

Global Transformation

The HR role in Managing Successful Transitions

Jacky Simmonds
Group HR Director – 18 February 2015

Outline

- Background to TUI
- Business Model Challenges
- Change & Transformation
- Approach to Managing Transition
- Lessons learned

The world's number one integrated tourism business at a glance*



Global Company –
domiciled in
Germany



Revenues of
€18.7 billion



Underlying EBITA
€69 million



A **FTSE 100**
business



Market
capitalisation
€7 billion



77,000
colleagues
in 130 countries



More than **30 million**
customers from **31** source
markets travelling
to 180 destinations



Over **300** hotels
with **210,000** beds



136 aircraft



12 cruise
ships



About **1,800** retail
shops in Europe

*Based on numbers from FY 2013/14

At a glance – over 250 brands

Sun & beach



Activity & adventure



Luxury



Inbound services



Accommodation



Oceans & rivers



Responsible travel



Competitive landscape – Business Model Challenge

TOUR OPERATOR PACKAGE



KUONI



DYNAMIC PACKAGE

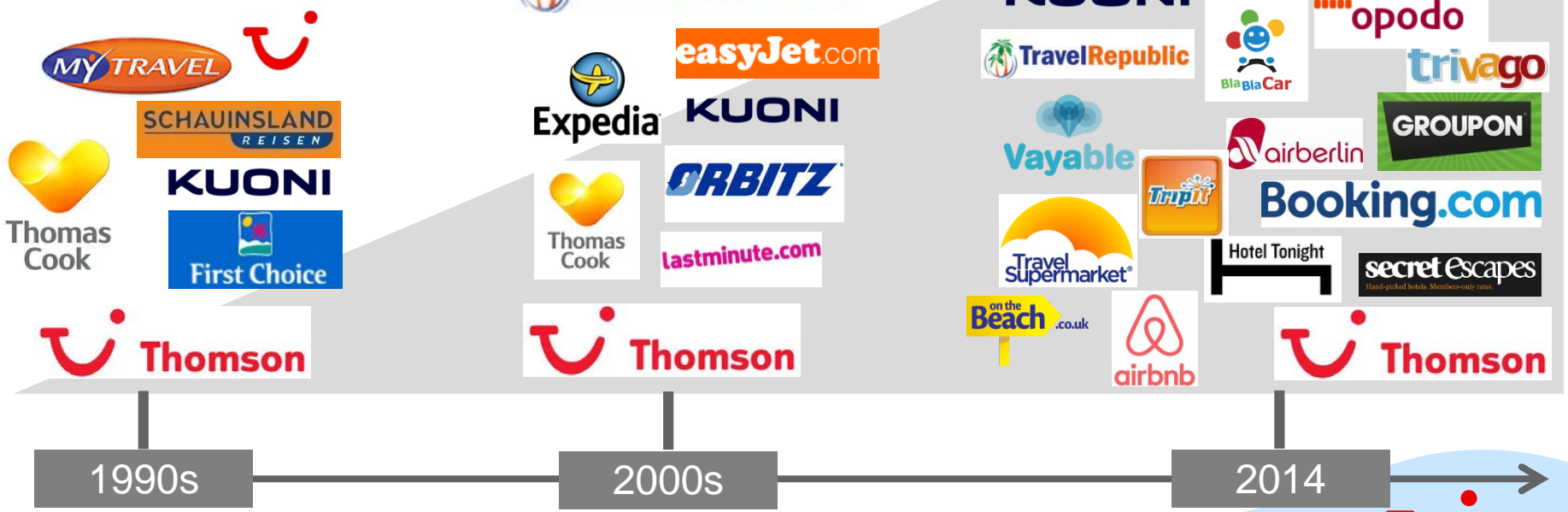


SELF-ASSEMBLED PACKAGE



Our Customers are spoilt for choice as the competitive landscape continues to grow

The travel market has evolved hugely over the past 20 years and become increasingly crowded



Digital Technology increasing dynamic and self-assembly packaging

TOUR OPERATOR PACKAGE



DYNAMIC PACKAGE



SELF-ASSEMBLED PACKAGE



Technology is at the forefront of travel,
and we need to keep up

Technology changing landscape



Where we have come from

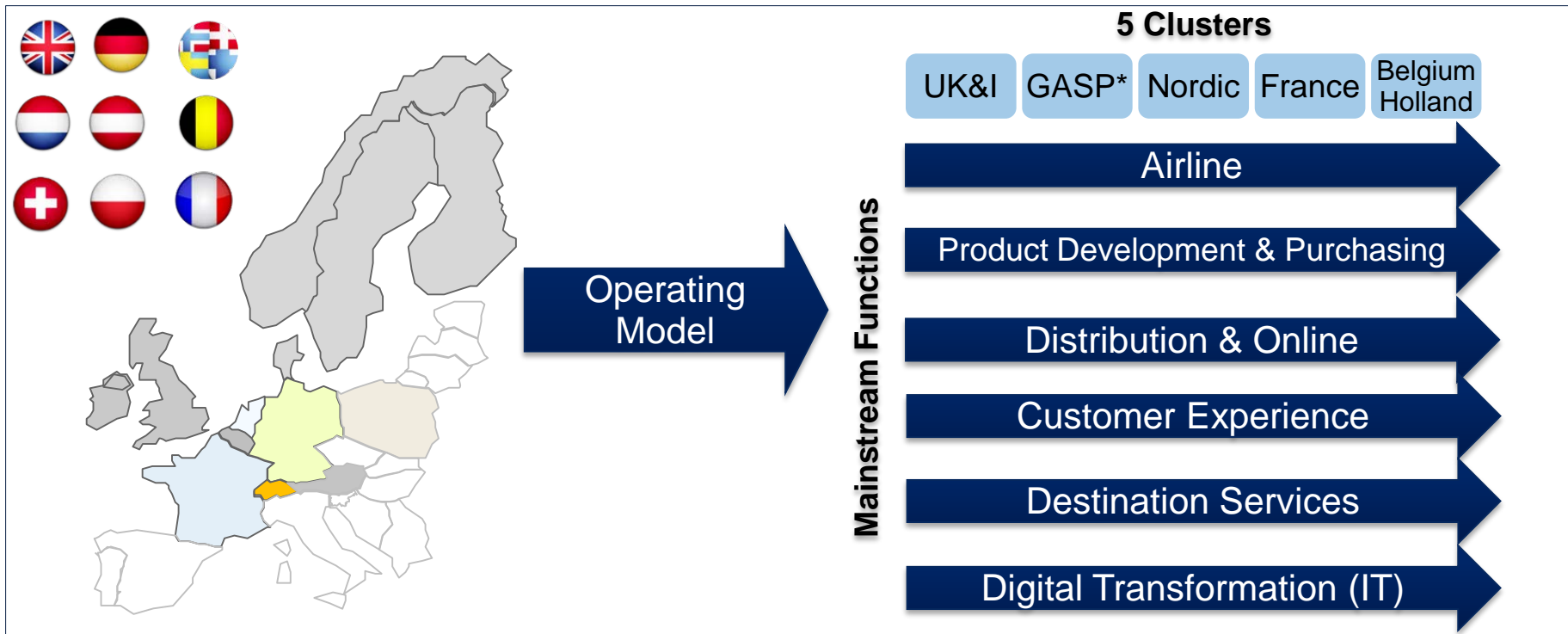
The development of the Operating Model

2011

- **9 Source Markets** carrying out all operating activity **separately**
- 6 airlines acting **independently**
- IT/HR/Finance all organised to support source markets

2014

- Source Markets grouped under **5 Clusters**
- Common operations and platforms **through Functions**
- Source Markets focused **on local sales**



Retaining market accountability, while leveraging operational and capability synergies

* GASP – Germany, Austria, Switzerland, Poland

Challenges

- Over-emphasis on local differences
- No common platforms for delivery
- Staying aligned with overall business strategy
- Limited collaboration and knowledge of each others businesses
- Support function infrastructure doesn't support desired future state operating model

The model we are changing to requires every source market to review their structure, change roles, requires different leadership and ways of working

HR Challenges

- 40+ HRIS systems
- Completely decentralised HR functions
- Few common processes across the Group
- Leadership capability
- Changes occurring at different times
- Multiple change programmes locally underway
- Unions / Local Works Councils / Group Works Council / European Works Council
- For good measure – we then decided to merge with TUI AG!

Key Questions for HR Teams

How are we defining the new Organisations and making sure they work?

How do we understand the impact of the new Organisations on current roles and our people?

How do we identify our obligations to consult on the changes proposed and how is this managed?

How do we move people into the new roles and out of the existing roles that have changed?

How do we make sure we redeploy impacted people effectively and pro-actively manage impact on talent?

What support and development is there for meeting the leadership challenges that organisation change presents ?

How can this be done consistently across several

HR Approach to Managing the Transition

ORGANISATION DESIGN

Design Group
Clear methodology
Standard “output”
“Stress Test” proposals

PEOPLE IMPACT

Standardised Process
Maps current roles against design work
Looks at accountabilities, decision making, KPI's
Competencies and skills required

CONSULTATION

Local Works Councils Unions / - vs –
European Forum & Group Works Councils
Multiple impacts in local geographies &
numerous change programmes

TRANSITION PRINCIPLES

Needs common approach
Some guidance mandatory
Local HR responsible for making leadership
teams and line managers informed

HR Approach to Managing the Transition

PEOPLE TRANSITION

Redundancies, vacancies, new opportunities
“SPOC”
Clarity on selection & resourcing approach

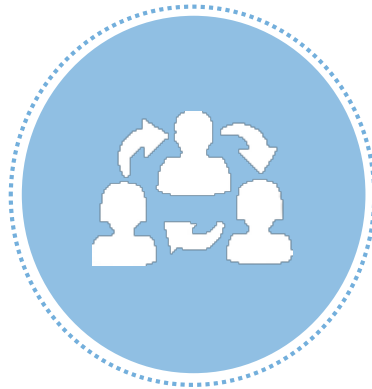
REDEPLOYMENT & TALENT

Retention
Acquiring new skills & competencies
“SPOC”

DEVELOPMENT

Significant shift required in Leadership
Capability
New skills required
New cross national teams being formed

New Ways to Lead



**Be collaborative
& lead in a
virtual matrix
environment**



**Engender commitment
& loyalty amongst
people of different ages/
cultures & values**



**Understand the
changing digital
landscape, the
business goals &
what our customers
want**



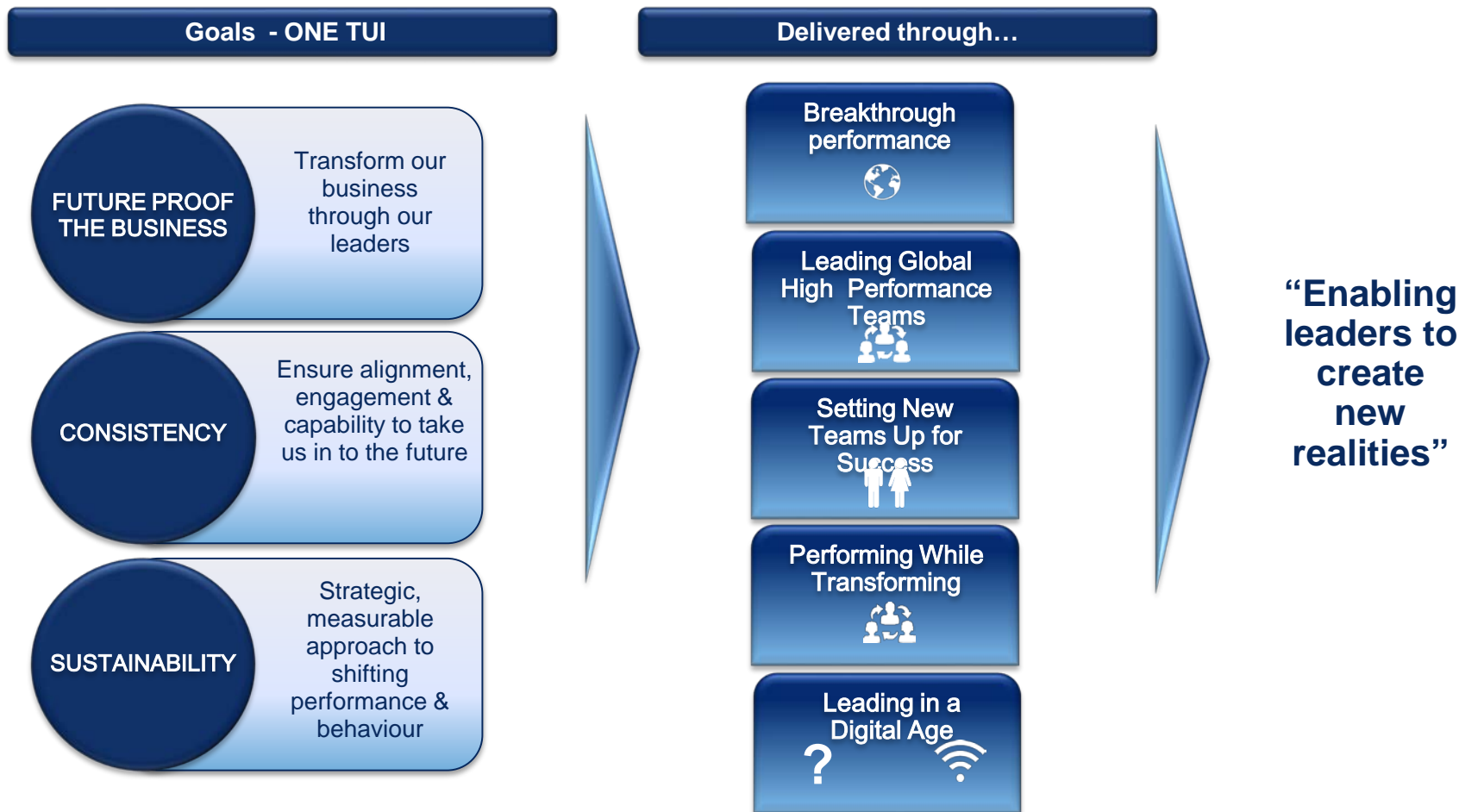
**Manage higher
levels of ambiguity**



**Operate
internationally
& drive
business
transformation**

DEVELOPMENT

One TUI – Making a Success of the Transition



Last few months focus has been on.....

- Engagement on the ‘Story’
- Alignment of leadership across the businesses
- How we improve collaboration at senior level to penetrate further down the organisation
- Shifting Mindsets – local to global
- Driving the benefits of ‘Developing once deploying to many’
- Overcoming the resistance to change
- Looking further at how we can simplify our organisation

Lessons learned to date.....

1. Leadership have to take ownership of the change and transition
2. You can't go faster than the organisation is ready for
3. There will be compromises
4. Cross-border change very difficult and complex

KEEP IT SIMPLE

Our People Destination 2020

In 2020 our people will:

- Say TUI is customer focused
- Feel part of one global team
- Will love working at TUI and recommend as a great place to work
- Will talk about TUI as an industry leading employer

