

## HOW I RUN IT

# Herbert Groeger of Shannon Aerospace: Ireland's biggest technology transfer



Just over one month ago the curtain went up on one of the most ambitious projects ever undertaken at Shannon, Co Clare. Some 2½ years in the planning, Shannon Aerospace is Ireland's newest aircraft overhaul facility, and employment already stands at over 600 people, with a target of 1,000 jobs by 1996. Chief executive, Dr Herbert Groeger, tells **OLIVE KEOGH** about this joint venture between three leading names in the world aviation industry

**J**UST 2½ years ago the site where the huge Shannon Aerospace building now stands was a green field. Today it is a state-of-the-art aircraft overhaul facility which it is intended will become within the next five years the largest independent supplier of heavy maintenance services for a range of short and medium-distance aircraft.

"We are a young joint venture with a very long pedigree," says chief executive Dr Herbert Groeger, who has been in charge of the project since its inception 30 months ago. An ex-vice president of the German airline Lufthansa, which, together with Swissair and the Irish-based aircraft leasing company GPA, is one of three partners in the project, Groeger is particularly pleased that the £80 million venture was completed on time and within budget.

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PHOTOGRAPH: LIAM BURKE/PRESS 22



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"There were a lot of pieces to put in place but everything went smoothly and we had the advantage of starting from scratch. It is a very ambitious project which is already employing over 600 people, and we have deliberately developed it with a lean and flat structure," he says.

"Our aim is to have 80 per cent of the workforce involved in 'hands on' with the aircraft, supported by a very small administrative back-up. This ratio is unusual in our industry and has only been possible because we have built the company from the ground up, with a heavy emphasis on information technology and electronic data-processing systems," he adds.

The concept for Shannon Aerospace came originally from Dr Tony Ryan, whose company, GPA, is the largest aircraft leasing operation in the world. With a large fleet and a constant demand for maintenance facilities, GPA was interested in having a direct involvement with an independent maintenance company. However, it needed partners willing to share both the capital costs and the technical know-how to make it happen. A deal was struck with Lufthansa and Swissair, which between them own 70 per cent of the new company, the balance being owned by GPA.

Shannon Aerospace is specialising in the overhaul of aircraft frames and selected fittings such as kitchens and seats. It will not be handling engines or specialist components such as computers and electronics systems. The company will be in competition for business with Lufthansa, Swissair, and the recently formed Team Aer Lingus in Dublin.

"It is true that the airline industry is having its problems at the moment, but this has to do with passenger and freight yields, and aircraft still have to fly and be maintained," says Groeger. "Air traffic has been growing at an average rate of 7 per cent over the past 20 years and, despite the setbacks of the present economic situation, it is predicted that passenger air travel will double by the end of the century.

"I accept that our business has never been tougher and it's high risk. But we have not cut back on our plans one bit. On the contrary, we are pushing forward and we are confident of providing a top quality service to customers at highly competitive rates," he says.

**A** COMBINAT... of tax breaks and an available and comparatively cheap labour force were major factors in the decision to set up the new company in Shannon. Groeger estimates that Irish labour costs are currently between 20 and 30 per cent lower than German rates, which should give the company an edge when it comes to pricing tenders.

But while the company experienced no difficulties in recruiting at aircraft technician level, Groeger says finding experienced middle and senior managers has been a major problem. "We were fully expecting to have lots of applications from Irish people abroad wanting to come home," he says, "but we still have a number of key positions vacant, even after considerable recruitment advertising in Ireland and internationally. That surprised us."

**BORN:** Hindenburg, Germany  
**AGE:** 55  
**EDUCATION:** Darmstadt Technical University (engineering); University of Braunschweig (management)  
**FIRST JOB:** 1963, management trainee, Lufthansa  
**FAMILY:** Married, three children  
**HOBBIES:** Reading (Irish history/classics); Classical music and jazz; Golf; Cross-country skiing

At present, the company is being run with relatively little Irish involvement at senior level. It has 20 managerial staff and 40 technical consultants on secondment from Lufthansa and Swissair, but Groeger is hopeful that it will soon be possible to replace them with Irish employees.

"Our senior team is predominantly Swiss or German at the moment, but I would expect this to change over the next three to five years," he says. "We are on a huge learning curve here and we need personnel who have experience of both aircraft engineering and maintenance and management. We would hope to bring potential managers along with us as we develop and grow our own team," he adds.

The training period for aircraft technicians is two years, and the company primarily recruited Leaving Certificate students whose training was carried out in conjunction with FÁS. One year's on-the-job training for the initial group has meant a spell with either

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Lufthansa or Swissair at one of their European bases, but from next year all training will take place at Shannon.

"I think the technicians found the time away very valuable," says Groeger. "They may have complained about missing their pints of Guinness and Irish sausages, but it gave them a feel for the standards and productivity of our industry and they gained important experience on the aircraft they would be working on here."

One of the problems with the aircraft maintenance business is its seasonality. The off-peak winter months are the busiest, while companies find it difficult to fill their capacity during the summer, when holiday traffic is heaviest. To cope with this, Shannon Aerospace has introduced a flexible working week which allows staff to work between a 6½ and a 10 hour day.

"The idea is for people to work a shorter day when we're not busy," says Groeger, "because once we have an aircraft in we need them to be there 10 hours a day to meet the turnaround deadline. We will also use the slack times for further training. It actually suits us quite well as our quiet period will be at the time when Irish people like to take their holidays."

While Groeger is reluctant to describe Shannon Aerospace as a 'one state' company (a contemporary management term to describe no divide between management and staff) he has made a concerted effort to reduce the gap between management and the shop floor as much as possible. To this end, all staff, from Groeger down, clock in and out. The company's car park and restaurant areas are common, with no reserved parking spaces and no executive dining room.

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**I** NSTEAD of commissioning the obligatory work of art to decorate the reception area, a 'sculpture' of an aircraft tail fin constructed by the company's technicians fulfills the role. "Because we're a new company which is multinational in the fullest sense of that word, we are creating our own culture from scratch," he says.

"Building a team and bringing a new workforce to fruition is probably the hardest part of all because people are variable and complicated. We have deliberately kept the organisation very flat — there are only two levels between myself and the technicians on the floor.

"We want to encourage creativity in the workplace in the fullest sense. Our young people are very motivated and we want to instill in them a confidence and belief in their own abilities. The best way to do this is by providing them with the best possible training which sets standards of accuracy, quality and productivity."

Groeger believes in setting rules, but only as a framework. "We want to offer people the freedom to think for themselves," he says. "Our bottom line is customer service, but there are different ways of achieving this. I'm in favour of situational management, where you teach people how to cope and then delegate more and more responsibility to them. Our business is a balance between profit and constantly ensuring quality engineering," he says.

An industrial engineer who holds a doctorate in management, Herbert Groeger is a former university lecturer in aircraft maintenance. A Lufthansa employee for the past 25 years, he was vice president of a division which included the company's aircraft maintenance operation (the largest in the world) before he was seconded to Shannon Aerospace almost three years ago.

He now lives in Ennis, which he describes as "a big change from Hamburg". But he says any regrets about leaving city life behind are tempered by the advantages of short commuting times and an unspoilt landscape. "I have really enjoyed my time here," he says. "The project has been tremendously challenging and we are very pleased with what has been achieved in such a short space of time. The way I see it, this is the biggest-ever transfer of technical know-how between the Continent and Ireland, and we're pretty proud of it."