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Cover: Texas Jet's Miguel Rodriguez marshals a Commander on the ramp at FTW.

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By David W. Almy

The old business adage "stick to the knitting" could not be more apropos for Reed Pigman, CEO of Texas Jet at Meacham International Airport in Fort Worth, who has spent almost three decades focused on doing just a few things very, very well.

Charter Brokers and Charter Providers: How Convenient a Marriage? 37

By Paul Seidenman and David J. Spanovich

As increased airline security and deteriorating service drive more business executives and affluent leisure travelers to on-demand aircraft charter, there has been a greater focus on the role of the charter broker. This article looks closely at that role.

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Who Wins? Who Loses?

Democrats Take the Field as Congress Tackles Reauthorization

By James K. Coyne, President

Everyone knows that 2007 will be the biggest year of aviation legislation and policy development in more than a decade, but exactly who will carry the ball in Congress has long been in doubt. For months, pundits predicted that Republicans faced their toughest midterm election battle in years, but no one foresaw the size of their defeat. Six new Democratic Senators and about 30 new Democratic Representatives will take their seats in January, and the political landscape for next year's aviation legislation agenda has suddenly changed from red to blue. How should we feel about all of this: angry, sad, frustrated, confused, or perhaps even cautiously optimistic? My answer: All of the above!

I can definitely sympathize with the forlorn congressional Republicans. In 1982, an angry public, frustrated with high interest rates, inflation, and unemployment, wasn't happy with the tough medicine that President Reagan was prescribing, so they decided to "send him a message" by taking 26 seats away from the Republicans in Congress. I was one of them, losing by 51-49 percent in a 'marginal' district in suburban Philadelphia. That congressional district (along with three others and a Republican Senate seat in the Keystone State) switched over to the Democrats again this year.

Time to Clean House

As in 1982, the Republicans had a difficult row to hoe this year. The war in Iraq was trying the patience of almost everyone, stories about scandals and corruption were on the front pages, the President was increasingly unpopular, and Republicans in Congress weren't doing a very good job of controlling spending. To many voters, it was simply time to clean House. They've sent their message; now, will it do any good?

For aviation interests, the answer is yes, no, and maybe—depending in part on which issues in aviation are the most important to you. If



you're a big fan of the airlines' attempts to tax all airspace users with their "blip is a blip" user fee plan, then the election results aren't to your liking. The likely new Democratic committee and subcommittee chairs are already on record as opposed to user fees. But if you want to see Congress expand the General Aviation Revitalization Act of 1994 to extend the liability limits that the aircraft manufacturers won in GARA to other aviation lawsuit defendants, like maintenance companies, then the election results aren't very encouraging. Most Democrats would sooner praise Rush Limbaugh than offend their most stalwart patrons, the trial lawyers.

Fortunately, in the real world of give-and-take congressional politics, most legislative issues that affect your business aren't so black and white, especially when it comes to the billions of dollars of aviation funding scheduled for allocation in next year's aviation reauthorization process. In addition, most aviation issues aren't really Democratic or Republican in the traditional sense. In fact, Democrats may prove to be more balanced in their treatment of airline vs. general aviation or big airport vs. little airport battles than some Republicans, and they will certainly be willing to listen to a wider variety of viewpoints next year than if they had to toe the line of a Democratic administration's agenda.

It's also important to differentiate the rank-and-file Democrat who isn't on any of the key aviation subcommittees from those who are experienced with aviation issues and understand where the growth, opportunity, and new jobs in aviation really are. I well remember, for example, the important role that Democrat Dan Glickman, from Kansas,

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President's Message

Continued from page 7

played throughout his congressional career in support of aviation businesses across the country. He's no longer in Congress, but many of his type still are, and NATA looks forward to working with them.

But there is no doubt that November's election results were painful. We've lost some strong and dependable allies in the House and Senate, most notably Conrad Burns from Montana, George Allen from Virginia, Clay Shaw from Florida, and Charlie Bass from New Hampshire. I just hope their successors know how essential a broad, diverse, unfettered, and technologically advanced aviation system is to the economic opportunities and quality of life of all Americans. I am fearful that some of their successors will be too populist to appreciate private aviation, too fearful to understand that we aren't a terrorist tool, too liberal to know that 'profit' isn't a dirty word, and too naïve to understand that more regulation doesn't necessarily make things better.

Optimistic Outlook

Notwithstanding all these concerns, I remain optimistic. 'Divided government,' with Democrats running Congress and Republicans at the White House, sounds like a recipe for gridlock and confrontation, but it can also mean that the new rivalry in Washington, like those we routinely see in the private sector, will produce the creativity, energy, and compromise that competition always engenders. As partners to that process, NATA is well positioned to help—and to continue our long tradition of supporting politicians on both sides of the aisle that want to maintain America's leadership in aviation. Aviation, after all, is for everyone.

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Who's Ready For Some Presidential-Race Politics?

By Eric R. Byer, Vice President, Government and Industry Affairs

So, who is still recovering from the mid-term congressional elections? Lord knows, I am. But, no sooner had the November elections come and gone than speculation intensified as to who will be our next president. Even before the mid-term elections, *Time* magazine displayed a cover with President Bush on the way out the door.

As we approach the New Year, I thought it would be wise to review the cast of prospects whose success in the 2008 primaries and subsequent election will impact the issues affecting all NATA members. From today's vantage point, I have handicapped who could very well be the front-runners from each political party by the end of 2007. It certainly promises to be an interesting 365 days!

Republican Front-runners

Arizona Senator John McCain
Former New York City Mayor Rudy Guiliani
Former Speaker of the House Newt Gingrich

Long Shots

South Dakota Senator John Thune
Florida Governor Jeb Bush
California Governor Arnold Schwarzenegger

Each of these candidates is unique and brings a skill set that draws varying voter blocks. McCain is the former POW rebel who many consider the frontrunner. McCain certainly is a maverick on a number of issues, but his support of the president over the last year could hamper his success to become the clear-cut front-runner in 2007. Guiliani and Gingrich are clearly the wildcards who could present a real challenge to McCain. Guiliani has been the Republicans' biggest draw at fundraisers over the last six months, even bigger than the president in many regards; but the question is, does he really want the job? Gingrich, who appeals to the party's true conservative base, is not shy about breaking ranks on topics like health care reform, on which he teamed up with Senator Hillary Clinton.

In the long-shot category, Thune is a dedicated family man who I think would bring a breath of

fresh air into the field. I think the country has probably had enough of the Bush clan, but who knows? And finally, wouldn't it be interesting if Congress amended the Constitution to allow foreign born but naturalized citizens to run for president? Now that would be interesting—we could have the first Terminator President.



Democrat Front-runners

New York Senator Hillary Clinton
Illinois Senator Barack Obama
Former Vice President Al Gore

Long Shots

Massachusetts Senator John Kerry
Former North Carolina Senator John Edwards
Indiana Senator Evan Bayh
Iowa Governor Tom Vilsack

In my opinion, the nomination is Clinton's to lose. Imagine! If she wins, we will have had a Bush or Clinton in the White House for 20 years. Yikes! While the frontrunner, Clinton definitely has some very stiff competition in Obama, my choice for the nomination. Obama, a family man, author, former head of the *Harvard Law Review*, and now junior senator from Illinois has a presence that trumps even Clinton's.

The rest are really not serious contenders but are worth mentioning. Once you become the Democratic nominee for president and lose, you do not get a second chance. Period. It would be as difficult as Schwarzenegger becoming president. So this rules out Gore and Kerry, in my opinion. Edwards is an also-ran as well, even though he has the attractive visage and some financial backing. Bayh, a Senator from Indiana, is an interesting candidate and a real dark horse in the race—a true moderate and a good-looking fellow who could slip through

and be a real spoiler during the primaries in 2008 if he plays his cards right.

General Election Forecast

McCain – 49%
Obama – 45%

I say all of this knowing full well that I could be here this time next year eating crow because someone has popped out of the woodwork who could throw both parties into convulsions. Former Secretary of State Colin Powell, current Secretary of State Condoleezza Rice, or former New Jersey Governor and head of the 9-11 Commission Tom Kean could certainly do that to the Republicans. For the Democrats, former Virginia Governor Mark Warner (he recently said he would not run, but there is still PLENTY of time to renege on that statement), Rep. Nancy Pelosi (if she thrives as House Speaker, it would be interesting to see how she would stack up against Clinton), Iowa Governor Tom Vilsack, or New Mexico Governor Bill Richardson could present intriguing dilemmas for the Democrats.

Yes, 2007 will certainly be interesting. Have a great holiday season and happy New Year!

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Sarbanes-Oxley and the Sound Management of Aviation Operations

By Louis Sorrentino

The Sarbanes-Oxley Act of 2002, also known as SOX, came into being due to both real and perceived accounting scandals at Enron, WorldCom, and Arthur Andersen, to name a few. These accounting improprieties resulted in billions of dollars in corporate and investor losses and loss of confidence in senior corporate leadership. In stated purpose, to help prevent future scandals, SOX mandated a sweeping accounting framework for all publicly traded companies doing business in the United States.

SOX Has Teeth

Specifically, SOX establishes new accountability standards for corporate boards and auditors. It also specifies civil and criminal penalties for noncompliance. In short, SOX has teeth and poses the threat of significant penalties and jail time for senior managers who do not comply with its provisions.

SOX was intended to promote company governance and management by trustworthy, honest individuals in accordance with the laws of the land. For example, the data that managers use to portray the performance of these companies is generated in a manner that makes the financial reports verifiable with traceable source data and keeps oversight of these systems independent, comprehensive, and consistent.

Within management and financial circles, governance refers to senior management's ability to understand all the potential risks to the company and implement risk-avoidance controls to eliminate, mitigate, or transfer that risk. Under SOX, a company's internal

systems are set up to verify the actions of management based on their complete knowledge of information held within the company.

So what does this have to do with aviation operations? Well, quite a lot.

First, the general principle of sound governance is one of the core attributes of a safety and quality management system. That is, to properly manage a company, documented policies, procedures, and processes along with effective controls are established and communicated company-wide so that employees operate to management's service and quality expectations.

Next, proper governance requires oversight. Oversight is the ability of the organization to independently assess the health of its programs and processes to ensure they are working as designed and producing the intended outcomes. Remember, proper oversight, or more precisely the lack thereof, was the genesis of SOX.

Aviation managers assessing how an organization is performing require multiple tools. While SOX focuses mainly on financial and information technology controls and reporting tools, NATA Safety 1st Management System (SMS) participants are provided with a wide array of tools to assess everything from morale to potential hazards not revealed through lagging indicators. In

fact, SMS provides managers with numerous predictive tools to more precisely determine potential events and help forecast their outcomes.

Truly knowing the hazards and risks to your company, employees, and customers (whether they're finance- or safety-related) is key to your future success. Merely relying on risk-transfer tools, such as insurance, is bad management. In fact, many insurers look to companies to manage foreseeable losses and use insurance capacity only for catastrophic occurrences.

Unfortunately, many uninformed operators believe insurance can be used as a fail-safe rescue for their P&L. Relying on insurance to compensate for management's failure to avail itself of proven tools may raise

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NATA's Safety 1st Management System

includes a wide array of tools to identify hazards and risks, enabling management to do its job of effectively managing the assets entrusted to it, including:

1. Company Safety and Quality Policy and Objectives
2. Integrated Duties and Responsibilities
3. Safety and Quality Focal Point
4. Hazard Identification Process
5. Self-Disclosure Reporting
6. Safety Committee
7. Safety Communications
8. Accident/Incident Reporting
9. Safety Investigation
10. Accident Prevention
11. Safety and Quality Data Management
12. Quality System Oversight

New Jersey Decision Puts Interstate Commerce at Risk

By Kent S. Jackson

Companies buy business aircraft to build their markets on a national and international scale. Progressive communities support airports and business aircraft to attract out-of-state companies to buy in, and perhaps join the local economy.

Although the U.S. Constitution was written more than a century before the emergence of the airplane, its authors understood the basic economic power of a port. The Constitution's Commerce Clause gives Congress the exclusive power "to regulate Commerce with foreign nations, and among the several states, and with the Indian tribes." The Founding Fathers knew that commerce between the states would unite them and build the country.

If New Jersey's rationale were adopted by the U.S. Supreme Court, then aviation charter companies would be particularly vulnerable to absurd "business taxes" in nearly every state.

They also knew that interstate commerce would always be the target of local taxing authorities bent on gathering money from anyone other than the local voting gentry.

Aircraft owners today deal with a myriad of taxes. At home they deal with sales/use, property, and ad valorem taxes. On the road there are excise taxes, customs fees, user fees, and landing fees. However, "corporate business tax" is not typically listed among aircraft owner/operator tax concerns. A recent New Jersey case has raised concerns about the application of corporate business tax in the aviation community.

Lanco, Inc. v. Director, Div. of Taxation does not involve an aircraft. Lanco is a Delaware corporation that owns certain intangible property (trademarks, trade names, and service marks). Lanco has no offices, employees, land, or other property in New Jersey. Lanco licenses Lane Bryant, Inc. to utilize the intangible property in the conduct of Lane

Bryant's retail operations, including those in New Jersey, and in return receives royalty payments from Lane Bryant. New Jersey attempted to assess its corporate business tax on Lanco even though Lanco had no connection with New Jersey except for a license contract with Lane Bryant.

Lanco appealed New Jersey's assessment of the tax to the New Jersey Tax Court, which ruled in Lanco's favor, citing the constitutional protection of the Commerce Clause. The state appealed and won, and the New Jersey Supreme Court has now affirmed the ruling in favor of the state.

New Jersey has now joined with a handful of other states that believe that "physical presence" has no bearing on a state's ability to tax non-residents under corporate business tax laws. The U.S. Supreme Court has ruled several times on the constitutional issues triggered by states that attempt to assess sales/use taxes on interstate transactions, but it has not yet directly addressed corporate business tax laws.

The U.S. Supreme Court decisions on sales/use tax have focused on two fundamental constitutional issues: the Commerce Clause and due process. Both issues turn on "nexus" (Latin for "connection"). Due process generally concerns the fundamental fairness of governmental activity. Notice and fair warning of a potential tax are the fundamentals of due process analysis, while the Commerce Clause is aimed at protecting the national economy more than individuals or companies that may suffer a particular tax.

In 1977, the U.S. Supreme Court established a four-part nexus test for determining whether a state may tax interstate commerce:

1. Does the activity taxed have a substantial nexus with the taxing state?
2. Is the tax fairly apportioned?
3. Does the tax discriminate against interstate commerce?
4. Is the tax fairly related to services the state provides the taxpayer?

Because Lanco was never present in New Jersey, what services did New Jersey provide to Lanco to justify a tax? According to New Jersey, Lanco enjoyed the following services from the state:

1. Protection of Lanco's rights under the licensing

agreement and its right to protect its trademarks and service marks;

2. Maintenance of New Jersey's highway system and production of an "educated workforce"; and
3. Police, fire, and judicial protection of the physical property upon which Lanco's trademarks are used, even if owned by Lane Bryant.

A Nearly Absurd Rationale

It is certainly true that if Lanco had a contract dispute with Lane Bryant, it could have filed suit in New Jersey to enforce the contract. The second and third arguments are nearly absurd. Lanco didn't benefit from New Jersey's roads and schools just because its customer did. Should hotels in Florida pay income tax in cold states? Kansas educates and protects my family, and yet Florida hotels take my money without reimbursing Kansas for the income the hotels derive from me and my cold, pale family in January. If New Jersey's rationale were adopted by the U.S. Supreme Court, then aviation charter companies would be particularly vulnerable to absurd "business taxes" in nearly every state.

In 1948, the U.S. Supreme Court struck down a New York gross receipts tax on bus services sold in New York even though almost half of the trips went through neighboring New Jersey and Pennsylvania. The court held the statute fatally flawed by the failure to apportion taxable receipts in the same proportions that miles traveled through the various states bore to the total. This apportionment approach to the taxation of interstate commerce tended to protect air interstate commerce from any tax because any particular state's tax bite grew smaller as flights grew longer.

In another bus case in 1995, the U.S. Supreme Court ruled that Oklahoma could tax the entire ticket price of a bus ticket purchased in Oklahoma, even though the passenger was traveling to another state. The court was divided. The majority ruled in favor of Oklahoma primarily because it was unlikely that another state would attempt to tax the bus trip. Two justices agreed with the decision but voiced their opinion that the prior four part nexus test should be abandoned. Two others dissented from the opinion, noting that the case was identical to the 1948 bus ticket case and the Commerce Clause concerns remain the same.

The Commerce Clause worked. Congress could legislate an end to the state greed that the courts are beginning to allow, but that would mean asking legislators to vote with national interests in mind, rather than their own voters. If "all politics are local," then it is certain that all taxes will not be local. 



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The Voice of Aviation Business

United States Supreme Court Justice Anthony Kennedy hosted lunch for roundtable participants at the Supreme Court in Washington. In his remarks to the group, Justice Kennedy reflected extensively on the court's role in the United States and globally. He also reported on the internal workings of the court and guided a tour of the courtroom of the Supreme Court Building.



2006 Aviation Business Roundtable

NATA concluded another highly successful leadership conference in November, including visits with some of the most influential decision makers in Washington, D.C.

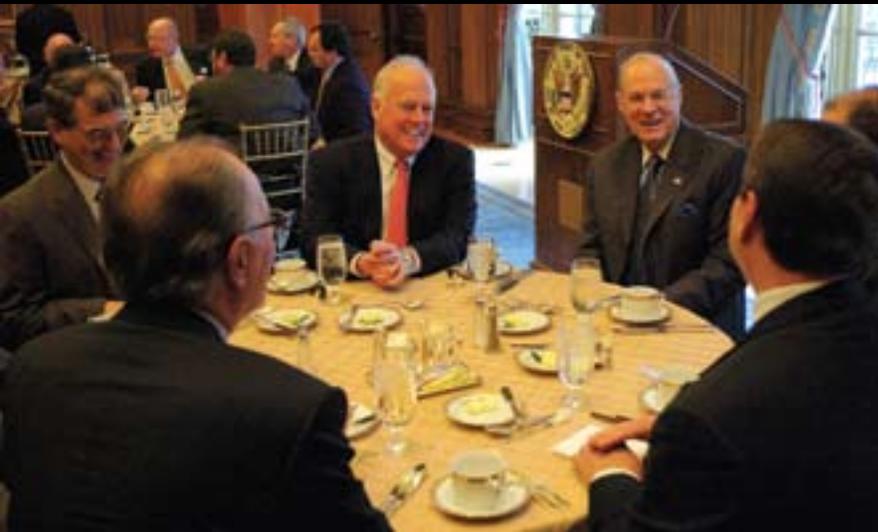
The 2006 Aviation Business Roundtable assembled 50 aviation leaders from across the industry to meet with key federal and congressional officials to discuss a number of critical issues affecting the aviation industry, including security, taxes, user fees, fuel pricing, and airspace and airport access for charter and general aviation operations.

The roundtable was highlighted with a

kickoff lunch with U.S. Supreme Court Justice Anthony Kennedy and concluded with a visit from former White House Chief of Staff Andrew H. Card, Jr. Attendees also visited with Jean-David Levitte, the French Ambassador to the United States; Congressmen Leonard Boswell (D-Iowa) and David Dreier (R-Calif.); Michael P. Jackson, Deputy Secretary, U.S. Department of Homeland Security; Transportation Secretary Mary E. Peters; Deputy FAA Administrator Robert A. Sturgell; Charlie Cook of the *Cook Political Report*, and others.

"The NATA Aviation Business Roundtable has truly become the marquee event for executives within our industry to learn the latest on issues affecting their businesses from this country's top policymakers, as well as providing an outstanding forum to network," NATA President James K. Coyne said.

"I am once again very pleased with the level of participation we had at this meeting, and I am confident that we will enjoy a much greater spirit of cooperation from our government leaders as a result of this year's roundtable," Coyne concluded.





The Voice of Aviation Business

Aviation Business Roundtable



Roundtable participants met new Secretary of Transportation Mary Peters (above with NATA President James K. Coyne), Deputy FAA Administrator Robert Sturgell (right with NetJets' Jim Christensen), Under Secretary of Transportation for Policy Jeff Shane (opposite page, top left, with ATIS's Sally Leible). Peters discussed the pending FAA funding challenge, which will be tackled during 2007. Deputy Secretary of Homeland Security Michael Jackson (below with Coyne) briefed the roundtable on the sobering threat of possible terrorism through the use of general aviation aircraft.





Veteran Washington political analyst Charlie Cook (above) provided a spirited assessment of the mid-term elections and handicapped the 2008 prospects of both parties. Former White House Chief of Staff Andrew Card (left) provided key insights into the workings of the Bush White House and commented favorably on the important role of trade associations, such as NATA, in a democracy. A former Secretary of Transportation, Card also noted the President's use of C-SAM Gulfstream aircraft and the importance of general aviation to the nation.



French Ambassador to the United States Jean-David Levitte (above right in red room) hosted roundtable participants for dinner at his residence in Northwest Washington. In his remarks, Ambassador Levitte noted France's long history in aviation and long-standing friendship with the United States. Congressman David Dreier (R-Calif., near right) and Len Boswell (D-Iowa, far right) commented on the changes in Congress, with both chambers to be controlled by Democrats in January 2007. All House and Senate committees will switch leadership as a result of the fall elections, with substantial turnover in committee staff as well.



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Factory-Owned or Independent Shops: A Not So Clear Choice

By Paul Seidenman and David J. Spanovich

When Chuck Looney needed to order a unique cabin modification for the Bombardier Global Express he manages for a private individual, he faced the same decision as most business and general aviation aircraft operators under similar circumstances. Should he take it to an MRO (maintenance, repair, and overhaul) facility owned by the aircraft manufacturer or choose an independently operated shop? Looney opted for an independent, Midcoast Aviation in Cahokia, Ill. “I selected Midcoast after talking with Bombardier, which I concluded could not get the work done in the time frame I required,” he said. “Midcoast could.”

Looney did his homework, but the fact is that for many operators, selecting the OEM (original equipment manufacturer) owned shop would have been the no-brainer, due to the OEM's tremendous marketing power.

“There is no doubt that the overwhelming majority of general avi-

ation aircraft are being maintained by an OEM-owned facility when that option is there,” said Gueric Dechavanne, director of valuation services for BACK Aviation Solutions, a well-known aviation consulting firm based in New Haven, Conn. “Among the reasons is that today you have a very educated group of buyers who are looking ahead at the aircraft's resale value on the used market, especially if they are not planning to hold onto the asset for long. Airplanes with a history of OEM maintenance usually have greater resale value.”

The Comfort Factor

In addition to enhancing resale value, using an OEM-owned shop often enhances the operator's own “comfort factor,” according to Tom Philips, manager of a Missoula, Mont.-based flight department.

“The OEMs are always working to perpetuate the impression that they are the source of the best available service, even though that is not always true,” said Philips, who oversees the operation of a

Dassault Falcon 200 and a Raytheon Hawker 400XP. “They are a lot like FedEx in shipping, in that they have huge name recognition.”

Bill Masloski, director of maintenance support/special projects for TAG Aviation in White Plains, N.Y., reported that his company, which has 135 aircraft under management contracts, gives OEM and independent shops equal consideration in the bidding process.

“On a broad-brush basis, the OEMs and the independents are roughly equal,” Masloski said. “But because its owner built the plane, the OEM shop knows the product and has all of the support capabilities in-house, including special tooling, inventory, and engineering expertise. With this in mind, it may take a few days for the independent to get the parts and tooling, which adds to turn times.”

Still, as Masloski stressed, independents are not without their advantages, not the least of which includes adding competition to

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Factory-Owned or Independent Shops

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the MRO market.

"Independents offer an alternative to the OEM, which gives the customer another option," he said. "In fact, we usually favor the independents for pre-buy inspections because it takes the manufacturer's bias out of the equation and we can get a more objective report." He added that because maintaining airplanes is their total focus, the independents are very aggressive in terms of price and service when it comes to competing with the OEMs.

Flight department manager Tom Philips said that, based on his experience, at least the top 10 to 20 independent shops are equal to, or in some cases better, than the OEM facilities in terms of service due to fact that they have to compete with the OEMs. "They have very high quality facilities, training programs, tooling, and test equipment, and in most cases, all of that is equal to what you would find at an OEM shop," he said.

Philips cited a recent experience with Elliott Aviation's Moline, Ill., facility, which was selected for

work on the Hawker 400XP. "We based the selection on the company's experience with the Hawker family, and that decision paid off," he said. "They discovered a hydraulic leak and had to remove a portion of the cabin floor in order to fix it. We dealt with a mechanic who had seen enough of this, so he knew how to make the repairs without having to cut up the floor panels to get to the source of the leak. That saved us money and only delayed us by a day."

Philips said that is one of the reasons he insists that an independent shop be factory-approved for the specific make and model of the aircraft he wants serviced. "There are always unusual things that come up in an inspection, and both OEM and factory-approved facilities know how to handle these things by experience," he said.

Philips reported that independent shops tend to be a little less costly and more sensitive to turn times due to their competition with the OEMs. "They'll also be more flexible with repair options,

such as fixing, instead of replacing, a part," he said. "On scheduling, they will work better with you because they know that the aircraft needs to get out of the shop as fast as possible."

Nonetheless, Philips stressed that he won't totally eliminate an OEM shop from consideration. "I would be more likely to use one if maintenance or a special modification is part of the purchase agreement for a new aircraft or one out of the OEM's trade-in inventory. That's probably the best example of when I would use an OEM shop."

Turn Time Is Key

Paul Middlebrook, aviation manager for a Rochester, N.Y.,-based firm, reported that he always gives equal consideration to OEM and independent shops for work on the company's Dassault Falcon 900B and Falcon 900EX. "Once we establish the work scope, we make our selection on the basis of cost and turn time, a critical consideration for our operation," Middlebrook said.

For example, Middlebrook will look carefully at the job and estimate the length of time it will take to complete. "If we determine that it might take about four weeks and an OEM or independent shop tells us they can do it in three, that will weigh heavily in the decision," he said. "But we will never consider a shop that does not seem to have the capability to do the highest quality work. That's even more important to us than cost or downtime."

In general, Middlebrook feels that because of the competition provided by independent shops, OEM facilities now realize that it's no longer a foregone conclusion that they will get the aftermarket support work in all cases. "The independents have worked very hard to get that work from the



same customer base, especially within the past five years," he said. "For that reason, I would say that much of the time, the independents seem to have done a better job, in terms of cost and downtime, while offering high quality workmanship."

Middlebrook said that several years ago, a wing replacement was mandated on the Falcon 900EX due to a hangar accident. "We found an independent shop that was able to do this faster than the Falcon Jet-owned facility," he said. "And while we got some resistance from the OEM, we were able to get them to cooperate with the independent. We got a new wing, and downtime was minimized."

Representatives of independent firms basically agree that they and the OEMs are essentially competing on service, capabilities, and reputation. "As a business aircraft owner, the decision is not so much whether the shop is independent or OEM owned, but does it have the capability to meet your expectations for the job," said Dan Fuoco, sales service manager, airframe maintenance for Duncan Aviation in Lincoln, Nebr.

Duncan Aviation, he explained, is a factory-approved service center for multiple airframe products, including the Bombardier Learjet and Challenger, Cessna Citation, Dassault Falcon Jet, and Ray-



theon Hawker families. On the engine side, it has OEM approval on the GE CF34, CJ610, CF700, and GE/Honeywell CFE738; the Honeywell TFE731; and the Pratt & Whitney JT15 and Pratt & Whitney-Canada PW305 and PT6. "We view our relationship with the OEMs as a partnership, although they are also our competitors," Fuoco said.

If anything, Fuoco said, being a factory-authorized service center

gives Duncan a competitive edge over shops that do not have such approval. "This is because as an authorized service center, we are a

physical extension of the OEM's own maintenance network."

Along this line, he noted that to remain authorized, the shop has to meet very high standards regarding inventory, tooling, training, and service, from the OEM. In fact, Duncan is subject to a minimum of an annual audit from the factory to make sure that it is maintaining those standards.

Harvey Ticlo, senior vice president, MRO operations for Tempe, Ariz.,-based Landmark Aviation, feels that the major advantage of being an authorized service center is that it brings in warranty work on behalf of the manufacturer.

Landmark Aviation is an OEM factory-authorized service center for Dassault, Bombardier, Raytheon, Embraer, Grob, and Honeywell. Ticlo said that for some types of work, an independent facility like Landmark can offer faster turn times than the OEMs. "Depending on the job, we can do

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it with less downtime because we can commit resources to that job," he said. "Because the OEM supports all customers who fly their aircraft, they may not have quite the same flexibility."

Gary Driggers, vice chairman of Midcoast Aviation, reported that some independents, including those that are factory service approved, often will offer greater flexibility in cabin design and other options that are not always available at the OEM. As an example, he said that Midcoast offers a

patented fold-out ledge table for Gulfstream cabins, which a number of customers have selected.

"That's an example of the kind of product offering that may prompt a customer to use a specific independent repair facility rather than an OEM shop," he said.

Driggers said that Midcoast has developed more than 200 STCs (supplemental type certificates) that other facilities, including the OEMs, do not have. Two examples are an extended baggage area and a larger lavatory for the Bombar-

dier 600 Challenger family, for which Midcoast is an OEM-authorized completion center.

Aftermarket Flexibility

"Independent companies have been able to develop a little more flexibility concerning the customization of work in comparison to some OEM shops," Driggers said. "The reason for this involves the fact that even a large independent is not in the business of building airplanes. Since we don't build airplanes, we are able to focus all of our engineering and technical resources on the aftermarket."

But along with this, Driggers stressed that the biggest competitive element between any maintenance and modification facilities is turn time. "That has become even more important to customers than price and is the biggest differentiator when selecting a maintenance or modification facility," he said. "Every day an airplane is on the ground it is costing thousands of dollars in nonproductive time because the people who want to use the airplane as a business tool are denied this. If they need a lift while the aircraft is in the shop, that means going to the charter market and paying that much more."

The OEMs agree and point out that their huge service center networks are structured to keep downtime to an absolute minimum. Stan Younger, Cessna's director of service facilities at the company's Wichita, Kans., headquarters noted that the nine Cessna Citation Service Centers (eight in the U.S., one in Paris) are within striking distance of any Citation owner. "They also have quick access to the maintenance history of any Citation maintained at any of those facilities. This enables the service centers to resolve any problem with the least

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amount of downtime," he said.

Younger said that in 2005 Cessna incorporated a software system, designed in-house, to better facilitate communication among the members of the network and enhance access to the maintenance information database. In 2006, Cessna instituted an "Enhanced Phase Inspection," which has "sequenced the tasks"

edge of all models of the small to mid-size Citation jet family. While Citation owners can also select from 29 independent, authorized service facilities, the OEM is getting the lion's share of the jet business. Citing the U.S. Citation fleet, which totals 3,400 out of 4,500 worldwide, Younger said that the OEM will service nearly 2,900 by year-end 2006, including some

assuring our customers that no matter how long they hold onto their aircraft, they will always get direct OEM support," Younger said, adding that dedicated teams also focus on each of the current production models.

Younger, however, acknowledged the importance of the 29 independent factory-authorized Citation service centers. "With



Photograph by Ted Kirk, Courtesy Duncan Aviation

some 4,500 Citations in service, the authorized service facilities definitely help with maintenance demand, and we stand behind them," he said. He said that pricing is generally competitive. "In some cases we are a little more expensive, and in others the independents are because the hourly rates vary from place to place," he said.

Gulfstream Aerospace, the Savannah, Ga.,-based builder of mid- to large-size cabin intercontinental jets, also maintains an extensive customer support network.

for all the major scheduled inspections outlined in chapter five of the Citation maintenance manual for optimum efficiency. "This has led to increased customer uptime, which we believe is the most important requirement our customers have in a maintenance facility," he said.

Younger explained that the Citation Service Centers, as OEM shops, offer an in-depth knowl-

19,000 to 20,000 maintenance tasks.

Specialization in the Citation family has been further refined at Cessna. In the first quarter of 2006, the OEM established its "Classic Citation Support Initiative," under which specially trained technician teams at each service center focus on all out-of-production or legacy Citations. "By doing this, we are basically

The OEM owns six facilities that operate under the Gulfstream name, five in the U.S. and one in London. Another six affiliated shops are owned by Gulfstream's parent company, General Dynamics, and operate under the General Dynamics Aviation Services name. An additional 14 authorized independent service centers are located outside the U.S.

According to Larry Flynn,

Gulfstream's president, product support, the Gulfstream and General Dynamics Aviation Services owned facilities account for 70 percent of the aftermarket business, with the remaining 25 to 30 percent carried out by the independent authorized facilities. More than 1,600 Gulfstream jets are currently in service.

"I think our major advantage is based on the fact that selling and servicing aircraft are our two most important objectives," Flynn said. "We emphasize both equally because good service leads to new aircraft sales."

Flynn said the large network of OEM shops assures availability of staff and minimal downtime. "We have the ability to shift people around and to place aircraft at shops where the work can be done in the timeframe our customers

request," he said. "All the shops are working three shifts, 24/7, and have the engineering experience, expertise, and the right tools and equipment needed for the jobs."

To further enhance service, Gulfstream introduced its Airborne Product Support Program in 2002. According to Flynn, it is the only OEM program of its kind and includes a dedicated Gulfstream 100 that is based in Savannah and staffed by four dedicated crews. "The purpose of the program is to get parts and technicians to customers when commercial delivery systems are not fast enough," he said.

The aircraft flies missions within all points in North America, including Alaska, as well as the Caribbean. If a customer

needs help overseas, the aircraft will fly the parts and technicians to the closest commercial airline hub offering the fastest airline service to that customer. To date, the dedicated airplane has flown more than 1,200 missions.

Although the emphasis of Airborne Product Support is on AOG situations, it will fly other missions in support of customers and

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does not require authorization by senior management. "The duty manager in technical support is given the authority to dispatch the aircraft," Flynn said, adding that the service is without charge to customers under warranty. "Although our warranty customers have first priority, we will help our non-warranty operators," he reported.

Raytheon Aircraft, builder of the Hawker family of jets, King Air turboprops, and several in-production piston models, operates an OEM group of eight service centers in the U.S., plus one in Toluca, Mexico, and Chester, UK, all under the Raytheon Aircraft Services (RAS) name. There are also more than 100 RAS-authorized service centers worldwide.

Doug Brantner, RAS president, reported that virtually no difference exists between the quality of service offered by the company and independents, which must meet strict OEM standards. "I think if there is a difference, it would be that now and again the more complex maintenance problems and modifications tend to gravitate toward the factory-owned shops, which of course adds to their experience base," he said. "In the U.S., the company facilities get about 60 percent of the warranty work, and in the course of doing that, we see more of the repair challenges."

But interestingly enough, Brantner said that this does not make the OEM shop necessarily better than the authorized independents. "We are perfectly comfortable either way because we subject our independent shops to a rigorous auditing process."

In fact, training requirements are held to the same level across the network, although Brantner said that because the RAS-owned facilities work only on Raytheon Aircraft products, they account for 100 percent of the technician training budget. Yet, he was quick to point out that this will not make for any difference in the quality of workmanship. "When we issue a service bulletin or airworthiness directive, implementation must be for the ease as well as the benefit of our customers. This means that they can expect the same level of service at the most convenient RAS-owned or authorized location."

Whether the choice is the OEM or independent, the right decision will ultimately come down to how well the aircraft owner has done his or her homework.

"The truth is, we like it when people tell us that they have researched other facilities and they are carefully studying other proposals," said Dan Fuoco of Duncan Aviation. "A better prepared customer is better able to participate in the preplanning process for the work, which includes setting the milestones and deadlines. When that happens, it's easier for us to communicate with the customer about what we are thinking, and in that way, we can all make sure we are on the same page." 

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Perseverance Wins

The old business adage “stick to the knitting” could not be more apropos for Reed Pigman, Jr., President of Texas Jet at Meacham International Airport in Fort Worth, who has spent almost three decades focused on doing just a few things very, very well.



ns The Day



If you ask Reed Pigman, Jr., how business is going, you will most likely hear a brief characterization of the Fort Worth aviation market, followed by a market share quote reflecting how much of that market his company, Texas Jet, has captured. It's a studied answer, as Pigman tracks his market share at the north central Texas airport like a hawk.

"I'm a very competitive person," he said. "I hate to lose. I'm looking to totally decimate my competition." And so he does—selling fuel, hangar space, and dominating his market. Casual, focused, smiling, he is an entrepreneur on a rail, precisely tracking and defending his market against any and all threats.

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A Citation arrives at Texas Jet's busy Meacham Field ramp.

By David W. Almy



Pigman was born into aviation. "My dad started flying very young," he said. "He got a contract back in the '30s with the weather bureau to fly up to 18,000 feet in a single-engine, open-cockpit plane to take weather readings. I know he carried a 45 automatic with him in those days because a couple of times he had engine failures and he had to land in the El Paso desert. It was a different time and a good government contract until he was replaced by a weather balloon."

"He developed excellent instrument flying techniques, though, and moved to Fort Worth so he could fly for a local manufacturing company owner," Pigman continued. "In 1939, he borrowed \$10,000 from that owner to start American Flyers, a flight training school that specialized in instrument training. When WWII began, my dad volunteered for the Army

Air Corps. But he was told he was more valuable to the war effort running the flight school so he remained here and soon got the contract to train new pilots for American Airlines, since most of their pilots were drafted. He would take these kids with maybe 200 hours, run them through a 28-day instrument course and wash out probably a third of them. Those who made it through would go on to be American Airlines pilots.

"After the war, the flight school business dropped off and he started American Flyers Airline with surplus DC3s, and it became one of the largest supplemental air carriers at that time. When he died, my mother sold the airline portion of the business in 1970. I got out of college in '73 and operated the flight school, which had moved to Ardmore, Oklahoma."

Five years later at the ripe old

age of 28, Pigman sold American Flyers, moved back to his hometown of Fort Worth, and bought a small struggling aircraft sales company called Piper Southwest on Meacham Field. "The company's main asset was the option to lease the land where my first two hangars now sit," he said. "And I built those first two hangars. For a year I really had no airplanes in them because I couldn't sell fuel. It took me a year to get permission from the city to sell fuel due to pressure from my two competitors. Several years later, I bought out Butler Aviation, and with that I acquired the lease rights to a lot of area that I developed."

It was not an instant success. "When I could sell fuel, initially my primary competitor hired these girls in hot pants and their sales just shot up," he recalled. "But then they started falling off (the fuel sales, not the hot pants)

and the reason was, I think, that the passengers would fly in to my competitor and their wives would say 'We're not going back there again,' so my business gradually increased. We've always taken the professional route of ladies and gentlemen in uniforms. Our facility was better, with a bigger ramp, but the main thing that took business away from our competitors was the quality of our people."

"We were professional, we took care of our customers, we listened to them, we really cared—we did whatever the customer needed," Pigman said. "Whatever it took to keep them happy, we did it. I always treated everybody with respect. And you get a reputation over time. We've been working on it for 28 years now."

"You know, there are new pilots every day who enter the market, and they choose where they'll go when they land. And they are going to ask somebody, 'Who do you go to when you go to Fort Worth?'" he added. "I want Texas Jet to be the answer."

People

Pigman said that his three greatest challenges today are people, land, and fuel price margins, and people are a big deal. "Absolutely. They're the key to success. Ours is a very high stress operation, big time," he said, citing heavy traffic as a major cause.

"Let me give you an example," he added. "We were a little short-handed this morning even, and besides the normal departures that we have and fueling, we had to tow aircraft to the maintenance shops, put one on the wash rack, as well as all the other duties that we have to do. Well, it just compounds the workload on everybody, and they tend to get a little frustrated when they can't keep up with the orders they have."

"Don't call out any more orders'

is what they're thinking, but they're not going to say that over the radio. They manage to stay focused and get the job done. We constantly try to tell them they do a good job under those circumstances," he said.

"Personnel selection absolutely is a big deal. It's vital to get the right people, the right attitude, and the right skills. It's not easy. I don't hire line service technicians unless they have at least six months experience towing and fueling aircraft. We've got 27 employees, but only very occasionally do we get one who doesn't have the right attitude, which is not bad at all."

"Our line service manager hires for the line," Pigman said. "Our customer service manager hires for the front desk. We don't have a big executive staff—just me and the two managers. I'm very involved. I'm out there every day. I love to work the line—help wing walk, marshal airplanes in and out, and carry ice and coffee."

Texas Jet participates in NATA's Safety 1st Safety Management System for Ground to help keep quality levels high and reduce accidents. "FBOs really need to embrace Safety 1st," he said. "They need to develop a safety manual with the SMS. It took us a year to do that, about a year and half even. It took us a year to go through all the webcasts, and then it took about six months to develop and refine the safety manual. But there has to be standardized procedures for doing things. My deductible is \$25,000. One little ding is \$25,000. In the long

run, the SMS will save us money and keep our customers happier."

It's not every FBO owner who is carrying ice out to transients. "But there comes a time when we're really busy and I'm helping them, and I hear 'Thanks, we appreciated your help,'" he said. "I'll do whatever's needed. If they have trouble finding a wing-walker or if everybody's busy, they'll call me on the radio and say, 'Reed, can you come out and wing walk?' And if I'm available, I'm out there."

Pigman works 8-hour days but also stops by on weekends "to check out things, put in an appearance, see what's going on," he said. And he does take calls at home.

"It's never good news when the office calls me at home," he con-

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Texas Jet

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tinued. "It's never, 'Hey, Reed, we just put 2,000 gallons on a Gulfstream!'"

"They call me with the major problems," he said. "The latest was about a year ago. It was a very early call, and they said an airplane in one of the hangars that we leased to a management company had rolled into another airplane.

"I went out there, and sure enough the nosewheel of a Citation had pushed the chock out of the way and rolled into another aircraft. But I talked to our guys who put the Citation in the hangar, and they said they had double chocked it. They put chocks on the nose and left main. Fortunately the people who lease that hangar from me had a security system. They reviewed the video and saw that one of their own pilots needed to chock an airplane, saw that this airplane had two chocks, and thought, 'I'll take one of them.' Then he pulled the chock out of the main, and over a two-day period the airplane crept forward ten feet. Not good, but fortunately not my fault, either."

Pigman said he is not interested in retiring anytime soon. "A few years ago, I had the flu and was



home for five days," he said. "The first two days, I was too sick to get out of bed, and the next three days I was not quite well enough to go to the office, but I was well enough to hang around the house with my wife. She told me she's never going to let me hang around, retire, and just do nothing, which is fine with me because I love going to work. I enjoy it, but I also enjoy time with my family, which in this case means about four weeks of vacation each year, and I'm happy."

Land and Fuel

Beginning with two hangars in 1979, Pigman now owns 17, totaling 275,000 square feet. His fuel sales market share is just about 65 percent for the last year with the four other vendors divvying up the remainder.

Those 17 hangars represent a plurality of the available space at Meacham, where many hangars are individually owned. "There's really not that much space available right now," he said. He'd like to build more, with the availability of land the key driver.

Focus is a key component of Pigman's success. "Look, I've been in the flight school business, maintenance business, aircraft sales, and

charter," he said. "I realized after a couple years I was not making money at it, I was not good at it. I sold the airplanes, sold our sales inventory, and I got out of those businesses. I realized over time that I could not be all things to all people. I had to focus on what I could do the best, and that's fuel sales. That's our niche."

"I see some FBOs these days that are really treading water profit-wise, and I would recommend to them that they farm out the flight school or sell it. Same thing with maintenance, and just focus on what they know best," he said.

Pigman estimates that 70 percent of his income is related to fuel sales, and fuel sales are related to service and price. "Primarily service," he said. "Obviously, I'm fair in my price. I give reasonable volume discounts, I try to take care of my base, but it's primarily the excellent service from our people that makes the biggest difference. I'm not a deep discounter like some FBOs are, but I make it up on service."

Pigman "casually" tracks the fuel prices of the other FBOs on the field via Airnav. "But I basically look at what my margin needs to be and try to maintain that," he said.

"Since most purchasers of jet fuel expect a discount, Texas Jet has a discount structure and if that doesn't please them, then our customer service representatives will hand them off to me," he said. "Well, sometimes I can make



the customer happy, sometimes I can't. I'm not going to do something that's going to give them a way better deal than what I give a loyal based customer."

And they seldom ever pack up and go next door. "Most of them say they'll take 'a little at your retail price, but if you give me a discount, I'll buy more.' That works for me," he said.

It makes for a very dynamic fuel price market. "Everywhere you stop it's different," he said. "Every time you drive around the town the gas prices are always within a nickel of each other, but it's not that way in aviation. You're not driving all over town; you're going to Alabama vs. Texas vs. Oklahoma in one day, so fuel prices are all over the place. Tough business."

"I'm worried about the increased price spread between 'cheap' fuel at the pilot's home base and expensive fuel on the road, but I don't know what ramifications that'll have," he said. "It could tend to reduce margins on all FBOs because it lowers the retail portion of our businesses."

Pigman doesn't charge ramp fees. "We've found over the years that if we really care about our customers and fulfill their needs, they'll buy some fuel," he said. "It may not be a top-off, but I'd rather make money that way than by charging a ramp fee. A ramp fee is going to do two things. It's going to make them mad if they're one of my good customers who've been in many times to buy fuel and one day they don't. Secondly, it's going to decrease my fuel sales because some customers will tanker fuel in and pay the ramp fee, resulting in less profit overall to me unless the ramp fee is high, and that will make some pilots even madder. Mad customers are not a good thing. So I think the bottom line is it would hurt me, but other FBOs

obviously have different opinions."

Pigman believes that over the long term ramp fees will hurt more than help. "It would be interesting to find out from [the major FBO chains] that do charge ramp fees if their fuel sales dropped because of that or increased?" he wondered.

Pigman reported that there's wide fluctuation in fuel prices at the wholesale level alone.

"During the weeks after Katrina it would not be uncommon for me to get a single-day increase of 20 or 30 cents. I would look at it on the computer and say, 'There's got to be something wrong here. This can't be right.' But it was.

"The higher I have to raise my retail, the more people want a discount, and that's what puts the margin compression squeeze on. People fly here because they have business in the Fort Worth area. Economically, as Fort Worth goes, so goes Meacham. Fort Worth is conservative and diversified. Our customers are here for the long run, as long as we can deliver the level of service they expect."

Customer Service Rules

But what does "service" mean? Does that mean you remember my name? That you were friendly to me or paid attention to me, or what? "It means all that and a whole lot more," Pigman said.

Although Texas Jet has been voted one of the top-ten FBOs for the last few years, Pigman continually looks for ways to take customer service to the next level. "I'd go to the nice hotels," he said, "and I'd



say, 'Wow, these guys are good.' The front desk staff and even the maid who might not speak English at all say good morning to me. I wish I could get my people to consistently do that. So Holly Hopkins, our customer service manager, and I took the Ritz-Carlton customer service training—it's been just over a year ago. Since then we've implemented it in the training of our employees.

"The challenging part of implementing Ritz-Carlton customer service training is the necessary culture change that goes along with it. Our employees are constantly striving to become passionate advocates of exceptional service. I'm just lucky to have such a great group of ladies and gentlemen working here."

"Pilots love the influence that Ritz-Carlton training has had on Texas Jet's customer service. They're happy with it, and we're making progress," he said. "They might not know it as Ritz-Carlton; they just know that they are happy because people say hello to them in the hallways. That and because of the dozen or so other changes we've implemented. And we've just started." 

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Charter Brokers and Charter Providers: How Convenient a Marriage?

By Paul Seidenman and David J. Spanovich

As increased airline security and deteriorating service drive more business executives and affluent leisure travelers to on-demand aircraft charter, there has been a greater focus on the role of the charter broker. For many, this has raised some important questions:

- Are brokers driving charter operators toward an airline-style, low-priced business model?
- Do charter brokers typically disclose their function to the customer?
- Should brokers bear some flight safety responsibility when selecting a carrier for a customer?
- In the wake of some recent accidents involving chartered business jets, is some kind of regulation mandated for the brokers?

To address these issues, it is necessary to understand the broker's role in corporate aircraft charter. Very simply, the broker acts as an intermediary

between the passenger and the air carrier certificate holder and in most cases does not own or operate aircraft. The broker's task is to find a certificated operator for an individual or group looking to travel between two points at a certain time. In corporate aircraft charter, brokers are contacted an average of 10 days prior to the flight. In most cases, the broker collects the money for the trip and then pays the carrier, less whatever markup for his or her services. The markup is generally 10 to 15 percent.

Unlike corporate charter, in which the broker can legally act as a representative for a customer or a charter operator (but not both) brokers dealing in what is known as "public charters" adhere to a different set of practices. For public charters, the broker arranges transportation, usually on airliner-size equipment, for large groups of passengers

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The Role of Charter Brokers

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taking package tours or going to some major event like the Super Bowl, with arrangements and payments made months in advance. Because a public charter broker usually contracts with both the air carrier and the customers and handles all ticket sales for the transportation, the U.S. Department of Transportation (DOT) considers this type of broker an "Indirect Air Carrier," subject to extensive regulations defining trust and bonding requirements to protect the customers and the airlines that will operate the flights.

In contrast, there are no federal air regulations that specifically pertain to the corporate charter brokers, because they are working either on behalf of the end user or the carrier, but never both, which is the case with the public charter broker.

With no formal certification requirements or guidelines to follow, anyone with a phone and a personal computer can legally call him or herself a charter broker. In fact, that is one reason for the explosive growth of charter brokers, according to Fred Gevalt, founder and publisher of the Cambridge, Mass.,-based *Air Charter Guide*.

"We estimate that the air charter industry, involv-



ing aircraft operated under FAR Part 135 certification, is currently a \$2 billion annual business, with 10 to 15 percent of the revenue created by broker referral," Gevalt said. "That group includes the independents and the prepaid charter card plans, which effectively function as brokers, since most do not own aircraft."

Gevalt explained that when the *Air Charter Guide* was founded in 1986, there were approximately 3,000 corporate aircraft operators who held an FAR 135 certificate and less than 20 brokers. As of 2006, there were 1,400 operators but at least 300 companies that claim to be brokers. "Basically, you have a proliferation of brokers and a reduction in the number of FAR 135 certificate holders," Gevalt said.

Gevalt argues that the proliferation of brokers, in tandem with the growth of the Internet, has caused corporate air chartering to move in the direction of a price-driven commodity. "Where we have seen this is particularly on the 'dead legs,' the return of an empty aircraft to its base after dropping off a one-way passenger," he said. "Over the last five years, brokers have used the Internet to advertise more lower one-way pricing by operators who will gamble that they can sell a seat for the return trip—and not charge the one-way passenger for the empty return portion. That has brought prices down and made charter more competitive."

Steve Dennis, CEO of Aviation Resource Group, a Denver, Colo.,-based international consulting firm, reported that an excess of supply in the corporate charter market has been depressing prices. "Historically, brokers have helped the operators fill excess capacity, which puts downward pressure on pricing," he said. "But due to recent airline secu-

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erity-related events, this may be changing, and we could see more equilibrium between capacity and demand.”

Dennis said that while some argue that brokers have had a negative influence on pricing, brokers have probably brought in more customers than the operators could have found themselves. Those operators, he said, especially include FAR 135 certificate holders for whom charter is not a primary business, such as aircraft management firms and corporate flight departments. “In many cases, the customers were chartering for the first time and included those who would have flown first-class on a commercial jet,” Dennis said. “In fact, the first class segment of the airline market is increasingly viewing charter as a viable option.”

There are those, however, who do not believe that brokers influence price by that much. One is Bill Mayo, CEO of Mayo Aviation, a charter operator based at Denver Centennial Airport with 14 aircraft on its certificate. Mayo reported that less than five percent of his business is broker-referred, and classifies brokers in two ways: “There are brokers who know exactly what they need and refer their customers to a quality operator. Then there are the nuisance brokers who are totally price driven and use the least expensive option as their buying criteria. Unfortunately, they represent the majority of the (broker) calls we receive, and in nearly all cases, we send them elsewhere.”

Mayo said that in addition to the price issue, the typical nuisance broker has no technical expertise in aviation. “This means they can’t communicate to their customer some of the factors that might be involved with the trip,” he said. “That puts the

onus on the operator to deliver the information that should have been disclosed to the customer even before the trip was booked.”

Mayo cited the case of a broker who booked a Telluride, Colo.,-Atlanta, Ga., trip on a Mayo Aviation-operated Learjet 35. “Based on what the broker told the customer, he was expecting a nonstop flight and was surprised when I told him we would have to make an enroute fuel stop,” Mayo said. “This is something that the broker should have informed the passenger about up front.”

Despite his experience with the low-end segment of charter brokers, Mayo believes that on an industry-wide basis they don’t represent the vast majority. “I think that the charter industry is still quality driven, but the nuisance broker does nothing to enhance that,” he said.

Wayne J. Rizzi, president of Air Royale International, a Beverly Hills, Calif., and London-based corporate aircraft charter broker, said that while there is talk that charter is moving in the direction of a low-priced commodity, he does not see it as a grassroots movement gaining any critical mass.

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The Role of Charter Brokers

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“The majority of air charter clients won’t permit this because they consider a chartered jet to be a business tool that offers security and time savings,” he said. “Most are too intelligent to gravitate automatically to the low price leader.”

Paul Class, vice president of charter sales for TAG Aviation and its affiliated AMI Jet Charter, estimated that only about 10 percent of the brokers operating today are purely price driven. “They look for the lowest price so they can maximize their own margin of return,” he said. “They have little regard for service.”

Steven Hankin, CEO of Sentient Jet, Inc., operator of one of the world’s leading corporate jet travel membership programs and itself a broker and an operator through its Atlantic Aviation Flight Services subsidiary, pointed out that his company has taken a different approach to pricing. “Unlike most brokers who negotiate with operators trip by trip to get the lowest price, we have long-standing flight hourly rate agreements with our providers,” he said. “Our operators appreciate this.”

Along with pricing dynamics, a more important issue concerning brokers, operators, and custom-



ers is exactly who will be providing the air transportation. There are brokers, who falsely market themselves as certificate holders through flashy magazine ads and Internet sites, using terms such as “our fleet” or “our crews.” In those cases, customers usually receive no information concerning the actual carrier selected by the broker.

The DOT has recently turned its attention to this problem, especially in the wake of the high-profile crash of a Challenger jet at Teterboro Airport in northern New Jersey in February 2005. As described in a DOT consent order, issued October 24, 2005, a broker doing business as BlueStarJets, LLC, routinely gave the impression that it was an air carrier through its advertising, with the words “BlueStarJets’ fleet” and “our crews” and that the fleet and crews were all operated by certified carriers. The consent order pointed out that the accident aircraft was operated by a firm called Platinum Jet Management, which had no air carrier authority.

The consent order was issued a year after the DOT’s “Notice on the Role of Air Charter Brokers in Arranging Air Transportation” appeared in the *Federal Register* in October 2004. Its purpose was “to provide guidance to the aviation industry on the permissible role of air charter brokers in the provision of air transportation.”

Basically, what the notice is saying to the broker community is “don’t lie,” according to Kent Jackson, a partner in Jackson, Wade and Blanck, an aviation law firm headquartered near Kansas City, Kans.

“Under a regulation known as 14-CFR Part 380, which went into effect in 1978, someone who does not hold an air carrier certificate—but has the authority to sell air transportation in its own name

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and collect revenue for this—must disclose the presence or use of a specific direct air carrier in the marketing that the company does,” Jackson said. “That means don’t represent yourself as an air carrier if you aren’t. The DOT has found very specific instances of misrepresentation on the part of some brokers and has assessed fines accordingly.”

In fact, according to Dayton Lehman, the DOT’s deputy assistant general counsel, aviation enforcement and proceedings, the National Transportation Safety Board has recommended that when booking charter flights, the customer be given the name of the carrier and the broker, including any DBA (Doing Business As) information, so that the consumer can make an informed decision about the carrier. This, said Lehman, was prompted by the crash of a chartered jet at Montrose, Colo., in November 2004, which resulted in three fatalities.

Lehman said that DOT is currently drafting a notice requesting comments by the industry and the public regarding possible economic regulatory rules that could be applied to the corporate charter broker business. “Based on outreach to the charter operators, brokers, and others, DOT is considering the proposal of some type of regulation for charter brokers similar to 14-CFR-380,” Lehman said. “We are also considering a simple method of broker registration or no additional regulations. We already have laws on the books against misrepresentation.”

Unfortunately, misrepresentation continues to be a problem, according to James K. Coyne, president of the National Air Transportation Association (NATA), the Washington, D.C.,-based general aviation industry trade group, which includes charter operators and brokers among its membership.

“In many, but not all, cases, the customer is led to believe that the broker is totally responsible for the trips, when in fact, responsibility for flight safety and operations lies with the certificate holder,” Coyne said. “Clearly it has been implied by some brokers that they have thousands of airplanes, when they should have really stated they have ‘access to’ thousands of airplanes. The customer needs to understand this when he books the flight, and I think we are making the public understand this more today than it was in the past. At NATA, we are trying to educate the various charter industry participants so that the customer is not misled.”

Coyne noted out that some brokers simply don’t want their customers to know who is providing the flight because they fear that once they do, they will contact the operator directly.

Tom Mekis, Landmark Aviation’s vice president, aircraft sales, charter and management, in Winston-Salem, N.C., said it is very important for those flying charter under Landmark’s Part 135 certificate to know that Landmark itself is the carrier. “We are very much aware of the operational control issue

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The Role of Charter Brokers

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substance in terms of legal recourse within those contracts,” Higgins said. “Specifically, this includes issues of liabilities and responsibilities that are not clearly covered, if at all. When I deal directly with charter operators, I get a clear picture of the responsibilities and obligations that are not clearly spelled out in most broker contracts.”

At the same time, he said that when dealing directly with the certificate holder, he gets access to information about the aircraft and crews involved. “When you deal with brokers, they could put you on any kind of airplane,” he said. “You won’t know about the maintenance condition of the aircraft or how current the crews are in terms of training. And



you won’t know about any violations on the carrier’s record.”

Higgins said that he always insists on seeing a copy of the carrier’s FAR Part 135 certificate, along with evidence that flight crew training is current (for both pilots and flight attendants) and that the carrier holds adequate insurance covering the aircraft and liability in case of an accident. He also insists that the operator’s insurance policy include an “additional insured” provision, which would cover anyone who could get hurt or have some potential liability stemming from an accident. “I also check for any violations with the carrier’s local FAA Flight Standards District Office,” he said.

That, of course, raises the question of how far a broker should, or can, go to make sure a client is placed with a competent carrier.

“What we have tried to do is to place our passengers on the same operators—companies we have used for years—as a way to help assure safety,” said Dan Darwish, president of Corporate America

Aviation, a North Hollywood, Calif.,-based charter broker.

A reputable broker, he said, gets to know his carriers and uses them on an ongoing basis, unlike the broker who does little more than use a phone and maintain a website. “They don’t know aviation, and they don’t know what to look for in an operator. If any standards are established for the (Part 135) charter brokers, those who subscribe to those standards should be required to know about their service providers,” Darwish said.

At Air Royale, Rizzi said that his company, by policy, screens all operators for safety and insists that the operators have passed an on-site safety audit from either Wyvern Consulting, Ltd., or ARG/US. “We have a very demanding clientele that wants to know who they are flying with, who the operator is, and that the operator has operational control of the aircraft,” he said.

For Sentient Jet, Inc., operator safety screening is considered important enough to carry out in-house, with Wyvern and ARG/US audits among the program components. In March 2005, the Weymouth, Mass.,-based company established a five-member, independent safety board, consisting of former NTSB and FAA senior executives, as well as those from corporate aircraft charter and management firms.

Hankin reported that Sentient’s safety standards exceed those mandated under FAR Part 135 regulations and that every Sentient operator undergoes multiple, real-time safety evaluations under Sentient’s Trip CHEQ program. “If an operator, crew, or aircraft does not pass 100 percent of our safety requirements, that jet is not permitted to operate and we will assign an alternate aircraft to complete the trip,” he said. “Our clients are paying for this level of safety, and we will make all safety information available to the client.”

Asked if he supports regulation for corporate charter brokers, Hankins said that he favors anything that will enhance safety. Others also support the establishment of standards, at least with regard to recognizing that corporate aircraft charter brokers are distinct from those who work in public charter.

“There is definitely a lack of regulatory guidance in terms of what is and is not permissible behavior,” said Jacqueline Rosser, NATA’s senior manager of regulatory affairs. “From the DOT’s side, one of the goals is to provide customers with information concerning what specific carrier will transport them. The problem is that the methodology concerning how the customer gets that information is unclear.

For instance, does the customer learn about this when he receives an invoice? Should the customer be given an air carrier name and certificate number? When does this information have to be provided? If there's a last-minute change in carriers, how is the customer notified about this in a timely manner? We want to have some kind of clarity with the DOT on this issue, so we can come up with the answers to these questions."

Rosser confirmed that NATA is discussing some type of a standard that charter operators will demand that brokers adhere to before they will do business with them and how those standards would be enforced. But she also agreed that some type of standards for the corporate charter broker have to be established at the DOT level.

"The regulations, as currently written, are basically for the public charter broker who deals with carriers operating airliner-size aircraft. We want to establish some kind of regulatory home for the corporate air charter broker that recognizes that this is a totally different business model."

Mike Nichols, director of tax, economic, and operational Services for the Washington, D.C.,-based National Business Aviation Association (NBAA) reported that two of the association's standing committees—the NBAA FAR Part 135 Operations Committee and the NBAA Tax Committee—are examining the relationship between charter brokers and operators and plan to develop guidelines for best practices by charter brokers. Those guidelines are slated for publication by year-end.

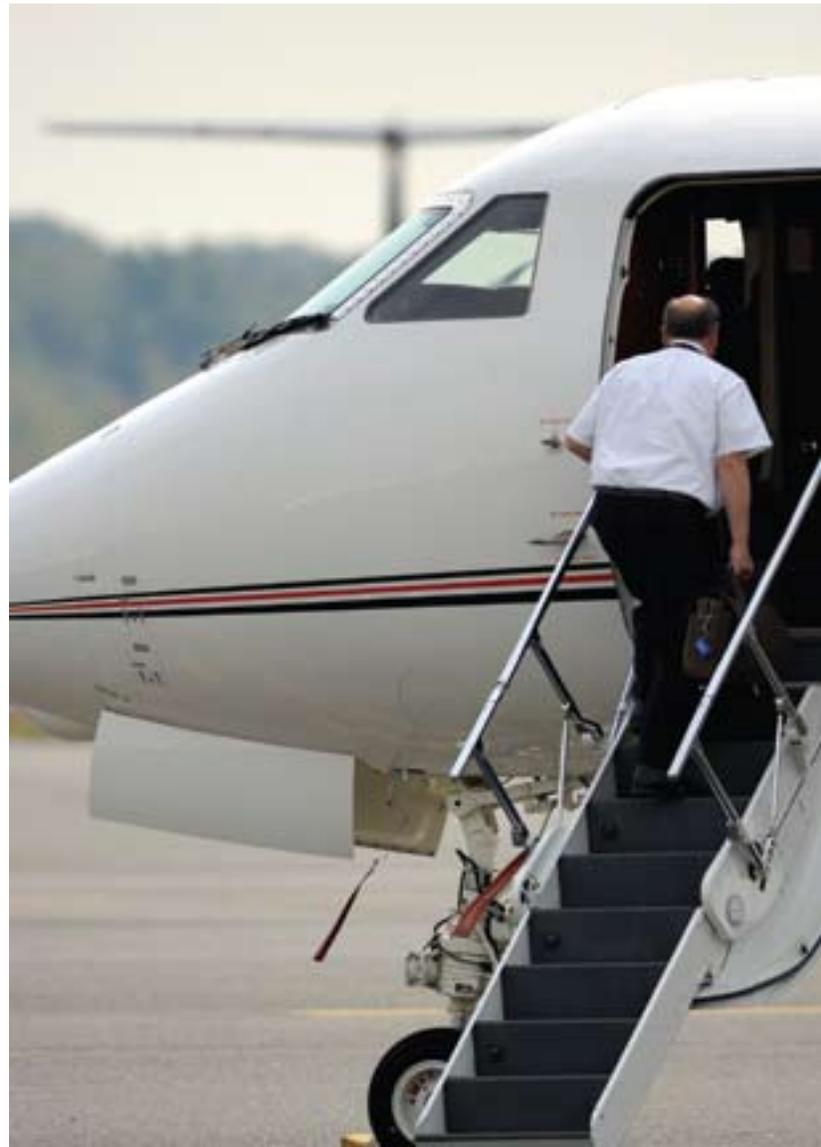
One of the key issues the committees will address concerns broker disclosure. "We believe that the broker should tell the customer exactly who is providing the actual transportation prior to the time that the flight is being made," Nichols said. "NBAA recommends that both the broker and air charter consumer should have this information up front. The DOT appears to want to forge a partnership with the broker industry on this and other issues. The fact is they have invited corporate jet charter brokers to make suggestions on any rules or standards and about the way their role should be defined."

Rizzi is one broker who isn't waiting for that to happen, as he is creating a professional association to be called the International Association of Air Charter Intermediaries, which intends to develop standards of conduct and ethics for its members. The association, slated to be operational during the first quarter of 2007, will specifically target the problem of those air charter brokers marketing themselves as air carriers. "Certainly, a significant

share of brokers continue to say, 'our fleet' and let it go at that. They don't say 'the network of providers that we work with on the customer's behalf,' which would be the honest and legal thing to do."

But the industry has those who are cautious, if not skeptical of efforts to police the charter broker business. Charter broker Dan Darwish said that establishing standards for brokers has not been considered a great priority with the DOT. "It seems to become a priority whenever a high profile accident happens, and the whole business of brokers and charter operators becomes a very hot topic. Then it gets quiet again, and the DOT goes onto something else."

Bill Mayo agreed. "I believe that there should be standards but don't know how you would go about formulating and enforcing them," he said. "The DOT, it appears, is trying to do this but tends not to take any enforcement action until there's an accident. When that happens, the operator is singled out, not the broker." 





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In Cyberspace, Content Is King

Part 3 in a Series of Articles on Successful Internet Marketing

By Dan Kidder

Imagine you are flying from St. Louis to Atlanta. You have successfully navigated halfway across the country and are approaching Hartsfield when you get the following instructions from the tower: "KingAir 762, you are number 3 for approach. Just feel free to land wherever and whenever works for you." Now, landing at a small GA airport without better guidance may be fine and dandy, but coming into the world's busiest airport is a different matter altogether. You need more information before you can safely set down. The same goes for a customer looking to buy your services.

Cyberspace is the busiest airport in commerce. Every day more than a billion transactions are made and trillions of dollars are exchanged in this global marketplace. There is so much activity that without the proper guidance, a financial catastrophe is inevitable.

Putting It out There

The single biggest mistake most small businesses make in providing content for their website is just taking what they have created for their brochure and dumping it into their site. A brochure should be used to augment your web presence, to make a sales pitch that drives the customer to your website where they can get as much or little information as they like to make a final purchasing decision.

When planning your website content, a good strategy is to lay out on a table every bit of marketing material you have ever created: brochures, postcards, yellow page ads, Airport Directory text, answering machine scripts, photos, signage, magazine and newspaper articles written about you, awards, and memberships, etc. Group the materials

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In Cyberspace, Content Is King

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into similar and logical piles and subgroups. This forms the basis for your navigation. Next, condense the items into cogent and impactful smaller piles. Consider the gaps in your marketing, and write text that fills in these gaps. Place the new text in the appropriate navigation pile. This can be done by a talented staffer or by a hired consultant, but either way it must be done by someone who can clearly and concisely write with marketing in mind.

Web experts define good web text as possessing the following:

- Unique information,
- Scannable structure,
- Quality of grammar, punctuation, and spelling,
- An answer to a question, and
- Readability.

Unique Information: Much of the information out in cyberspace has been covered elsewhere. Provide a unique glimpse based on your experience.

Scannable structure: Use headers, make it brief, and use short and concise paragraphs.

Quality of grammar, punctuation, and spelling: For people to take you seriously, proper writing is fundamental. Write it right. Two good resources are *The Elements of Style* by Strunk and

White and *Eats, Shoots & Leaves* by Lynne Truss.

An answer to a question: People visiting your site are looking for an answer. Put yourself in your reader's shoes, and try to anticipate what they might want to know about your business. Create a Frequently Asked Questions (FAQ) section where you answer actual questions that you are often asked. Odds are, if one customer asks you a question, someone else is wondering about the same thing. Take constructive criticism from friends, family, and customers, and integrate their suggestions into your content.

Readability: Consider your audience. Avoid jargon or insider terminology. Keep it brief and basic. Use short, basic sentences.

Tangential Marketing

As you are creating your text, think outside the box about what services you offer. Keep in mind that people who are not looking for the services you provide may still be interested in purchasing your services. Tangential web surfing accounts for a great deal of cyber commerce. Users go looking for a product or service, and as they surf, they find other goods and services they regularly use. By placing text in your website that describes services you don't offer but would appeal to similar customers, you are driving traffic to your site. These potential customers may or may not buy from you today, but they may come back when they are ready to buy your goods or services.

Place a simple text script on your site that makes it easy for visitors to bookmark you. When creating sites for customers, I routinely list a string of search keywords that may bring customers to the site looking for products the business doesn't offer but that are similar to the services offered. I create these keywords very small and in the same font color as the background so they are invisible to the surfer. This allows these keywords to be crawled by the search engine bots and spiders and indexed in the catalog of sites, which drives additional traffic to the site. This increases your site relevance for search engines and generates better results for your site.

Another way to increase relevance is to be linked to and from other websites. The more sites that link to you, the higher your search relevance and the more hits your site receives. Have a page of links to businesses that offer services you don't provide and have them link back to you. This reciprocal linking is a win-win for both of you when it comes to increasing traffic. Make sure these are businesses you respect and trust, but get linked!

Another way to improve content is to focus on

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the positives and ignore the services you don't offer. Here are a few examples:

Poor: "We at Joe's FBO don't offer avionics repairs."

Better: "While Joe's FBO doesn't offer avionics repairs, we do highly recommend Bill's Avionics Services."

Best: "Joe's FBO has an exclusive partnership with Bill's Avionics Services to provide our customers with a wide range of avionics options and services." Then link to Bill's website and have Bill link to yours.

Many companies you routinely purchase products from understand the benefit of this reciprocal linking and will provide links to your site in their customer section. If asked, they may provide logos and links that tell them your site referred a customer to them and they may also give you rewards for sending them business. This is known as affiliate marketing and is used by Amazon, Barnes & Noble, and many other large suppliers of products.

For example, a flight school that sells books on flight training in their lobby can also place links to those same books on their website and allow students to purchase the materials from Barnes & Noble. Every time a student buys that book from Barnes & Noble by clicking on a link on your website, the bookseller sends you a check for 8 percent of the book's cost. The reward further extends to every book the student buys in that session. You have decreased your need to maintain inventory, relieved yourself of restocking tasks, and can earn a profit on a wider range of products than you would carry in your lobby.

Another example would be if you offer wi-fi access using a Linksys wireless router. If you have a reciprocal link, customers who go to the Linksys site looking to buy a wi-fi card for their laptop may click on a link to your site. Some of these companies will even provide customer profiles, a short article detailing how their product has helped you improve your business. Often they even ask you to write these articles yourself, which increases your ability to use them as marketing tools.

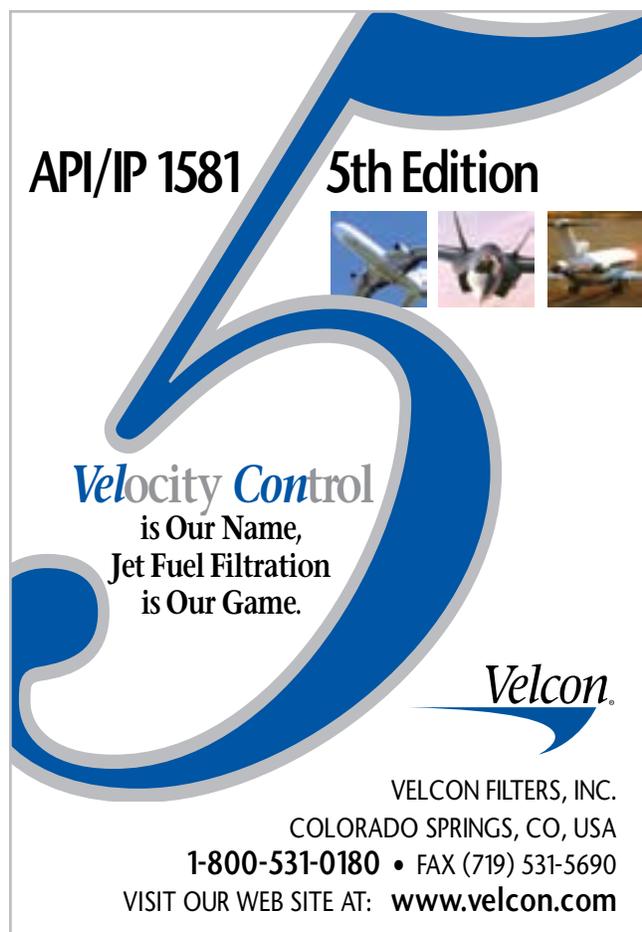
Ask if your customers would like to take advantage of a similar option. Create short customer profiles on your website, and offer to link to their sites. Have them write about how your business has helped them. These customer testimonials are far more powerful than just showing potential customers how you can help them, and they actually help drive more web traffic to your site.

Make Your Site Sticky

The real key in maximizing your website's effectiveness is offering content that either keeps surfers on your site for extended periods or keeps them coming back. A site's ability to have customers stay or keep them coming back is called its stickiness factor. Following are some ways to increase your site's stickiness.

- Provide content in a way that can be easily shared.
- Provide fun content.
- Provide unique content that is always changing.
- Provide resources like maps, weather, reference material, non-copyrighted publications, etc.
- Provide links to other businesses in your industry that complement yours without competing.
- Integrate good internal searchability on your site.
- Create a weekly or monthly customer newsletter and post archived issues on your site.
- Provide forums and discussion boards where customers can discuss issues and concerns they have about the industry or local area. Make sure these

Continued on page 48



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In Cyberspace, Content Is King

Continued from page 47

are moderated and can be controlled.

- Routinely update your home or splash page text, which is the first page visitors routinely see when they type in your Internet address.
- Supply information in the website text rather than as a downloadable Word or PDF document. If you must provide something as a PDF, make it an additional option rather than the primary means to access the information.
- Make sure your links open another browser window so that when customers are finished viewing their information, your site is still open in the background.

If You Get Lost, Look for the Map

Good sites provide a lot of information. Effective navigation helps cut through the clutter of information, but an even better tool is a text navigation site map. This list of links is laid out as a series of text links that give easy access to those with slower browsers or who just want an easy way to find exactly what they are seeking. The site map should have its own link in the main navigation and provide all major categories and subcategories

of information.

Additionally, each page should provide series of coordinates that helps the user visually indicate where in the site they are. The best way to do this is to use a text identifier, with links to the higher site levels. For example: Corporate Aviation | Customers | Aflac would be placed at the top of Aflac's customer profile. Clicking any of the blue underlined text takes the surfer back to the previous sections of your site. Your site map integrates this navigation by listing the pages in a vertical hierarchy:

[Home](#)

[Services](#)

[FBO](#)

[Fuel Sales](#)

[Avionics Repair and Installation](#)

[Aircraft Charter](#)

[Corporate Aviation](#)

[Customers](#)

[Aflac](#)

[Chrysler](#)

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[Resources](#)

[Maps](#)

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Surfers and search engines will make use of this valuable tool to improve website usability. Additionally, internal search engines, tools that search through the content within your site rather than searching the entire Internet, will provide much more narrow results when paired with a site map.

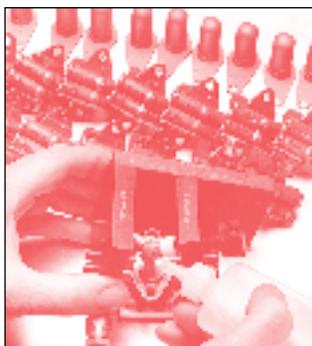
A map without a compass is like a plane without an engine—it may fly, but where it lands is anyone's guess. Even if you use a site map, you still need effective main navigation. This can be graphical, layered, etc., but it should be repeated on each page of the site so that visitors can access any point on the site from any other point. Consider the main navigation as a compass pointing the right direction, the site map as your chart, and the text indicators on each page as road signs or landmarks. Using the three together is the best way to ensure that your visitors know how to get where they want to go, know where they are when they get there, and can get to the next place with minimal fuss. Incorporating these three navigation aids can maximize the site's usability. Never forget, good content is worthless without the ability to find it.

WWW&H

Remember the jelly bracelets with the WWJD printed on them? Far from wondering what Jesus would do, the WWW&H can be considered more of

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“What Would Bill Gates Do?” WWWWW&H stands for Who, What, When, Where, Why, and How and should be the effective foundation of every page of information on your site. This is the formula used by journalists to write thorough articles. It is also the tool used by successful public relations firms to ensure that all the media's questions get answered. Similarly, you can use the WWWWW&H strategy to create effective web copy. When writing about your services, try to answer as many of the questions that apply. Not every article will cover all the points, but when writing you must ask yourself whether each question applies and why or why not.

For example, a page that lists your services should provide a brief synopsis of each WWWWW&H element.

Who: The who is implied as you because it is your website, but you should still restate the obvious. “Joe’s FBO has been in the aviation business for more than 20 years and is uniquely equipped to provide you with 150 years of combined experience....” State your name in every article. That way, if someone forwards the article, the reader knows where it came from.

What: What are you providing? Tell your customers what it is that you can give them—the more unique the better.

When: This may or may not apply, but maybe you could say something like, “With 24 hour on-call service, we are available when you need us.”

Where: Always be sure to state where you are located. Not only does it help narrow your audience to actual potential customers, but it helps the search engines match geographic-specific queries to your location.

Why: Here is where you make your sales pitch to the customer. Why should they choose you over everyone else out there offering the same services or products?

How: How are you going to meet their needs? How will you treat them? How will you live up to their expectations? These are all important questions that your customer wants answered.

Let’s put all the elements together into a basic body copy that provides effective marketing copy and maximizes search engine exposure.

WHO: Joe’s FBO has been in the aviation business for more than 20 years and is uniquely equipped to provide you with 150 years of combined experience in **WHAT:** aviation maintenance, fueling, hangaring, avionics, and on demand air taxi charter, **WHERE:** with locations in St. Louis, Chicago, San Diego, and Minneapolis. **WHEN:** With most locations operating 24 hours a day and seven days

a week, Joe’s FBO provides **WHY:** the flexibility sophisticated travelers expect and the service that they demand. **HOW:** At Joe’s FBO our customers receive the royal treatment from touch to go every time.

This information needs to be the first thing your customer sees, so put it at the top of your home page. It will impress your customers and make your site appear higher in the search engine results by providing the search bots and crawlers with vital keywords.

Look hard at your site and see if you are providing information that makes for smooth flying or if your content needs a serious shakedown. In effective web marketing, images are cool and animation is flashy, but content is king.

Dan Kidder is President of Kidder Communications, an Arlington, Va.-based communications consulting firm that specializes in small and medium-sized business marketing and political consulting. For more information, go to www.kiddercom.com.



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Together, we make Workers Comp workable.

As an aviation industry professional, we don't have to tell you how rough the skies have become. You probably know better than most. So let's skip directly to the part about how you might actively make the insurance part of your business a little more workable.

As an NATA member, you may be eligible to participate in one of the association's Workers Compensation Programs. One program is underwritten by USAIG, the other by Phoenix Aviation Managers, both are administered by AirSure Limited. Just as flying in a V formation means more efficiency for the flock, joining a group of other aviation businesses could mean better coverage for less money with your Workers Comp insurance.

Because, beyond competitive rates, you're also eligible to earn an annual reward when the group has a good year. Though not guaranteed, you'll like

the odds. In 28 of the past 30 years, the USAIG plan has paid nearly \$45 million in good experience returns, averaging 19.26%. The Phoenix Program, which started a few years ago, just earned its first good experience return in 2005. That's what we call making Workers Comp . . . workable.

To find out whether you are eligible to participate, just give your broker a call today, or contact the NATA program manager directly.



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The Whack-A-Mole Model of Safety Management

Some companies have a unique approach to safety: the blame game. One person is designated the safety “officer” and becomes responsible for every safety-related event that happens in the company. This approach usually results in a management response along the lines of, “Why did you let this happen?” This is also known as the Whack-A-Mole Model of Safety Management, named for that silly carnival game where you take a mallet and hit the mole every time its head pops up.

When the Whack-A-Mole Model is applied to safety, little or nothing positive gets accomplished except for a great deal of finger-pointing. And when that happens, people become less likely to step forward and instead expend more energy figuring out ways to not get caught.

Fortunately, the industry is moving away from the Whack-A-Mole Model to one where no one central safety person shoulders the responsibility for everything that goes wrong. We are instead seeing a trend where every company department becomes responsible and is held accountable for policing itself.

The Safety Manager is no longer the traffic cop. He or she is responsible for safety resource management, with support from the CEO/accountable executive. The safety manager becomes a facilitator, coordinator, event analyzer, trainer, and measurer of the company safety and health management process.

To succeed, this new philosophy toward safety management requires an appropriate company safety culture. You might ask, “How do I know that my company’s safety culture will ensure success?” The following four elements are key:

- An informed culture: Employees understand the hazards and risks involved in their area of operation and work continuously to identify and overcome threats to safety.
- A just culture: Errors must be understood, but willful violations cannot be tolerated. Employees know and agree on what is acceptable and unacceptable.
- A reporting culture: Employees are encouraged to voice safety concerns, which once reported are

analyzed and followed up by appropriate action.

- A learning culture: Employees are encouraged to develop and apply their own skills and knowledge to enhance organizational safety. Employees are updated on safety issues by management. Safety reports are communicated to all employees so that everyone learns the lessons.

Organizational Safety: From the Worst to the Best

I hate to say it, but you’re not out of the woods yet as the type or character of an organization also greatly affects the success of its safety culture. To help you evaluate how your company’s makeup could affect safety, below are five company types and the resultant affect on safety. Where is your organization along this journey? Honestly? Can your safety culture be improved?

Pathological: The organization cares less about safety than about not being caught.

Reactive: The organization looks for fixes to accidents and incidents only after they happen.

Calculative: The organization has systems in place to manage hazards, but the system is applied mechanically. Employees and management follow the procedures but don’t necessarily believe these procedures are critically important to their jobs or the operation.

Proactive: The organization has systems in place to manage hazards. Employees and management have begun to believe that safety is genuinely worthwhile.

Generative: Safety behavior is fully integrated into everything the organization does. The value system associated with safety and safe working is fully internalized, almost to the point of invisibility. Arriving at the generative stage of this evolutionary process is the ultimate goal.

Your company most likely lies somewhere between the Whack-A-Mole Model and nirvana (as described in the generative organization). If you’re really brave, ask your employees in a confidential survey what they think about your company’s approach to safety. That will be a sure sign of how much work lies ahead.



NATA's Sustaining Members

These special members have made a commitment to help develop programs and initiatives throughout the year. This membership class includes participation, sponsorship and recognition in all major NATA events and publications.

Air BP Aviation Services

Avfuel Corporation

ChevronTexaco Global Aviation

ConocoPhillips Company

ExxonMobil Aviation

Landmark Aviation

NetJets

SevenBar Enterprises

Signature Flight Support

TAG Aviation

Founded in 1940, the National Air Transportation Association aggressively promotes aviation safety and the success of aviation service businesses through its advocacy efforts before government, the media and the public, and by providing valuable programs and forums to further its members' prosperity.



SMS Workshops Provide Safety Assistance

NATA is holding a series of hands-on workshops to help participants develop and implement their company's Safety Management System (SMS). Workshops include in-depth discussions on SMS concepts and provide helpful templates to assist with manual development. The workshops supplement the ongoing monthly webcasts and provide interactive question-and-answer sessions.

The first SMS Workshop was held in Teterboro, N.J., on November 7 with ground and air operators from the airport as well as nearby locations. All Teterboro FBOs and representatives from the Port Authority of New York and New Jersey attended as a part of the Teterboro (TEB) Working Group's agenda to make the airport a model of general

aviation safety and efficiency. The TEB Working Group's recommendation requires establishing an airport-wide SMS in partnership with NATA Safety 1st Program (TEB would be the first non-commercial airport in the country to establish such an SMS) and requires all fixed base operators to participate in the NATA SMS for Ground Operations.

Workshop attendees commended NATA for the presentation and materials provided. One participant said the workshop "took the fear out of starting our SMS." Another said, "My company was in the process of getting our SMS together, and this is going to get us over the hump. Very informative and concise."

Go to www.nata.aero for details.

Financial Management Seminar Slated for February

Looking for better returns on your investment? Want to increase your bottom line? Then come join NATA for the annual Financial Management Tools and Techniques for Aviation Service Businesses Seminar (FMT&T), February 19-20, 2007, at the Sheraton Suites in Tampa, Fla.

You will discover the techniques for evaluating your business's performance, gain knowledge of the key steps to developing a solid business plan, and learn how your decisions affect the balance sheet as well as the income statement. This training will help you build a solid financial foundation that will increase your company's bottom

line and improve your ROI right away.

FBO industry experts Phil Botana and Mark Chambers lead the seminar and receive rave reviews every year. Botana, vice president and general manager of Tampa International Jet Center, has more than 33 years of senior level experience managing FBOs, flight management companies, and airline service provider businesses. Chambers, managing partner of Aviation Resource Group International, brings more than 30 years of aviation management experience to the seminar, and he has restructured and managed aircraft operations, including

turbojet passenger aircraft and Cessna Caravans in overnight package operations. Since 1999 he has completed numerous aviation service mergers and acquisitions.

One attendee last year said, "Mark [Chambers] is an outstanding, dynamic speaker. He involves the group. He has good, current, real-time examples. I liked the Caravan Case Study because we were working with numbers and determining viability." Another said, "Very easy to follow. Made it very simple."

For more details or to register online, go to www.nata.aero.

Safety 1st News continued on page 58

New NATA Member Benefit: Spill Center

After a dump truck carrying a load of gravel broke the manifold fuel pipes at an airport construction site, the airport authority, the general contractor, and the dump truck company were immediately faced with the responsibility of cleaning up 30,000 gallons of jet fuel. Other than deciphering who was responsible for rupturing the pipes and to whom the environmental liability fell, the three entities also had to clean up a massive fuel spill according to U.S. Environmental Protection Agency (EPA) regulations. And they had to do it quickly.

Luckily, the dump truck company was affiliated with Spill Center through its insurance company. Spill Center sent licensed cleanup personnel to the site to contain the spill and cleanse the contaminated area. If the dump truck company hadn't had the services of Spill Center, the spill would not

have been cleaned up as quickly and could have exposed the three companies to expensive fines and other consequences from the EPA.

What Is Spill Center?

Spill Center is an environmental claims management company supporting clients in the transportation, chemical, and insurance industries.

"Spill Center offers a comprehensive program of accidental spill support services, including legal, technical, and environmental expertise and resources. The program is designed to control costs and limit liability arising from accidental releases of fuel and other regulated materials," said Spill Center President Tom Moses, an environmental attorney and former EPA toxicologist.

In September, NATA introduced access to Spill Center's online resources as an expansion of NATA member benefits. Other fee-based

Spill Center services are available to NATA members, and members pay only for the services they need.

Spill Center Services

"Our members are sensitive to the different hazmat reporting requirements around the country," said NATA President James K. Coyne. "We welcome Spill Center as the newest NATA affiliate and encourage our members to take advantage of the complimentary consultation, no-charge online resources, and other support services that are now available to NATA members."

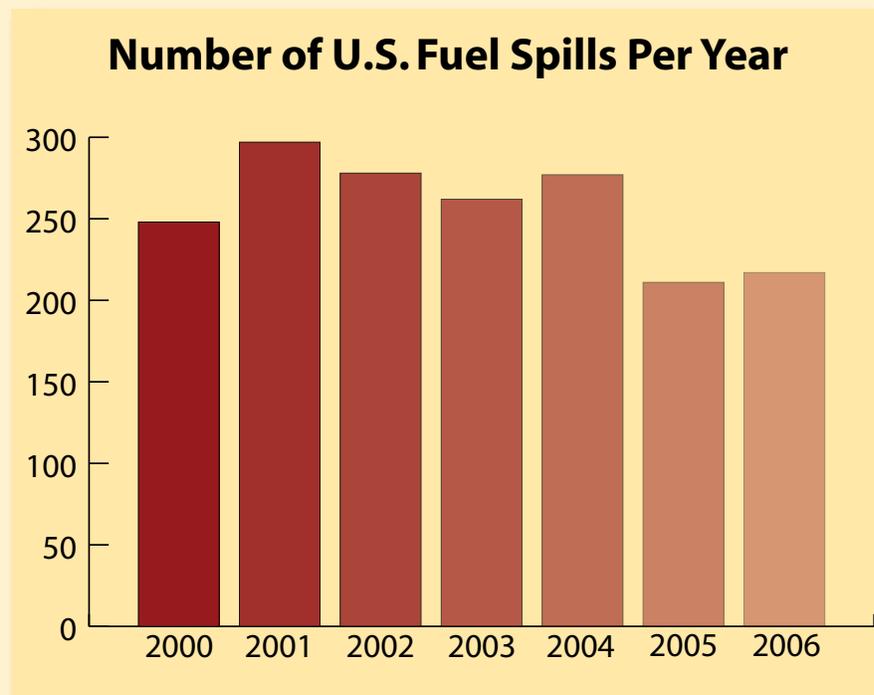
These services include:

- Complimentary consulting session,
- Spill reporting,
- Clean up contractor referrals and management,
- Disposal assistance,
- Spill contingency planning,
- Online database listing current regulatory requirements, and
- Around-the-clock associates who respond to online requests and phone calls promptly, typically within three minutes.

How to Report Spills Online

NATA members involved in spills should access the Spill Center reporting requirements database to determine if a spill must be reported immediately by phone. This database can be accessed through Spill Center's website, www.spillcenter.com.

NATA members can also elect to pay Spill Center to have compliance associates make all required phone calls and written reports after a spill, track and manage cleanup operations, and provide other support services. Spill



Source: National Response Center

Center's call center is staffed 24/7 to support clients.

NATA members should consider creating a customized spill contingency plan, detailing a company's spill handling instructions. "In the event of a spill, a single call to Spill Center will activate the contingency plan. Having a contingency plan on file in a central location is an important part of spill preparedness," Moses said.

Be Prepared for a Spill

- Have an updated spill prevention control and countermeasure (SPCC) plan.
- Make sure that the employees handling fuel are current on training and always alert on the job.
- Place spill kits in necessary locations (i.e., where fueling takes occurs).
- Know the most common reasons for spills: worn and damaged valves, punctured fuel tanks, and hoses torn away from planes by moving work platforms.

- Be prepared to activate spill treatment procedures even if the spill is not "your fault." The blame game can be played after the spill has been contained and treated.
- Consider seeking expert advice to help in the understanding of environmental liability risks.

What NATA Members Are Saying

Chris Fought, Air BP, manager of health, safety, security, and environment, thinks the new Spill Center service will be very useful for people in the aviation industry who are involved in fuel spill incidents. "For people who are not familiar with all the reports that need to be filed after a spill, Spill Center will be very helpful," Fought said. "Air BP is considering using Spill Center because they offer nationwide coverage. With more than 1,200 airports in over 90 countries, Spill Center could help us find a responder for our U.S. airports quickly." 

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Continued from page 13

some eyebrows within the SOX ranks. Remember, this group has the threat of real penalties and jail time to help motivate them.

The reality is that companies using SMS hold the key to their future performance. They are using the tools available to them to examine their past and forecast their future. These companies are managing their performance with integrity, and that is what SOX was designed to ensure.

A principle attribute of SMS is that it enables organizations and their leadership to formally organize, document, and communicate known and potential safety hazards. Some of the core SMS elements address communication strategies so that the organization can effectively inform employees, vendors, and customers of the organization's safety and quality initiatives. Beyond communication, SMS also provides qualitative and quantitative tools to assess the health of the many components of the company's safety and quality program. 

Louis Sorrentino is SH&E Senior Vice President – Managing Director – Safety, Security & Operations.

*Is your company growing
as fast as others in the
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Financial Analysis and Industry Benchmarking

How you are performing compared to others in your industry has always been a tough question to answer . . . **until now**. NATA Online Industry Benchmarking provides members with access to comprehensive analysis of financial trends, and meaningful comparison to current industry averages.

"Having access to comparative benchmarking trends will give us valuable insight into our business and industry that we've never had before."

– Dale E. Froehlich, President and CEO, Business Aviation Services



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Go to www.nata.aero and
click the **Industry Benchmarking** link
or call 888-663-8003 ext. 2

NATA Safety 1st Adds Line Service Supervisor Seminar

Are you ready to take the next step in line service supervisor training? NATA heard your request for more advanced training and developed the Advanced Line Service Supervisor Training Seminar (ALSST), which will be held January 15-16, 2007, at the Embassy Suites Hotel in Orlando, Fla.

The ALSST takes the popular Line Service Supervisor Training to a whole new level. It will significantly increase the performance of line crew supervisors and set you apart from others in the industry by expanding your knowledge base and communication skills. Taught by Frank Surface, MoneyWise Solutions, and Walter Chartrand, AirBP Aviation Services, this seminar teaches your supervisors a whole new realm of supervisory and technical skills, including

- Hiring Practices/Orientation,
- Evaluation of Performance/Starting Right,
- Firm Discipline/Fair vs. Equal,
- Terminations and Dealing with Difficult Employees,
- Managing Your Manager/Managing Up,
- Risk Management,
- Coaching Leadership,
- Fuel Systems Management,
- 14 CFR 139 Part 321 Fire Training,
- Safety Issues,
- Security Issues, and
- Professional Line Service Training and "Making It Fit."

More details are at www.nata.aero.

Coulby Joins NATA Safety 1st Team

Adam Coulby has joined the NATA Safety 1st staff as Manager of Education and Training. Coulby's background includes owning and operating a

three-division corporation and graduating Summa Cum Laude with a Bachelor of Science in Airport Management from the University of Maryland. He is an active private pilot with an instrument rating.

Coulby will head up NATA's Safety 1st educational seminars and workshops, manage the National Air Transportation Foundation (NATF) scholarships and grant offerings, and assist with NATA's online training development.

"Adam's enthusiasm and passion for the aviation industry are an asset to NATA and our members," said Amy Koranda, NATA's Director of Safety Management. "We are very happy to have Adam on the Safety 1st team."



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