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## Tilman's Monthly Newsletter Year-End 2014

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Berlin



**Happy New Year**

**2015**

**The art of life is a constant readjustment to our surroundings**

*Kakuzo Okakura*

### 1. Year-End 2014

Happy New Year to all our friends and business partners!

Another calendar year comes to an end. We hope you can call 2014 your best year ever and that you are looking forward to starting a new year of remarkable achievements, with happiness and a good portion of humor to help thru disappointing days.

What was remarkable for you in 2014? Did you settle for the ordinary, the quick wins, or did you outperform your own goals with remarkable results? Not only by your own standard, but by the expectations of your team, your customers, your clients?

Especially this past year, we might tend to excuse the bottom lines of our business plan or the failings of our strategies as the inevitable result of the oil price, the political developments in Russia, the ISIS crisis, the Ebola epidemic or whatever else went wrong in 2014. In our airline industry, we had a terrible year. While I am writing this letter, rescue teams are looking for the third Malaysian aircraft lost in one year. Can we handle the growth of our industry? Safety of Air Transport continues to need our foremost attention.

Is it realistic or helpful to measure everything on the basis of a business plan which was produced several months before the start of the year for the next year, or 3 years, or even 5 years? The business plan is adjusted to 'realities' while in the approval process, and 'old' once approved (sometimes only once the financial year has already started). We then spend a lot of manpower and energy to justify all the changes to the business plan from reporting period to reporting period, while the focus should be on achieving more bottom-line profit by adjusting to changes and new developments in the industry.

Generally, the aviation industry is very conservative. Aircraft are ordered 4 to 10 years in advance, Supervisory Boards approve the order numbers according to business and passenger demand which might be as accurate as making predictions with a crystal ball. Airbus and Boeing are forecasting a sale of 20 to 30,000 airliner aircraft in the next 20 years, business aircraft manufacturers are planning some 4000 new aircraft for the next 20 years. The fact is that historically, the passenger numbers are growing 100% every 15 years. Even though we know this, the airports and runways are not growing at the same pace Airbus plans to stop production of the A380 an aircraft which could help alleviate the dilemma of too many aircraft and too little runway capacity.

The alliance strategy of the airlines (Star, One-World, Sky) is in make-over drive. Initiated primarily by Etihad, the changes in alliances and marketing strategies will become apparent next year.

The success of Uber and Airbnb will likely create phantasies in airline marketing. Why stop at taxis and vacation places? Social Media has already taken most airlines by surprise as small social media teams in most airlines try to keep up with the new marketing trend initiated by the preferences of our new customers, the Millennials. They consult App recommendations of their friends and peers first and foremost. Wake up call! As Fred Reid said recently at a Skift forum: Throw away your boring websites and create Apps.

In short, and not at all new, the marketing for a growth strategy is more important than the business plan from yesteryear, and trying to argue why you made only 4% profit margin instead of 5%, while competitors (who are on their toes) report 15% profit margins.

Leading change is often seen as a negative 'Must Do' to cut costs when a company is already in trouble. Forcing change by running seminars on how to change is like having an extra practice after a lost game. It is just a waste of time and energy. Change has to be immanent, ahead of the fear of your product or service losing touch with industry developments, emphasizing the goal of being remarkable.

2015 will be no different, a remarkable year for those who embrace change.

## 2. Gamification

I recently tried to improve my Portuguese and found a program on-line with many interactive little games to learn the vocabulary, grammar, sentence syntax, etc. For each session I got points and bonus points allowing me to progress further, much like the points or results which get me to the next level of a computer game.

Sitting at computer games for hours, at a level of high concentration, pulse elevated, fingers, neck and shoulders hurting, and attempting to acquire a skill (e.g. fingerspeed which would be loved by piano players, multitasking and memory speed which we elderly so admire in the young ones who grew up with these game tools), in pursuit of the next game level is familiar to us all the gamification of learning is predictably making its way into teaching. If we can sit for hours, days, weeks (or just the whole Christmas break with a new computer game) to play cricket, baseball, soccer, football with the animated stars, or fight game-wars, why not use this technique in school, university and in companies?

Many routine skills like the pilot license training or a new type rating could be programmed into realistic game teach-ware offering exciting course content and self-paced learning. This is the next level of distant learning. Pairing entertaining game software with the teaching syllabus is still in its early stages but the gamification of teachware is a sure trend in the future.

### 3. Merger & Acquisitions

tiansalo specializes in the M&A market, finding investors for an exciting new product development or getting an aspiring company investors for the next stage. 2015 promises to be an interesting year for investment opportunities in aviation, we offer our expertise in matchmaking.

#### Contact us!

In our UAE Head Office or our representation office in Berlin/Michendorf

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