Avolon and INSEAD: Rising to the Challenges of Rapid Growth
In just ten years, aircraft leasing business, Avolon, has grown from a 10-person start-up to 265 people turning over $2.6 billion annually – the third biggest player in the industry.

In 2017, its executives approached INSEAD to write a case study about their entrepreneurial success story and the resulting challenges. The initial discussions led to the formation of an institutional partnership and the creation of a customised Executive Education programme to help address the challenges of rapid growth and remaining a market leader.

By early 2020, 65% of Avolon employees had attended part or all of a three-module leadership programme at “strategic” or “accelerated” level. The overarching learning objective is to drive professionalisation by optimising processes and enhancing leadership skills, through a curriculum based on: strategy, structure, culture and execution, as well as talent management and leadership.

Using innovative techniques, such as live real-time simulations and group coaching, the parallel programmes have had a major impact on the company. In particular, they have inspired the creation of a Project Management Office, which in 2019 completed 33 process-optimisation projects and implemented 2 transformational organisation-wide IT systems. In addition, managers across the company have freed up their time to become leaders and strategic thinkers, rather than focusing on transactions and day-to-day details.

The partnership also encompasses special sessions for the Executive Committee; collaborations with MBA students; and the publication of a case study on Avolon. The learning culture thus created, along with the enhancements to process and people management, have recently helped the company to achieve a major strategic goal: “investment grade” status.
The Partners

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**Avolon** is the world’s third largest aircraft-leasing business. Based in Dublin, Ireland, it has offices in Hong Kong, the US, Singapore and Shanghai. As of 31 December 2019, Avolon owned 925 aircraft leased to 154 airlines in 62 countries and had 265 employees. Founded in 2010 by members of the current Executive Committee, it is now 70% Chinese-and 30% Japanese-owned.

**INSEAD** is one of the world’s leading and largest graduate business schools. It provides a truly global educational experience across three campuses in Europe (France), Asia (Singapore) and the Middle East (Abu Dhabi), and a new centre in North America (San Francisco). The 165 faculty members from 41 countries inspire more than 1,300 degree students and 11,000 Executive Education participants every year, as well as conducting academic research at the highest level.

Avolon executives first approached INSEAD in 2017. They enquired whether any professors would care to write a case study about an interesting company facing the challenges of rapid growth. Little did they know how important and multi-faceted the partnership between the two organisations would become...
The Challenge
The Challenge

By any measure, Avolon is an unusual company. But INSEAD professor Daniel Simonovich describes it as an “astonishing company”.

First, it is part of a little-known – yet multi-billion-dollar – sector. Aircraft leasing began in Ireland in the early seventies, when Aer Lingus rented two surplus Boeing 747s to Air Siam. Today, around half of the world’s 24,000 commercial jet aircraft are leased or managed by companies other than their operators – and Ireland remains the global industry centre. It is a high-adrenalin, high-stakes business, where deals can run to hundreds of millions of dollars. Although aircraft leasing requires technical expertise, it is also a specialist sub-sector of finance, with profits made in the gap between the cost of debt for an airline and the lower cost of debt for a lessor.

Second, Avolon’s record of growth is extraordinary, even for the aircraft leasing business. Starting from scratch in 2010 with private equity funding and six Airbus 320s, the Executive Committee – most of whom worked together in a former life – now run a company that holds nearly US$15 billion of assets and turns over $2.6 billion. One colleague describes them in the early years:

They were like FC Barcelona. They knew each other very, very well. They could pass the ball to the other player without looking because they knew the other player was going to be there, and then all moved in the same direction.

By 2017, when Avolon presented its “case study” proposal to INSEAD, the business had grown from a start-up to the third-largest aircraft lessor in the world. It had a global footprint and nearly €3 million of annual revenue for each of its 250 employees, but half of them had been with the company for under two years. Most notably, the company’s merger with the aircraft-leasing arm of American bank, CIT, in 2017 had doubled its numbers of aircraft and people overnight.

All the integration goals had been met well ahead of schedule. Yet success – especially when it takes the form of rapid growth – can be hard to manage.
Working in its favour, the company had a strong and well-articulated culture. Staff workshops, held shortly after Avolon’s launch, had identified five key values:

- TRANSPARENCY
- RESPECT
- INSIGHTFULNESS
- BRAVERY
- BULLIENCE

...or TRIBE for short

According to CEO Dómhnal Slattery, “The TRIBE values are worth a billion dollars of franchise value.” Indeed, they are not just a way of differentiating the company to banks, manufacturers and airlines; TRIBE also plays a crucial role in the integration of new employees and new acquisitions, such as CIT.

Strong values, however, are not enough to sustain growth or even to maintain a newly expanded organisation. Systems, processes and structures are also essential – and in 2017 Avolon, with its can-do, start-up attitude had not developed big-company methods of operating. There were too many Excel spreadsheets and ad hoc email attachments. Parts of the business had efficient processes, but they were not always written down. After all, most of the founding “FC Barcelona” team were still there, and they were used to passing the ball without looking, let alone documenting its trajectory.

Moreover, as well as being a TRIBE culture, Avolon was a deal culture. All the key performance indicators were financial. Senior executives were so wrapped up in day-to-day transactions that they had little time to think strategically and were still managing as they had in their start-up days. Meanwhile, junior managers were so busy rushing around, making their larger-than-life bosses’ deals happen, that they had little time to lead their own teams or to deploy their “insightfulness”. In any case, most of them were comparatively new to the company, so they had not yet developed the “bravery” to speak up – or to fail and learn from failure. The situation wasn’t just inefficient; it was also detrimental to work-life balance.” Anxiety and overwork at all levels were beginning to undermine those billion-dollar TRIBE values.
Professor Simonovich first met the Avolon Executive Committee in August 2017, along with Deputy Dean, Peter Zemsky, when the entire group flew to INSEAD’s campus in Fontainebleau, France, to discuss joining forces. They were immediately struck by the fit between the two organisations’ values. In that first meeting, the Executive Committee and the professors began to translate the challenges into two solutions. First, leadership and strategy: “Senior staff had to stop being doers and become thinkers, while the next level down had to stop being followers and become leaders – with no fear of speaking up or sometimes failing.” Second, processes and strategy execution: “Avolon had to move from small-company to big-company systems.”

The two interlinked challenges would indeed make an interesting case study, but Simonovich pointed out that they would make for an even more interesting – and potentially hugely impactful – Executive Education programme. The Avolon Executive Committee had seen enough to sense a natural fit with INSEAD and to seek a broader relationship with the “Business School for the World”. They asked Simonovich to make a proposal that would turn his solutions into learning objectives.

According to HR Director, Susan Rafferty, “A spark was lit: Daniel’s interest and curiosity were so genuine, it felt as if there was already joint ownership of the issues.”
The Commitment
The Commitment

Less than three weeks later, Simonovich was on a plane to Dublin with INSEAD Director of Corporate Partnerships, Katrin Surek-Gnago, on whose desk the case study request had originally landed. She recalls, "I could immediately see how our academic rigour resonated with Avolon. And I was impressed by their ambition. We don’t have many clients who talk about creating a programme for 100% of their employees!"

For Simonovich, an experienced programme director, working with Avolon was also an unusual experience. "It’s not often that you’re trusted enough to be given a blank sheet," he says. As a result, he ended up talking to far more people than is usual and dived far deeper during the project design phase. Another distinctive feature was that the INSEAD team were given a contact at Executive Committee level (CFO, Andy Cronin) as well as in HR (Susan Rafferty, who is a Senior Management Team member).
Simonovich’s initial analysis identified “4 + 2” critical areas that Avolon needed to address, the 4 being strategy, structure, culture and execution, and the 2 being talent management and leadership. He also focused his attention on the two TRIBE values where INSEAD could be of particular help: insightfulness and bravery. Avolon immediately embraced the analysis and asked how that would translate into a programme.

Simonovich’s original suggestion was for a programme with two one-week modules, in two formats: Strategic Leadership for more senior managers (around 50 people in 2 cohorts) and Accelerated Leadership for junior managers (150 in 5 cohorts). Each would cover similar ground, so that everyone in the company was aligned around the same “4 + 2” learning, but with a different emphasis depending on career level.

| Strategy | • Understand the **changing industry environment** and the pace of commoditisation  
• Assess the current **business model** and shape a future one  
• Define new and **changing roles** that fit the new environment and business model  
• **Align** management systems, routines and decision making accordingly  
• Spell out how the **TRIBE values translate** into a future sketch of the organisation  
• Ensure alignment and **consistency** between strategy, structure and TRIBE values  
• Understand the resulting **need for change** from the developments above  
• Devise an approach for the “what”, “when” and “how” of **managing change** |
| Structure |  
| Culture |  
| Execution |  
| Talent management | • Find an approach for **succession planning**, talent paths and mobilising millennials  
• Launch systematic **skills building** across Avolon, centred around individual needs  
• Make explicit the current leadership “model” and its limitations for a future context  
• Identify a **leadership model of the future** and set a path to make it happen |
However, Avolon pushed for something more ambitious. They suggested three modules over eight to twelve months, so that participants could learn, apply their learning and reflect on the application in an iterative way. **Realistically, this meant a two to three year commitment and a decision from Avolon to invest well in excess of €2 million in building a distinctive, company-wide learning culture with INSEAD.**

In return, INSEAD offered a number of add-ons to broaden and cement the partnership. For example, Simonovich was so enthused by Avolon that he saw it as the perfect candidate for an MBA Master Strategist Day. This recently introduced initiative involves an entire intake of 500 students, who apply their learning from the eight-week strategy course in a one-day team competition to solve a "live" business problem. Avolon jumped at the opportunity to participate. In February 2018, while the final touches were still being made to the company’s own programme, the entire Executive Committee was back at INSEAD (Singapore and Fontainebleau) to judge which two MBA groups had the best strategic ideas for Avolon to become #1 in its industry.

In addition, Simonovich agreed to run a series of workshops, known as “Insight Forums”, for the Executive Committee, who were by now all bitten by the INSEAD bug. And yes, he also published that case study – the idea of which had kick-started the partnership. ‘Avolon: Building a Global Leader in the Aircraft Leasing Industry’ was first used at the Master Strategist Day in February 2018 and is now available to business instructors throughout the world. Furthermore, it has become the only INSEAD case study ever to be presented to a prime minister!
The Initiative
By the time the first Strategic Leadership Programme cohort attended their first module in Fontainebleau in March 2018, it was clear that the objectives were as much about cascading a learning culture throughout Avolon as about strategy, execution and leadership. Since then over 65% Avolon employees have gone through part or all of the programme, with one further Accelerated Leadership Programme (ALP) soon to start. The Strategic Leadership Programme (SLP) is now completed, as are two runs of the more junior ALP.

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<tr>
<th>Modules</th>
<th>Strategic Leadership Programme (SLP) for senior managers and future senior managers</th>
<th>Accelerated Leadership Programme (ALP) for managers and future managers</th>
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<tr>
<td><strong>Module 1</strong>&lt;br&gt;5 days INSEAD&lt;br&gt;3 modules over 12 to 18 months</td>
<td>• Strategic thinking&lt;br&gt;• Leadership: self-awareness&lt;br&gt;• Leading under stress&lt;br&gt;• Group leadership coaching (one day)&lt;br&gt;• Process improvement (one day)&lt;br&gt;• Structured problem solving&lt;br&gt;• Business plans</td>
<td>• Strategic thinking&lt;br&gt;• Leadership: self-awareness&lt;br&gt;• Business logic and ecosystems&lt;br&gt;• Group leadership coaching (1 day)&lt;br&gt;• Process improvement (1 day)&lt;br&gt;• Structured thinking and problem solving&lt;br&gt;• Project management&lt;br&gt;• Business improvement</td>
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<td><strong>Module 2</strong>&lt;br&gt;4 days Avolon</td>
<td>• Strategy execution&lt;br&gt;• Structured thinking&lt;br&gt;• Understanding Avolon’s DNA&lt;br&gt;• Leading change at Avolon</td>
<td>• Leading across cultures&lt;br&gt;• Team dynamics&lt;br&gt;• Effective communication&lt;br&gt;• Business in action (2-day live simulation case)&lt;br&gt;• Problem solving in groups</td>
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<td><strong>Module 3</strong>&lt;br&gt;5 days Avolon (SLP)&lt;br&gt;5 days INSEAD (ALP)</td>
<td>• Strategic analysis&lt;br&gt;• Group coaching based on 360 feedback&lt;br&gt;• Leading strategic change (simulation)&lt;br&gt;• Hidden barriers of strategy execution and change&lt;br&gt;• Emotional dimensions of leadership&lt;br&gt;• Facilitating problem solving in groups</td>
<td>• Levels of organisational behaviour&lt;br&gt;• Group coaching based on 360 feedback&lt;br&gt;• Experiencing change (simulation)&lt;br&gt;• Hidden barriers of change&lt;br&gt;• Influencing change (including movie analysis)&lt;br&gt;• Negotiation: value creation and capture&lt;br&gt;• Cross-cultural negotiation</td>
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The long periods between modules are designed to offer ample time for applying the learning. For each session, participants receive an outline in advance setting out precise learning objectives and the kind of activities they can expect. All modules end with sessions facilitating re-entry to work, while modules 2 and 3 begin with sessions facilitating re-entry to learning.

It is noteworthy that any Avolon employee is eligible to attend INSEAD. The Strategic Leadership Programme has in the past included relatively junior managers with strong potential, while the Accelerated Leadership Programme is explicitly designed to address participants who do not yet lead a team, as well as early-career managers.

As can be seen from the table, there is considerable overlap between the two Avolon curricula. Furthermore, Professor Simonovich teaches sessions in all modules as well as directing the programme. As a result, there is a common core of learning that all participants share, regardless of seniority. However, the two programmes are also carefully adapted to career level. For example, the ALP focuses less on strategy and more on business basics: project management, negotiation, communication, team dynamics and cross-cultural interaction.

Similarly, while senior staff learn about leading change, their junior colleagues focus on experiencing and influencing change.

In short, the programme content is directly linked to the original "4 + 2" needs analysis. It is delivered entirely face-to-face, rather than online, in order to strengthen bonds between employees from different functional teams and hierarchical levels.

Most of the innovation comes from the delivery methods. While some sessions are traditional lectures and group exercises based on case studies, others involve role-playing simulation exercises. Of particular note is the two-day “business in action” simulation in Module 2 of the ALP, which includes surprise challenges, such as text messages or urgent emails, which have to be dealt with in real time. Far more powerful than a mere computer simulation, this kind of exercise was pioneered at INSEAD in the form of the innovative First Hundred Days MBA course and is now offered in Executive Education programmes. As Professor Simonovich puts it, “Participants are taken completely outside their comfort zones for two days in a kind of ‘reality-TV’ experience.”
Also unique to INSEAD is the group coaching, which draws on techniques developed in Fontainebleau and uses proprietary 360 feedback instruments.

From day one, back in March 2018, most of the sessions resonated powerfully with the participants. However, despite all the hard design work, the day on process improvement, common to Module 1 of both programmes and taught by Professor Stephan Höfer was not well received. Participants complained that “Kaizen” principles did not fit their non-manufacturing business. It was Höfer’s turn to set off for Dublin, where he spent time with the marketing team and Stephanie Loughnan, who was leading the integration of CIT into the business. Patiently Höfer explained how Kaizen did indeed apply to administrative processes in a fast-growing financial organisation. He then went back to the drawing board to rebuild the course around the processes he had encountered at Avolon.
The Impact

The next time Höfer taught process improvement day, not only was the feedback excellent but the participants spontaneously formed a task force. Their enthusiasm was so infectious that Simonovich returned to Dublin yet again for an Insight Forum with the Executive Committee to expose them to the core concepts and tools.

The upshot was the creation of a new team, the Project Management Office (PMO) to be led by Stephanie Loughnane, the integration expert (and SLP participant). Built around an existing IT team, which had previously filled a non-strategic role, the goal was not only to ensure best practises in managing new projects across the company and across functions but also to map – and improve – the day-to-day processes that already powered Avolon’s business.

By January 2019, Loughnane’s team had its own space and a dedicated “process mapping” area where they could apply the principles learned at INSEAD alongside colleagues from other departments. The idea was that staff could literally step outside their day-to-day routine into a creative space where they could see their tasks with greater detachment and clarity, and set their roles within a bigger strategic picture.

Such an undertaking was feasible only because so many Avolon employees had (or soon would be) schooled in the INSEAD methodology.

One year later, the team had optimised 33 distinct internal processes – with significant time and cost savings and/or quality enhancements – by cutting out unnecessary steps or finding technical solutions. COO, Tom Ashe, estimates that the resulting improvements equate to 10% of the company’s time. “And because we’re a growth business, that doesn’t mean making people redundant,” adds Loughnane. “Quite the opposite. It helps us to grow.” Her team has itself grown to eight direct reports and will expand further in 2020.
Technical Director, Emily Gallagher, from the first INSEAD cohort, recalls the blank stares when Professor Höfer asked: “How do you plan and map your processes?” Since then, she and her team have worked closely with the PMO a number of times. One project involved mapping the “remarketing” of aircraft with expired leases. She explains:

When Avolon was young, so were our aircraft and our leases. Today we’re remarketing about one a week. It’s a complex process, starting with my team predicting and analysing the state of the “asset”, which then enables the pricing team to estimate its value and eventually the commercial team to find the right customer, willing to pay the right amount for the right length of time. Together we mapped all the steps and developed a number of tools to determine – and pass through – the key decision points.

Some fixes are smaller and simpler. They might concern the way meetings are run or how and when emails are sent. Simon Hanson, Head of Asia Pacific and one of Avolon’s founding executives, explains:

We’ve gone from 10 to 270 people, so we can’t process information through the business as we used to. We found we were losing days on this side of the world, just by people not understanding emails!

Some of the other new processes are less about saving time than eliminating error. Shane Duane, VP New Aircraft Pricing, recalls:

Our team worked with the PMO and another department on mapping the delivery of new aircraft. By creating a standard template, we have significantly lowered levels of error. And in our business it’s very difficult to fix an error once you’ve made it.

In addition to the 33 process improvements, the PMO, with its predominantly technical experts, has led 2 major company-wide IT projects. One is a document-management system that enables files to be shared throughout the organisation. The other is ATOM, a bespoke platform for Avolon Transaction and Operations Management, capturing all KPIs and available to the entire company on any device anywhere in the world.

“To call ATOM a CRM system, understates its value,” says Tom Ashe. “It’s a game-changer that encompasses every deal we make. We won’t feel the full impact until later in 2020, but it’s already transformed our working practices.”
In short, process optimisation has become a part of the company’s mindset. Suddenly, it seems, Avolon, is once again operating with the fluency of FC Barcelona – despite having 265 players on the team.

The impact of the Project Management Office on process is tangible. However, the less tangible impacts of the programme on Avolon’s people should not be underestimated. Ask any participant about the effect of the programme and they will point to changes in their own behaviour. HR Operations Manager, Claire Hudson, is typical. “Now I adopt a softer communication style for certain situations,” she says. “Before, a lot of people would have said I was intimidating,”

Compare (and contrast) with Senior Asset Manager, Anna Killeen:

My manager has observed that my old conflict-avoidance style has changed through 180°. I know how to stand my ground and high-pressure situations aren’t intimidating any more. The best indicator of INSEAD’s impact is that I don’t lie awake worrying any more!

Even more typical are Killeen’s experiences of stepping out of the day-to-day fire fighting to become a leader:

Previously, I thought the best tactic was to work with my team. During a coaching session at INSEAD I discovered I was “mothering” not “helping” them, limiting their ability to progress. On my first day back, I shared my INSEAD personal development plan with my own manager and asked him to hold me accountable for not falling back into my old habits. And it’s worked. Today, I’m purely a manager.

Simon Hanson, Head of Asia Pacific, already had an MBA and was sceptical about what he would learn at INSEAD. But he too has changed: “Today I think more like a football coach on the sidelines, rather than a star player.” Eoin Reddan, VP Marketing, really was a star player, a household name in Irish rugby until joining Avolon in 2016. He pays INSEAD the ultimate compliment: “Learning at INSEAD is more like listening to a great sports coach than an executive coach.”
Conclusion
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The impact of the broad-based partnership between Avolon and INSEAD extends far beyond the programme participants; the SLP and ALP have changed the way Avolon functions. Managers are now strategic thinkers and leaders, who trust their teams to get the deals done. At the same time, the "systems" thinking developed at INSEAD has streamlined processes and created new company-wide technology solutions, thus facilitating further growth. The case study written by Professor Simonovich is not just used in classrooms throughout the world; it is also given to all new Avolon recruits as part of their induction. Its original use in the MBA Master Strategist Day resulted in 3,000 hours of valuable research and analysis.

There has also been a cultural impact. It is no coincidence that the CEO references INSEAD in his introductions to Avolon’s annual reports or that it appears on the homepage of the company website. The thirst for learning is now so great that the 20% of staff (mainly very junior) who have not attended INSEAD, will get their own simplified version of the programme. As Simon Hanson points out, “thanks to INSEAD, the smell of learning is everywhere at Avolon.”

On 6 January 2020, Avolon announced that big the credit-rating agencies had upped its status to “Investment Grade”, enabling the company to borrow at more favourable rates than via the banks – and to grow yet further. Of course, INSEAD cannot claim the credit for this. However, better management and sleeker operations have certainly helped Avolon to reach this major milestone on its high-speed journey. With a little help from a friendly business school, the upstart start-up has become a major financial force.