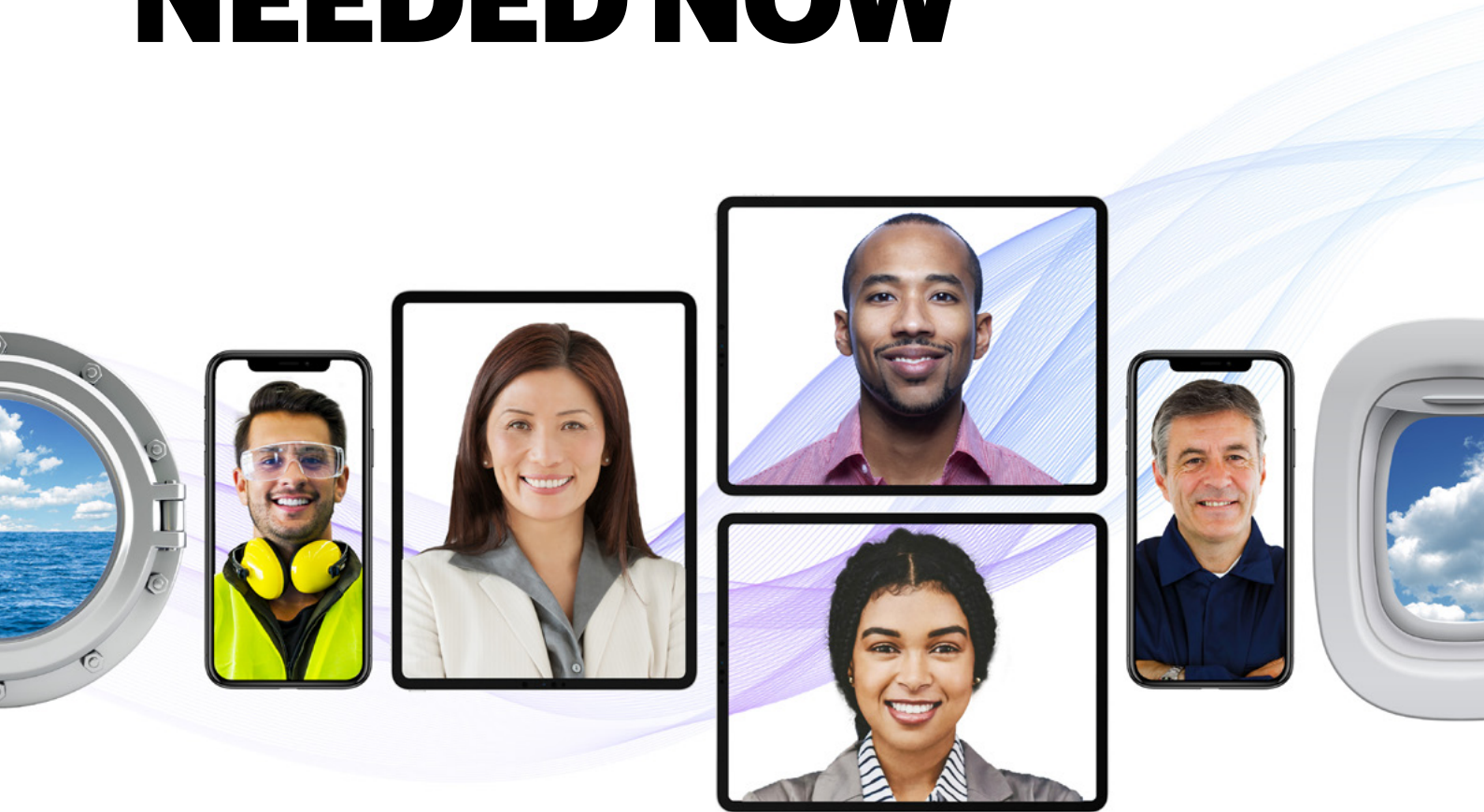


NEW LEADERS NEEDED NOW



**Why your people hold the key to
success now and for what comes
next for Aerospace and Defense**

Main challenges for the aerospace and defense industry

COVID-19 has shone a light on one of the main challenges confronting the aerospace and defense industry: talent planning and skilled labor. Companies are concerned about the impact talent scarcity will have on growth. The shortfall covers all critical areas, from senior leadership and engineers, to technical skills and soft skills like problem-solving, critical thinking, communication, and collaboration.

The current crisis has only increased the need for leaders to get the right talent to the right place and to provide the optimum conditions for them to perform. Accenture has identified three major workforce trends facing the aerospace and defense industry. Our analysis is based on in-depth research and a broad survey of the industry landscape. We found that:

- the ability to digitize the business, creating an elastic digital workplace, will be a factor in long-term business continuity
- new skills are needed to enable the future aerospace and defense business
- generational workforce differences must be bridged, and technology can help with this

Smart leaders will take swift action to navigate the crisis in order to avoid business disruption and potential revenue loss, to forge new levels of trust with their workforce, and to make their businesses more resilient and productive in the future.¹ According to an Accenture survey of more than 15,000 workers across skill levels and industries, the solution to what needs to happen now and next is to embrace a truly human approach to leadership and transparency. This is more critical than ever.²



Three major aerospace and defense workforce trends



1. Constructing the digital aerospace and defense business

Even in the middle of a pandemic, businesses are still moving to replace and integrate their HCM and/or IT systems across a lean, digital enterprise. This is also true for aerospace and defense organizations. Over the long term, they aim to:

- flatten their command and control environment
- upskill existing talent and recruit future talent
- realign compensation and benefits
- address the perception of outdated operationally focused ways of working
- create a new culture that embraces change and integrates technology

Executives have been inspired by the possibilities of digitizing aerospace and defense HR operations and other operations such as shipbuilding and manufacturing. They have also wanted to take advantage of new technological initiatives, such as DevSecOps, RPA and Move-to-Cloud, but they have struggled to get these initiatives moving and adopted across the enterprise. Digitally savvy executives are on board, but there's been more resistance across the rest of their organizations. Digital initiatives are often seen as an edict to comply with, rather than a solution to co-create, change and evolve. Now is the time to communicate and evaluate the possibilities that digital presents to the workplace, as we adapt to the realities of a global pandemic.



2. Shaping the future skills for aerospace and defense

Aerospace and defense companies must be prepared to invest in the right training and provide adequate time and space to cultivate high performing employees. The best talent already possesses the skills needed to drive digital priorities. Others will have the desire to improve, but will need training to do so. As technology continues to influence and change the skills needed for the business to thrive, continuous learning must be a strategy that is embedded into the mindset of future talent, so they can grow and stay current. During this difficult time, it's especially important to be mindful of the wellbeing of your people and business, so be transparent and empathetic in your intentions as you position your teams for success.

To that end, new roles will emerge to further enable the use of AI:³ trainers, explainers and sustainers. These aerospace and defense personnel will work side by side with AI and machine learning. Machines can take on routine work and enable employees to concentrate on those activities that require more thought and drive value.

Making these competencies a reality across the aerospace and defense talent pool requires businesses to work closely with HR to forecast company needs. That means reimagining the organization's structure and job profiles, and identifying business processes that can be streamlined. HR can select the right training and attract future talent to fill these new roles. New talent will be set up for success, with their technical training needs addressed in advance of their onboarding.



3. Cutting through the generational and digital divide

Just as is the case in other industries, managing the transition between baby boomers, echo boomers and millennials has been difficult. The reasons? Differences in communication styles, work expectations, attitudes about work-life balance, comfort with technology, and views regarding company loyalty and leadership authority.

In the United States, 30% of the aerospace and defense workforce is over the age of 55⁴ and the connection between senior teams and new talent appears to be broken. To fix it, senior leadership should focus on creating a new culture of transparency, collaboration, speed, flexibility, and knowledge sharing that embraces all generations. In this new culture, mature teams are given the respect that they deserve from years of building the industry to its global heights, and younger talent has room to grow and thrive. Now is the time to model transparency and embrace a truly human approach. Key to this will be preparing your leaders to be empathetic and available to their teams.

Regardless of age, experience or background, you will need to rally the troops and unite around the common and immediate goal: to digitize the business.

Industry leaders are now experimenting with options such as mentoring programs and remote or flex schedules to cater to a future workplace. Others have reconfigured workspaces for when offices reopen, for example, by creating open collaborative areas to replace isolated cubicles. New talent has been quick to embrace digital options. They see work as more fluid and understand that adopting new technologies is critical to business. However, more mature and established teams will not get onboard with digital change unless they are closely consulted about workplace decisions which may disrupt their daily lives. Prior to COVID-19, the trend for 2020 was to blend remote and in-office collaboration. Now we can see that the proper choice of tools, effective network capability, and training to support remote collaboration is the right move, and may help combat potential resistance arising from generational workstyle differences.

What's at stake?

Trapped value is at stake, with 69% of aerospace and defense executives believing that their employees are more digitally mature than their organization.

That results in the workforce 'waiting' for the organization to catch up. There is no longer time to wait. Decisions that leaders make over the coming months will have long-term effects on their organizations.

A 2019 Enterprise Systems Survey of more than 8000 respondents across industries revealed a remarkable correlation between technology adoption and revenue growth.⁵ Leaders can expect 9% revenue growth after adopting new

technologies, or twice the average of their lagging peers. Conversely, **those that do not adopt new technology stand to lose \$20 billion over the next five years.** Indeed, those who have failed to adopt new technology have already foregone \$3 billion.

A large majority of aerospace and defense leaders, 86%, recognize that new technologies and data will transform the agility and efficiency of the business. Yet if leaders are unable to get their teams onboard and to adopt their vision, resistance will ensure that new initiatives fail. The result could be years of wasted time and lost talent. Combined with the sudden increase of remote work due to COVID-19, the net effect might mean an entire company rapidly falling behind their more agile competition.

The opportunity: be a talent magnet

Nearly 90% of aerospace and defense leaders recognize that new technologies and untapped sources of workplace data can be used to unlock value that is currently 'trapped' in the enterprise.

A deep understanding of workplace data has the power to improve innovation, agility and cybersecurity, and increase employee performance and engagement.

Tenured middle management and those at the top will be key to unlocking trapped value. Those nearing retirement can use their wisdom and experience to analyze workplace

data and bring those business insights in mentorship of the next generation, not so that they re-invent the wheel, but rather re-imagine it. This partnership would prove to be an invaluable knowledge-sharing exercise.

The next generation of digital leaders have been raising their hands, asking "What can we do?" and "How can we help?" To become a talent magnet, the United States Airforce opened the Kessel Run Experimentation Lab in Boston's North End tech start-up district by renting a WeWork space.⁶ Today's senior management needs to use this crisis as an opportunity to bridge the generational divide through innovative ideas and technology, take advantage of those self-starters, and begin immediately developing a pipeline for future talent.

A framework for developing future aerospace and defense leaders

Amid the crisis, aerospace and defense business leaders can take immediate proactive steps to enable the agility of their people, while future-proofing their business value through digital innovation.

To help ensure a leadership pipeline is developed to withstand inevitable disruption, Accenture has some key offerings that focus on the human potential to embrace technology now, and lead an inclusive culture now and next:

Organization, Leadership, and Culture

In an effort to balance the ‘command and control’ nature of aerospace and defense businesses with the immediate need for an elastic and agile organization, factors such as continuous learning, internal mobility, operational alignment across the business, and remote work are all essential.

Three key organizational change management activities can help here:

- **Reimagine** components of the organization from the warehouse floor, shipyard, back office and management work
- **Shift** the workforce through intelligent ‘plan and act centers’, change impact assessments and communications campaigns
- **Reskill** at scale through executive education and training for the business, HR, IT, partners, vendors and end users

Work and Workforce

How can aerospace and defense companies unite the multi-generational workforce, close the growing digital skills gap, and prepare for future aerospace and defense talent? An inclusive culture is the sustainable thread that brings the best of the past to present and future needs. Creating a future workforce model should cover:

- **Establishing** the blueprint for who, what, where and how activities will be delivered to enable the targeted business outcomes
- **Designing** new model strategies, elastic team structures and transparent leadership engagement to optimize results
- **Defining** roles and skills needed to perform in the New, preparing resources to operate in a post-pandemic environment via digital and social learning
- **Driving** sustained behavior change and accountability for outcomes by showcasing/rewarding a new culture that fosters collaboration

People Experience

The secret weapon to winning the war on talent is continued training. As aerospace and defense’s competitive landscape intensifies over the coming months, companies must encourage and trust HR to identify the digital learning roadmap for their employees. There are three key areas:

- **Improving** digital processes throughout the employee lifecycle
- **Empowering** the voice of the employee
- **Creating** a seamless onboarding and employee experience

How Accenture can help

Accenture is uniquely positioned to help aerospace and defense companies focus on digital and people. We can help you address what you need to do now and next in the key areas of people experience, organization, leadership and culture, work and workforce. By working with your organization to digitize the business, we can help you secure the future skills needed for the digital workplace and bridge the generational workforce divide. Focusing on people as the solution, your organization will leapfrog the trajectory of enduring and long-term digital sustainability. **The solution can only be found in one place: your people.**

With three decades of experience in serving defense, commercial and aerospace companies, Accenture has over 3,800 Talent & Organization people to support you.



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Resources

- ¹ Accenture Elastic Digital Workplace, 2020
- ² Accenture Human Resilience: What Your People Need Now 2020
- ³ Accenture The Real Talent Behind AI in Aerospace and Defense, 2020
- ⁴ US Bureau of Labor Statistics, 2019 labor force demographics
- ⁵ Accenture’s Future Systems Research Reveals Companies that Excel at Scaling Technology Innovation Generate Double the Revenue Growth, 2019
- ⁶ How the defense industry can compete with Big Tech and win the talent war

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