AVIATION BUSINESS JOURNAL

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1st Quarter 2010

TAC Air:

From Flight Department Convenience to Major Chain

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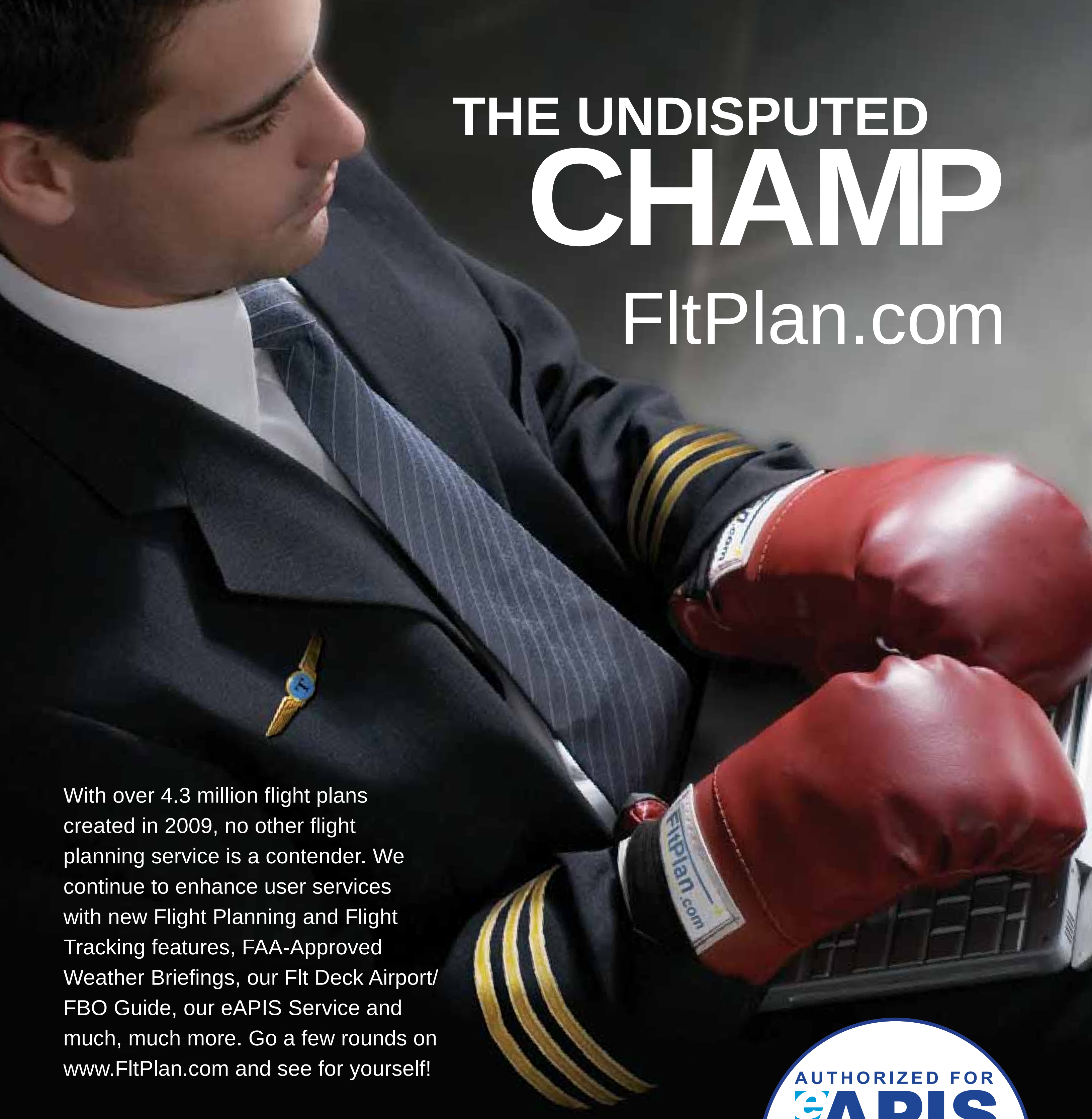
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Do You Know What You Don't Know?

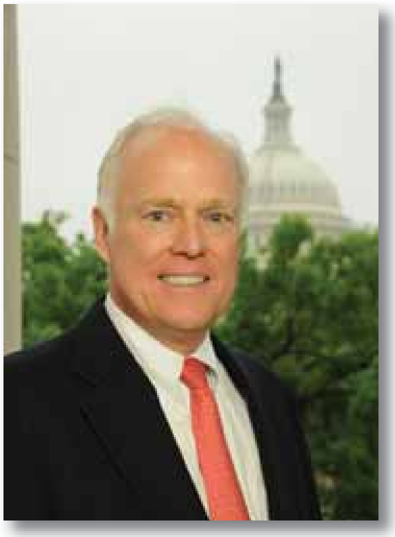
By James K. Coyne

My youngest child finally finished his education in May (or at least the part that I pay for), and now he's marching off into the real world with all the confidence and preparation that 27 years of parenting and schooling can provide. After his first week on the job, he called to share his excitement, but also to admit that he's amazed by how much he *doesn't know*. It's been 40 years since I finished my formal education, but a day never goes by that I don't reach the same conclusion. To do our jobs well, not to mention to fulfill our other responsibilities to friends and family, takes a commitment to lifelong learning that none of us can ever escape.

As we enter this century's second decade, our need for new knowledge and expertise is more critical than ever. The government seems committed to changing everything it can touch, the marketplace is transforming itself every day, financial and legal institutions are modifying most of their traditional procedures, the internet is reinventing the way we communicate, politics is redrawing the lines between business and the bureaucracy, and the recession is making it impossible to predict where the economy is headed. If ever there was a time for admitting that you have a lot of new things to learn, this is it!

So how's a busy aviation business executive best able to "school" himself or herself in these hectic times without dropping the ball at the office or breaking the bank? Each of us, of course, have different opportunities and techniques for staying ahead of the pack, but whatever you do, consider how NATA's resources and members can be part of your ongoing education.

First, ask yourself if an audit of your business would be useful. For years, scores of NATA members have subjected themselves and their businesses to audits carried out by friendly (though sometimes brutally frank) colleagues they've come to know and trust at NATA meetings. You might have an FBO in California, but you'd be surprised what you can learn from someone with a similar business in Texas or North Carolina. Of course, there are also formal audit firms that work directly with NATA or with the Air Charter Safety Foundation who can advise you on everything from safety management systems to financial software, but no one will understand your business as intimately as someone who actually runs a similar operation. If you'd like to find a fellow NATA member to contact about a possible audit (or even a reciprocal audit), give me a call, and I'll connect you with a few candidates. To my mind, this kind of "education" is better than anything they teach at the finest business school.



Second, take advantage of the internet. NATA recently launched a series of webinars, free or low-cost online seminars covering specific topics like minimum standards or ramp safety that apply directly to your business. If you have ideas for other webinar topics that you'd like us to produce, send me your suggestions. NATA's website offers other resources that can round out your business education, with downloadable publications, reports, and links to FAA documents that can help you find quick answers to queries that might even stump your FSDO.

Third, enroll in NATA educational and training programs at our various meetings around the

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country throughout the year. Our FBO Leadership Conference in San Antonio, Tex., the Air Charter Summit in Washington, D.C., and the Spring Training Week in Las Vegas, Nev., all provide courses, seminars, and Q&A sessions for you and your staff to learn from industry experts, consultants, government officials, and technical specialists. But I must also admit that a lot of industry-specific and market-related education takes place at these meetings in informal, unplanned sessions that can be the very foundation of your personal business education.

And if you need to refresh your brain cells about how politics in Washington is going to affect your business, there's no better graduate-level course than NATA's annual Day on the Hill in late April. As oxymoronic as "understanding Congress" might sound, this is the best place to at least attempt to find those answers (and usually uncover even more questions).

Finally, use NATA's staff as your own tutorial team. That's what we're here for. I spent many years teaching at the Wharton School of Business, but as much as I enjoyed the historical and theoretical cases in those classes, there's nothing more interesting than real-life questions from NATA members about their businesses and how the myriad rules and regulations that we confront here on the Potomac actually affect your operation and your bottom line.

NATA is more than just our staff, our website, our meetings, our seminars, our publications, and our database of information. It is, most of all, a huge network of men and women working in hundreds of companies who know that the business of aviation never stands still. NATA is a way to connect all those people, their ideas, their imagination, and their curiosity in ways that create new opportunities for every individual NATA business. In these times of recession and economic contraction, this is the most important lesson that each of us can possibly learn: There are new ways to do what you do so your business can get growing again! The answers are out there; it's up to each of us to find them.

With a New Decade Comes New Opportunities

By Eric R. Byer

As we enter 2010, we are provided a clean slate of sorts to demonstrate the importance of general aviation to the public, the media, and the government. The idea of advocating general aviation's major role in our national economy and to the public at large is certainly nothing new. But as our national air transportation system evolves from antiquated hub-and-spoke commercial air service to point-to-point service, general aviation continues to enhance its footprint in the skies. Customers want to get from point A to point C without having to go through point B. They want to get to their destination as quickly and safely as possible. Customers don't want to have to deal with the continuing security checkpoint and volume delays at many major commercial airports.

Enter our opportunity. Over the next ten years, general aviation will play an ever-larger role in moving the traveling public within our own borders and throughout the world. Whether it is a Part 135, 91k, or 91 operation, general aviation provides a more efficient means to travel with infinitely better customer service and a stellar safety record. Businesses large and small that have used general aviation know the true benefits in timesavings and increased work productivity. And while in 2009 some in the media and on Capitol Hill tried to paint a black mark on businesses utilizing general aviation aircraft, 2010 is the time to speak even more loudly and clearly that general aviation is here to stay, for now and the future.

As in years past, the association invites all members of the general aviation industry to participate in NATA's Day on the Hill. This well-attended grassroots event provides our community with the opportunity to educate congressional officials on just how important our industry is to the public and the economy. This is an opportunity for our community to come together to voice our concerns and tell those on Capitol Hill how general aviation is the backbone of the aviation industry, comprising small businesses from Washington, D.C., to Washington state. Mark your calendar now for Wednesday, April 21, so your voice can be heard!

Now is also the time to meet with local newspapers and media outlets to highlight the economic value of general aviation. We must stop fearing the press and start educating them about how important general aviation, and the small businesses that play such a large role in general aviation, are to the American economy and to the thousands of small towns across this country that rely on small airports for access to the national and global air transportation system. Invite local members of the media to your business at a local airport to give them a hands-on look at the folks you employ and the value general aviation provides to the local economy. If

we don't all start making a greater push to educate the media, we will continue to fight an uphill battle both on and off Capitol Hill.

Finally, become active in your local Chamber of Commerce. The sole purpose of these groups is to promote the value of small businesses and defend their interests. While we certainly want all of our members to continue playing an active role in NATA advocacy efforts, joining a local Chamber of Commerce is an outstanding complementary activity that will bolster the importance of your business to the community.

We have heard the old Tip O'Neill adage many, many times over the years because it is so very true. All politics are local, so get a leg up by becoming active in your local community. These opportunities are ripe for the picking as we enter the next decade, so don't miss out!

ACSF in 2009: The Year in Review

By Jacqueline Rosser

This past year was a very busy one for the Air Charter Safety Foundation (ACSF) as we continue to grow and expand our efforts to improve the safety and security of the air charter and shared aircraft ownership industry.

One of our organizational goals is to improve data collection and analysis for the industry. As a first step, ACSF commissioned a detailed review of Part 135 certificate holder accidents over a five-year period. The Part 135 Accident/Incident Review is a comprehensive look at the factors involved in charter accidents.

The researchers reviewed every Part 135 on-demand event reported in the National Transportation Safety Board (NTSB) database and identified non-revenue flights flown under Part 91 that were under the control of a certificate holder. The Part 91 events included maintenance, ferry, positioning, and instructional flights among others. Events on Part 91 flights under the operational control of an aircraft owner were not included.

The review revealed some very interesting facts, but unfortunately we still lack one key piece of data that would make it possible for us to draw meaningful conclusions about safety risks and to develop targeted interventions: We simply don't know how many hours are flown in the various aircraft types (helicopters, pistons, and jets) and for what missions (cargo, passenger, air ambulance, etc.). Until we can capture and break out flight-hour data, we are limited in our ability to understand and address existing and emerging safety trends. Expect more from ACSF in this area. We are actively developing our strategy for filling this data void. A copy of the safety review is being sent to every ACSF member, and copies are available for $25 by calling ACSF at (888) 723-3135.

Another key ACSF initiative is the Industry Audit Standard (IAS). Since its official launch in the first quarter of 2009, ACSF and our authorized audit firms have completed the on-site portion of the audit at 24 operators. Five companies have achieved

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ACSF in 2009

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Registered Operator status, and many others have completed the on-site portion of the IAS and are continuing to work through the remaining steps required to achieve listing on the ACSF IAS Registry (www.acsf.aero/registry).

Those operators making the effort to become IAS registered are committed not only to regulatory compliance, but to continuous safety improvement. Interested in learning more or scheduling your audit? Visit www.acsf.aero/audit.

The annual Air Charter Safety Symposium is just around the corner, and the ACSF members and staff are working hard to produce another quality event. The symposium is March 2-3 at the Marriott Westfields Conference Center, near Washington Dulles Airport. Presentations include an examination of the NTSB's increased focus on Part 135, the financial benefits of safety programs, a discussion of the potential legal pitfalls of voluntary safety programs, and details on how to implement automated operational risk assessment.

Symposium attendees will also hear from a mid-size charter operator about the challenges they confronted as they developed a Safety Management System and later completed the ACSF IAS. Early registration rates are available. Learn more at www.acsf.aero/symposium.

In other news, industry use of ACSF's free safety event and tracking software, AVSiS, continues to grow. We now have more than 50 operators using the program. AVSiS, the Aviation Safety Information System, allows the submission of safety events for tracking and follow-up and can integrate well into any operator's existing safety program. AVSiS is available at no charge to any Part 135 operator or Part 91K program manager, and membership in ACSF is not required. A separate version of the program is available for purchase by any operator ineligible for the free version.

These are just a few of the activities undertaken by ACSF in the last year. The foundation continues to grow, and our ability to have a positive impact within the industry increases with every new accomplishment and, most importantly, with every new member. I encourage you to join the many operators, suppliers, manufacturers, and others that have made the commitment to safety and security by becoming a member of the ACSF.

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TAC Air: From Flight Department Convenience to Major Chain

By Paul Seidenman and David J. Spanovich

Not every FBO operator gets into the business by design. In fact, TAC Air, one of the most successful FBO chains in the U.S., was started because the flight department of the Truman Arnold Companies needed better service at its Texarkana Regional Airport home base.

Greg Arnold, president and CEO of the Texas-based company, explained that the Truman Arnold Companies, one of the nation's largest independently owned petroleum products marketers and terminal operators, in 1986 owned a chain of 125 convenience stores in eight states under the Road Runner name. "In order to cover that territory, we were operating a Beech King Air 90 turboprop and a Sabreliner Sabre 60 jet based at a Texarkana FBO, for which the hours of operation were not always compatible with our flight department's scheduling," he said. "The result was that in order to have a local support facility that met our needs, we concluded we would have to buy the FBO."

Under its new ownership, the FBO remained open to the public and was re-branded under the Road Runner Aviation name. "Frankly, we went into the business thinking that the FBO would not be a great money maker," Arnold said. "But much to our surprise, we found that by offering good service it turned out to be more profitable than we thought."

By 1989 the Truman Arnold Companies decided to sell off its convenience store operation and concentrate on building up the FBO and its fuel marketing distribution and terminal businesses. In 1991, the FBO operation was renamed TAC Air and put on an expansionary path.

Today, TAC Air, voted Best FBO Chain by *Professional Pilot's* annual PRASE survey in 2006, operates

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at 13 locations and employs 300 employees. The newest facility, which opened in January 2009, was formerly owned by Jet Direct at Spirit of St. Louis Airport, a general aviation airport serving St. Louis, Mo. The other FBOs are located at Amarillo, Tex.; Denver (Centennial), Colo.; Hartford, Conn.; Chattanooga and Knoxville, Tenn.; Fort Smith, Ark.; Greenville (Downtown Airport), S.C.; Lexington, Ky.; Omaha, Nebr.; Raleigh-Durham, N.C.; and Shreveport, La., in addition to the original one at Texarkana, Ark. The corporate flight department, which provided the incentive to get into the FBO business, now operates two jets, a Bombardier Challenger 605 and a Cessna Citation VII, along with a light Cessna 172 single-engine piston.

Arnold, who served as chairman of NATA's Board of Directors in 2003-2004 and was inducted by the Arkansas Aviation Historical Society into the Arkansas Aviation Hall of Fame in November 2009, reported that TAC Air contributes 35 to 40 percent to the bottom line of the Truman Arnold Companies, even though it accounts for less than 5 percent of total company revenues. Those annual revenues, which have been as high as $3 billion, are projected to be about $1.7 to $1.8 billion in 2009, given the huge falloff in the price of crude.

"Some 95 percent of our total revenue comes from TAC Energy, which is our fuel distribution business," Arnold said. "In terms of actual product sold, we expect that to remain relatively stable at about 2 billion gallons."

Challenging Economy Opens Opportunities

With the opening of the St. Louis facility in early 2009, TAC Air once again returned to a growth mode. Previously, it had not opened a new location since October 2007 when it took over Southern Jet's FBO in Raleigh-Durham.

"While the economy has been very challenging for TAC Air, it did open some opportunities," Arnold said. "That's because, prior to the recession, there was a lot of private equity money in the mergers and acquisitions market, making it very difficult for TAC Air to [acquire FBOs] and build its business. We couldn't compete with the buy-out firms and the kind of money they were bidding for the facilities, so we decided to grow internally by adding more hangar space where we were."

But given the current economy, there are emerging opportunities to grow TAC Air through acquisitions, Arnold explained. He noted that TAC Air, by business philosophy, has never built an FBO from the keel up.

"We prefer to acquire an existing facility, totally renovate it, and/or expand the terminal and office space, whichever is needed," he said. "One of the reasons we do this is because, if the FBO is well run, the existing customers will tend to remain, even after the acquisition. Also, it's normally a very challenging task to build an FBO new in today's market. Frankly, at many airports there are simply too many FBOs."

More Room for Consolidation

Arnold said that when the company acquired its first FBO in 1986, there were about 5,000 FBOs throughout the U.S. "With approximately 3,000 today, there is still a lot of room for consolidation in this business," he said. "At some airports you might see five to seven FBOs, even though there's really only enough business for three. If the market for FBO services stays where it is, there will have to be some additional consolidation."

In fact, at seven of its locations, TAC Air is the sole FBO on the field, and the company holds an 80 to 85 percent market share where there is competition, Arnold said.

"That has been achieved through careful analysis of current general aviation traffic at each of the 13 airports," he said. "The way the FBO business is today, most of the competition (for fuel sales) takes place at the point where the airplane originates its flying for that day. This is because today's aircraft are much more fuel efficient, and when they transit an airport many are not likely to take on fuel. So we track every departure from airports where we have an FBO as well as what our market share is at those airports. That information helps us to market our services."

Arnold said that when evaluating a facility for possible acquisition, the company not only checks to see if there are multiple operators on the field, but also what the market share is of the facility being considered. "Then we evaluate the business climate in the community the airport serves; is it growing or is it declining?"

TAC Air prefers to focus on midsize markets, which he defined as metropolitan areas with populations of 500,000 to one million. "Based on that, we like to project what the business climate is likely to be over the next five to ten years," he said. "For example, if you look at some of the midwestern cities that have been hit very hard by the cutbacks in the automobile industry, there will probably not be a large amount of growth in those areas over the next five to ten years."

The evaluation process also looks at a potential acquisition's employment infrastructure, which includes management, line, and customer service staff. "We try to determine if the present staff is adequate or if we will have to hire new people or transfer some of our current employees from other sites," he said.

Because TAC Air's primary business focus and core competencies have been on line service and FBO property development, the company evaluates the FBO's current infrastructure, its line service quality, the availability of a competitively priced fuel supply, and the opportunity to negotiate a long-term lease with the airport authority. TAC Air's average lease term is 22 to 23 years, Arnold said.

"Once we acquire an FBO, the first thing we do is make sure the current customers of that FBO are taken care of," he said. "We have a very disciplined business model, especially when it comes to tracking data and efficiency optimization. But we also give our general managers quite a bit of latitude to make sure the job gets done onsite."

Developing a Core Focus

Nearly all of the TAC Air FBOs are exclusively in the business of fueling and line service. The exceptions are those at Fort Smith and Raleigh-Durham, which still offer more extensive maintenance. At Raleigh-Durham, TAC Air is an OEM-certified maintenance provider for Cirrus Design. Fort Smith is capable of Phase I through Phase V inspections on Cessna Citations.

"We will continue to offer maintenance at those two locations, but it is not our core focus," Arnold said. "When we were full service, we found that maintenance was a very complex kind of business. That's why if we decide at some point to revisit maintenance, we will probably do that by aligning ourselves with a company for which that's a specialty and that is already located on an airport where we have an FBO."

TAC Air's decision to phase out the full-service FBO model was initiated about a decade ago. In addition to maintenance, the company was also involved with avionics sales and held a Part 135 charter certificate. It also offered flight instruction at three facilities: Texarkana, Fort Smith, and Omaha.

In Arnold's view, the full service FBO model may no longer be viable. "Today's aircraft are more fuel efficient and fly longer distances before fueling," he said. "Plus [the FBO industry] is a more competitive marketplace, and smaller, regional locations simply do not have the economies of scale to offer full service."

Currently, 11 TAC Air locations sell fuel under the ConocoPhillips brand, while the ones at Hartford and Raleigh-Durham are respectively branded Chevron Texaco and AvFuel dealers. All of the company's FBOs are NATA Safety 1st line service-certified, with Jet A and low-lead 100 avgas available at each.

Along with fueling general aviation aircraft, TAC Air has into-plane fueling contracts for commercial airline customers at Amarillo, Chattanooga, Fort Smith, Lexington, Omaha, Shreveport, Texarkana, and Knoxville.

While the recession has battered general aviation and its suppliers, Arnold reported that TAC Air has kept its head above water. "We have been very fortunate in that every operation in the chain has been profitable and returns have been good," he said. "Unfortunately, with general aviation flying down, we are down by about 60 to 70 people compared to our staffing levels in 2008. But while we did have a few layoffs, most of our job cuts came about through normal attrition."

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TAC Air

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Arnold attributed the chain's profitability to what he called "a very aggressive internal analysis" that looks at ways to contain costs. "Our management team is scrutinizing every item and penny to the smallest degree and has concentrated on opportunities to grow our existing business, which means selling more to existing customers," he said. "We have done this through more competitive pricing and have worked a lot harder to do this, not only with our tenant customers but also corporate flight departments, including those that have indicated that they want to expand."

Arnold said that the company has also worked with on-demand charter operators and all fractional ownership companies. Ten TAC Air locations are preferred FBOs for all the major fractional ownership operations.

With property development and hangar leasing a large part of TAC Air's business, the company's 13 FBOs account for about 1.2 million square feet of hangar space and about 750 tenant aircraft. Systemwide, TAC Air has projected about 5,000 departures per month through the end of 2009, down 20 to 25 percent from 2008 levels due to the economy.

Expanding the Lexington Facility

But even with the strong economic headwinds, TAC Air is pursuing its development philosophy at a current location, with a recently announced expansion at Lexington Blue Grass Airport. "The Lexington FBO is one of our busiest locations in terms of traffic, so we are building a new FBO that will replace the existing terminal building and expand the existing hangar space we have," Arnold said.

The project began with an August 2009 groundbreaking and will include a new 12,000-square-foot executive terminal to replace the 5,000 square feet of terminal space currently occupied at Lexington. Hangar space will increase from 91,000 to 116,000 square feet, of which 40,000 square feet will be new construction. Office space will be expanded from 8,100 to 14,600 square feet. Total office space will exceed 20,000 square feet because the project will incorporate space to be absorbed from Air51, an FBO that TAC Air is acquiring at Lexington as part of the project.

"We decided to pursue this because our lease was about to expire. In order to stay at the airport, we responded to an RFP put out by the airport authority," Arnold said. "Under the terms of the RFP, the leaseholder had to agree to a redevelopment plan for the existing facility. So after a three-year period of negotiation, we were able to renew the lease on the basis of a new and expanded facility."

The Lexington area is the center of Kentucky's thoroughbred horse industry, which Arnold said draws a lot of business aircraft. The new terminal building will include an art gallery with a racehorse theme. It will also have a workout facility, movie theater, flight planning area, gift shop, quiet room, and an expanded pilot lounge, all of which will be open to the tenant customers at the FBO as well as those on transiting aircraft.

Under current planning, the new FBO's completion date is slated for May or June, in time to accommodate attendees of the 2010 World Equestrian Games in Lexington. TAC Air has taken over Air 51's "preferred FBO" status of that event, Arnold said.

TAC Air's FBOs are mostly situated in the southeastern United States, with the exception of those in Omaha, Denver, and Hartford. Asked if that regional focus is likely to continue, Arnold said that the company is open to expanding anywhere, although the focus will continue to be on the domestic U.S. market.

"We are truly opportunistic in that regard," he said. "But while we would definitely look at opportunities on the West Coast or Florida, we really like any location to be within about a two-and-a-half-hour flight from our Texarkana headquarters."

Arnold predicted that there will continue to be greater cost consciousness among operators, which he said can mean only that the FBO business will be far more competitive than it was even three or four years ago. "That means that greater efficiencies and cost controls will have to be identified, but TAC Air is well along in that respect," he said.

Citing one example, Arnold said that the company has purchased nearly all of its previously leased ground support equipment, including 40 tanker trucks from fuel suppliers and leasing firms. "We determined that it was actually more economical to own, rather than lease, that equipment," he said. "We are looking at all of the line items in our profit-and-loss statement to see where we can make those items more cost efficient. We're also doing a better job tracking costs related to running the FBOs, including maintenance, staff, and utilities."

Maintaining Customer Service

Still, Arnold stressed that one thing that won't be compromised is TAC Air's well-known level of customer service. "Our feeling is that people will stay with an FBO where they get good service, which is why you need to give the highest level of service to everyone," he said. "We don't have a preferred clientele; we value everyone, from the recreational pilot of a single-engine piston to the professional pilots of high-end executive jets. In our view, today's Cessna 172 pilot could fly in here tomorrow with a Gulfstream V."

He said that TAC Air's service-oriented philosophy extends to all of its employees. "Everyone here is very passionate about the business," he said. "We have a team of people who are very professional and love what they do. When you treat your people well, they are going to deliver a high level of service."

With the continuing trend toward consolidation in the FBO business, Arnold stressed that TAC Air is going to remain independent for the long haul even though it has been "approached by all of the major players in the FBO industry" with acquisition proposals. "Although I have learned never to say never, we have no plans to divest ourselves of any part of the chain. That's because we're bullish on the business," he said. "We've spent the last 20 years developing the intellectual expertise to run the business, and we have positioned ourselves to grow it rather than divest and sell it."

In that regard, Arnold said that he is preparing to tackle all the challenges facing the FBO industry, even in a post-recession era. "Going forward, it will really come down to offering the highest level of service in a safe environment," he said. "This is where the NATA Safety 1st program has been very helpful. We also have to look at how we can better manage ourselves within the current regulatory framework, which is another area where NATA has also done a very good job assisting the members. They have done an excellent job of keeping all of the members up to speed about the ongoing developments in the regulatory environment."

As TAC Air goes into 2010, the company is predicating its planning on the state of the economy today. "Frankly, we see no significant recovery for at least the next 24 months," Arnold said. "There might be some uptick or down-tick of 1 to 2 percent in flying, but I think it will be at least another two years before we'll see increases in flying in the range of 20 to 25 percent."

NATA's 2010

Spring Training Week

March 15-17, 2010 Las Vegas

The National Air Transportation Association (NATA) is pleased to host our second annual Spring Training Week in conjunction with the Aviation Industry Expo. This year's Spring Training consists of several major league seminars designed to answer questions about the business climate, advance the skills of FBO owners, general managers, line service specialists and supervisors as well as enhance the success of their operation in any economic environment.

NATA's Spring Training Week provides the business skills and conditioning necessary for improved performance in 2010 and for years to come. Attendees will discover:

■ What's next...

NATA assembled an all-star team of dynamic speakers, industry experts and talented panelists to help attendees understand what lies ahead for the aviation industry.

■ What should be done now to prepare for what is next...

Continuing education, skills training, networking and fresh ideas are the most effective tools for preparing aviation professionals of all levels for what the future holds.

■ What can be done to ensure long-term success...

Cultivating success depends on many factors including fostering a dedicated and highly skilled staff, ensuring compliance with regulations, nurturing a fully integrated safety culture, and securing a clearly defined game plan to keep ground operations on the path to continual prosperity.

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This seminar has been designed to help you with almost every conceivable situation in the day-to-day business of running a successful FBO, from developing a favorable lease with an airport authority to understanding and working with your fuel supplier; from decreasing credit card interest rate charges to lowering insurance premiums; and from dealing with FAA and EPA issues to building long-term profitable customer relationships.

Seminar Benefits:

- Save money without cutting corners
- Lower your insurance premiums
- Improve operational efficiency
- Foster FBO profitability
- Increase the intrinsic value of your FBO
- Meet your short- and long-term financial goals

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- A Strategic Overview Of The Seminar: FBO Success.
- Operating Your FBO Business In Tough Times
- Decrease Credit Card Interest Rates And Lower Insurance Premiums
- Winning With Third-Party Fuel Providers
- Stay On-Time And Within Budget On Building Projects
- Developing A Favorable Lease With Your Airport Authority And Positioning For Merger, Sale Or Acquisition
- Optimize Operations And Prepare For Contingencies
- Selecting And Developing Top Employees
- Make Fractional Aircraft Programs Your Ally
- Round Table Discussion: Best Practices
- Building Long-Term Profitable Customer Relationships
  - Part I: Making The Customer Your Best Friend
  - Part II: Marketing And Communications For Any Size FBO
- Strengthen Your Fuel Supplier Relationship

Featured Speakers:

John L. Enticknap, Aviation Business Strategies Group
Dan Maddox, Aviation Business Strategies Group
Ron R. Jackson, The Jackson Group
Leonard Kirsch, Esq., McBreen & Kopko

NATA Spring Training Week prepares you to:

- create a winning game plan
- cover all your bases
- knock customer service out of the park

NATA Safety 1st Trainer Seminar (Train The Trainer)

One hallmark of the best FBOs is the professionalism of the line service specialists on the ramp. A key component of ramp safety, security and efficiency is the guidance provided by designated FBO line service trainers. NATA's newly updated Safety 1st Trainer Seminar delivers the in-depth instruction necessary to make these employees more effective line service supervisors and teachers.

In the seminar, trainers will learn how to engage a variety of students, increase learning retention, effectively present lesson plans, identify student verbal and nonverbal cues as well as many other skills.

The seminar also includes instruction on the industry's premier program for initial and recurrent training of line service specialists – known as PLST or Professional Line Service Training.

<u>Seminar Benefits</u>

- Return eager to implement proven PLST Online training tips and techniques to make your FBO better and safer
- Strengthen your training skills
- Realize the benefits of a highly organized and coordinated training process
- Participate in peer networking opportunities

<u>Topics</u>

- Structuring A Training Program
- Keys To Successful Training
- How To Properly Prepare
- Varying Teaching Techniques
- Energizing The Learning Environment
- Recognizing And Utilizing Resources
- Staying Consistent And Keeping It Simple

<u>Featured Speakers</u>

Walter Chartrand, AirBP Aviation Services
Amy Koranda, NATA
Mike France, NATA

Environmental Compliance Seminar

The NATA Environmental Compliance Seminar for Aviation Facilities is the only event that focuses solely on environmental compliance issues confronting FBOs and general aviation airports. With mounting pressure from the media, the federal government and the public at-large, this seminar is designed to ensure that FBOs and general aviation airports are complying with environmental mandates that affect their daily operations.

<u>Seminar Benefits</u>

- Increase awareness of all applicable regulations
- Ensure compliance with new environmental mandates
- Avoid costly errors and negative press
- Discuss best management practices
- Review procedures, equipment and requirements

<u>Topics</u>

- Spill Prevention, Control And Countermeasures (SPCC) Regulations And The New Parts That Will Take Effect On November 10, 2010
- Storm Water Permitting And Storm Water Pollution Prevention Plans
- Newly Proposed EPA De-Icing Requirements
- Waste Issues (hazardous waste, universal waste, waste oil and waste fuel)
- Underground Storage Tanks
- EU Emission Trading Scheme – Current Requirements In Europe And What To Expect In The Future For The U.S.

<u>Featured Speaker</u>

George S. Gamble, PE,
2G Environmental, LLC

Line Service Supervisor Training Seminar (LSST)

Build Career Knowledge, Confidence and Success

This seminar, specifically designed for line service supervisors, provides the training you need to become more proficient in supervising staff, motivating others, communicating and coaching a team. This high-impact, high-energy seminar includes guided group debates, role playing, interactive games and various case studies designed to take you to a new level of leadership. You will also take part in self-assessments to explore your strengths and weaknesses and their effect on your management style.

<u>Seminar Benefits</u>

- Share your challenges and successes with colleagues
- Discover your strengths and weaknesses through self-assessments
- Learn to promote safety and synergy through teamwork
- Instill a culture based on trust, partnership and respect
- Analyze the technical information crucial to performing your job
- Make your FBO more efficient by learning how to engage and motivate your staff

<u>Topics</u>

- Attendee Self Assessments
- Creating A Healthy Safety Culture
- Leadership and Supervisor Essentials
- Legal Compliance As A Leader
- Employee Engagement / Effective Communication
- Line Service Supervisor Technical Review
- Simple Steps To Ensure Top-Notch Customer Service

<u>Featured Speakers</u> (speakers subject to change)

Todd Dewett, Ph.D., Wright State University
Reed Fuller, Ascent Aviation Group
Walter Chartrand, AirBP Aviation Services
Mario Martinez, Ph.D., ServiceElements
Amy Koranda, NATA
Mike France, NATA
Leonard Kirsch, Esq., McBreen & Kopko
Bill Pomeroy, MoneyWise Solutions

FAA-Approved 14 CFR 139.321 Fire Safety Training included with seminar

To find out more about NATA's Spring Training Week seminars and activities, visit www.nata.aero, www.twitter.com/nataaero, or search for National Air Transportation Association on Facebook.

National Air Transportation Association
Celebrating 70 Years

2010 marks NATA's 70th anniversary as the leading organization representing aviation service businesses. Visit our booth at the Aviation Industry Expo for more information on our products and services and a few fun surprises.

NATA Aviation Business Roundtable

The National Air Transportation Association (NATA) held its 2009 NATA Aviation Business Roundtable November 9-10, meeting with some of Washington, D.C.'s most influential policy makers. More than 65 aviation business leaders met with key political, policy, and financial experts to discuss a number of critical issues affecting the aviation community, including the economy, taxes, safety, security, and the 2010 mid-term elections.

Roundtable speakers included FAA Administrator J. Randall Babbitt, Transportation Secretary Ray LaHood, West Virginia Governor Joe Manchin, and political comedian and musician Mark Russell. During the roundtable, former NetJets CEO Richard T. Santulli became the first recipient of the NATA President's Award.

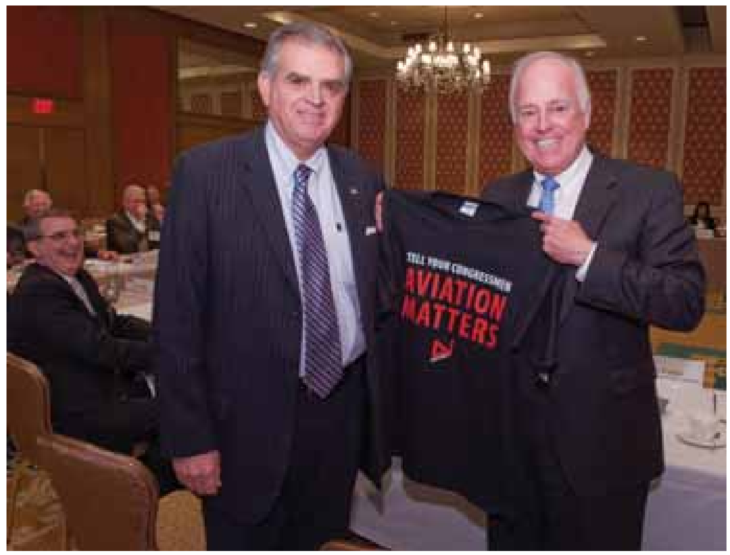
Babbitt addressed NATA's concerns with the FAA's lack of standardization of regulatory interpretations. He was candid about the agency's challenge with inconsistent interpretation of regulations between its regional offices and said that while the problem is vast, the agency will work through it.

Babbitt and LaHood both said that FAA reauthorization legislation is an Obama administration priority but that health care reform has taken precedence in Congress. Babbitt confirmed that the Next Generation Air Traffic Control System (NextGen) will be rolled out in layers such as the implementation of the En Route Automation Modernization (ERAM). The ERAM system will replace the core system air traffic controllers use at high altitudes to track aircraft, increasing capacity and improving efficiency in the national airspace system.

NATA President James K. Coyne introduced Governor Manchin as an enthusiastic pilot who understands the value of aviation to his state and to the national economy. Manchin said, "In the words of General Chuck Yeager, it is time to push it as an industry, not back off." In response to negative publicity on aviation, Manchin made a plea for aviation business leaders to "tell your story before other people tell your story for you." He is doing so by expressing how deregulation hurt West Virginia and how business aviation came to its rescue.

Santulli earned the NATA President's Award for his work as a pioneer in fractional aviation as the founder and former president of NetJets. In accepting the award, Santulli thanked many of the people in the room for helping him to achieve this recognition, saying, "I have worked with the greatest people over the last 25 years."

Coyne summed up the event by saying, "With the number of questions we still have regarding user fees, budget deficits proposed by the new Congress, and the future prospects for aviation business, NATA's 2009 Aviation Business Roundtable provided an important forum for business leaders to interact with well-connected speakers to understand what their options are as they make their plans for 2010."



NATA President James K. Coyne presents Secretary of Transportation Ray LaHood with an Avfuel "Aviation Matters" T-shirt.

Incoming NATA Chairman Jim Miller listens intently to FAA Administrator Randy Babbitt highlight the latest developments on flight and rest requirements for Part 121 and Part 135 operators.

Brian Delauter and John P. Sammon of the Transportation Security Administration deliver a security policy briefing over breakfast.

Xavier de Souza Briggs, from the Office of Management and Budget, discusses aviation user fees and FY 2011 budget.

NATA members come to the roundtable each year to learn more about how various federal policies and programs affect their businesses.

Above and below, the roundtable is an ideal time for NATA members from all across the country to talk shop, compare notes, and learn from those who face similar daily challenges with their businesses.

Westchester Aviation Association President Jeff Lee, NATA President James K. Coyne, and NBAA President Edward M. Bolen serve on a corporate flight department panel.

NATA President Coyne presents the first-ever NATA President's Award to Richard Santulli (right), a pioneer in fractional aviation as the founder and former president of NetJets, as John Burns, former general counsel of NetJets, looks on.

West Virginia Governor Joe Manchin (left), with NATA President Coyne, told the aviation audience that it is time "to tell your story before other people tell your story for you."

Right and below right, NATA members listen intently to key federal and congressional officials to gain perspective on the regulatory and business landscape.

UBS Investment Research Executive Director David Strauss provides insights on the aviation market.

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The Air Charter Industry in Turbulent Times

Four Air Charter Veterans Look Down the Road

By David W. Almy

By most accounts, activity in the charter market is down about a third over last year's levels, with some reporting—or whispering about—even greater reductions in an industry that has long been cyclical, with good times and bad.

So what will the charter industry look like at the end of the recession?

"Just when *is* the end of the recession in aviation?" replied Dennis Keith, president of Business Jet Solutions in Dallas, Tex., the certificate holder for Flexjet's fleet. "Remember, aviation is the first one down and the last one back. It's been down for well over a year. If the economy comes back in a couple of years, maybe aviation comes back a year after that. We're talking about a four- or five-year down cycle here."

"The downturn in the late 1980s and early 1990s probably was a three- to five-year cycle, depending on who you talk to," he added. "So while the aviation economy has been down that long before, I don't know if it's been down this far for that long before. In past recessions, the industry didn't fall off the edge, hit the bottom, and not bounce back. When you stay at the bottom as we have, and maybe you drift down for a while, that's a totally different kind of impact on the financial ability of a small company—and most charter operators are very small companies. So that's pretty tough and that means you have to adapt and adapt quickly."

Keith's assessment is not unique. As vice chairman of Solairus, a charter and aircraft management firm in Petaluma, Calif., Jake Cartwright has seen his share of ups and downs over many decades. "This past summer was really very slow," he said. "There has been improvement in charter quotes and volume this fall, so that's a good sign. But with what's happened with the economy, banking, and the financial worlds, it might not be a robust recovery any time soon. The market's definitely down, anywhere from 30 to 50 percent. The flying is pretty good with the bigger airplanes, but the smaller airplanes are totally charter dependent and I think a lot of them have been sold, and the companies owning them that were depending on a lot of charter have gone out of business."

Bill Koch, CEO of Wayfarer Aviation in White Plains, N.Y., is seeing the same trends. "I've been hearing numbers that the charter market fell off 70 percent year over year," Koch said, "but I think those were the ones that were selling charter to new entrants or to conspicuous consumers who were chartering to go to weekend jaunts, and that

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just evaporated. My take is that overall the charter business is down 30 to 50 percent."

Charlie Priester, chairman of Priester Aviation in Palwaukee, Ill., sees an even more challenging dynamic. "In my opinion what we have is a double-edged sword," he said. "We have a changing market that is substantially smaller than it was in mid-2007. I think the underlying need is still there, but we're seeing now a market reduced by 30 to 50 percent depending on the type of equipment that you operate. Now you couple that with the new regulatory requirements that are here or inbound and your cost side continues to go up. That's the other side of the sword."

Finding Ways out of the Wilderness

So what's a charter operator to do? There are some ways out of the wilderness, these experts say. One is to cut costs.

"On the good side, the business is organized primarily where the charter operator has little or no asset costs on the books," Keith said. "You don't own the airplanes [and shoulder their capital expense], and that's a very good thing or you'd be seeing a lot more doors closing a lot quicker. Charter operators have to adjust personnel because that's our major cost. In a small operation, you can downsize people pretty quickly. If you're a 135 operator, you just have to have the three key positions to maintain your certificate. So, in theory, you could get down to three people and still have a 135 certificate, and if you have one airplane, you can probably go along that way until things turn around."

But individual company situations can require a unique response. "Some companies offering charter also have an FBO," Keith added. "Some may have a maintenance facility. Often, the charter business is a marginal business on the side with their heart and soul being the FBO or the maintenance."

"Because it is going to be a slow, protracted recovery, the smaller operators are going to wonder what kind of margins they are going to be able to make and for how long," Keith said. "And, is there some way to reduce their costs further?"

"When you think about charter operators, every one of them is their own individual factory," Keith said. "They all produce the same thing. They all market and they all sell. They all have their chief of maintenance, their chief pilot, their director of operations, their manuals, and their own infrastructures. Maybe, if this is going to be a slow, protracted recovery, we may start to see consolidations where a bunch of regional guys say, 'Is there a business model here where all five of us can come together and all come out with more than we have now?'"

All see price as a major concern.

"We all saw this thing fall off the cliff at the end of 2007," Priester said, "but it was kind of starting before then, depending on who and where you are. But at that point, as an industry we were beginning to move the pricing of our product to the level that it should be so that there was a reasonable return.

"What has happened now, which I think has set the industry back, is that operators who are struggling are now getting into some deep discounting. And they're almost resetting the pricing bar, particularly for the buyer that's not a sophisticated buyer.

"And they can't sustain it, and it reflects on all of us," Priester continued. "When your sales people come in and say, 'Gosh, we lost this trip, we couldn't fly it, and price is where we lost it,' well, I say we've got to deliver the product and carry our margins and weather this storm. We can't get into this price discounting. The heavy discounters, quite frankly, are dealing on cash flow, saying, 'I'm going to lose money on this deal, but I get my money in advance and I can make payroll this week.'"

"Right now charter is a bargain," Koch said. "The retail price of charter is below the true ownership cost of most airplanes in the market today. I mean if you go charter a Gulfstream today, you can charter it on a per-hour basis for less than the true cost

of ownership of that airplane. It's being subsidized by the owner. But he has some tax advantages, and there are some other contributing factors, such as cash flow to offset other costs. So today charter is a relative bargain, but for those charter providers in survivor mode right now, that's not sustainable."

"The challenge, I think, in the industry is to operate a quality-oriented organization with high standards of safety and service," Koch added. "That requires a substantial infrastructure that the market needs to pay for. This has been a dilemma for me in my 20-plus years in this industry."

Aside from cutting costs and maintaining margins, one other solution is to increase marketing and sales.

"You can increase your customer base by identifying what the customer wants," Priester said, "and if you can come up and offer a product or a type of transportation, if you will, or a service that the customer wants, you can then increase your customer base because you're the only guy offering it."

Those customers can come from many sources. "Most smaller charter operators go out and cultivate their own clientele and they have a loyal following of charter users," Keith said. "If I was going to guess how much comes from the outside world, I would say it certainly doesn't exceed 15 to 20 percent. I would say that at least 80 percent is business they generate on a local basis, maybe 20 percent from

brokers. That would be on average. You are going to have some guys at totally different extremes, where they have the business model to totally be supported by brokers, and you're going to have some that don't deal with brokers at all. But you've got to get out there in some way."

Competition, of course, also plays a role in the charter market, with other aircraft-resourcing options clearly at play, among them fractional ownership, the growth of which seems to have leveled off.

"It certainly has plateaued," said Keith, who as a former president of FlexJet should know. "But remember, historically fractional has been tied to the economy. We will know whether the fractional industry has matured ten years from now once we get out of this and we have five years of normal times. We'll see whether it grows again."

Hard Times Fuel Innovation

"I think another important thing is that, historically, every time the aviation industry has had a downturn, had difficult times, it's re-invented itself," Keith continued. "I mean, you can go back historically and look at those. Back in the 1960s, it was the introduction of the business jet. There were managed aircraft in the 1970s when we had downturns—instead of everybody having their own individual flight department, they went to aircraft management companies. You saw that evolve. In the downturns in the 1990s, you saw fractional ownership come out of that. I know there are a lot of people working on different ideas out there. I'm anxious to see what the outcome will be, what the next invention will be. I think aviation is a pretty inventive industry, and the goal will always be how to make the product more accessible and more affordable as the world changes. I'm sure you're going to see variations on different ideas to make that happen."

Jet cards have been one of those successful inventions in recent years, which has altered the charter market once again.

"People who a year ago would have gone with fractional now want the flexibility or don't want the capital commitment and the five-year contract and the risk of residual value," Koch said. "Those are the people who today are buying jet cards. A year or two ago, the people who were buying jet cards were new entrants who were frequent charter customers. I think they're still selling; they're just selling to a different audience than they were selling to a year ago."

At the high end of the market, Cartwright sees

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The Air Charter Market

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the charter market from a different perspective. "I don't think the market is going to look terribly different on the large cabin airplanes," he said. "I mean they'll be around and they'll come back and people will still own them, but those owners of those kinds of airplane typically don't want a ton of charter. If they get 100 to 150 hours of charter a year, they're happy. They can afford the airplanes they have and they want them and they use them. And that's probably the case with the Hawker and the Falcon 50 and certainly the Citation 10 level, but when you get down to the older, smaller airplanes, maybe it's really the price of the airplane instead of the size; some of that lift has gone away. What's going to replace it, I'm not sure."

Priester remains concerned, however, with the increasing regulatory burden emanating from the FAA and what it will mean for the success of the charter industry.

"The philosophy of the FAA of one standard of safety for everyone, implementing safety management systems, and all the things that you and I know—that's a cost—it costs money to do that. So you end up with increasing costs because of regulatory changes, and that's not to say they're bad changes, but you couple that with reduced income because of the market situation that we have and you've got a real double-edged sword, the perfect storm which leads you to the conclusion that as a small operator, and I don't care how good the small operator is, you're going to throw off so many dollars per airplane to cover your fixed overhead. Now we end up with less dollars, maybe the same per hour, but less total hours that are being thrown off to cover an ever-increasing expense spiral. It's going to be difficult for the small operator to both comply with all the regulatory requirements and come up with a profitable venture, a profitable business. Under the same business model, if that small operator can come up with a better mousetrap, a better business model, they could do very well. But when you factor in a smaller market, pricing pressures, and regulatory escalation, resetting the pricing bar to be profitable is going to take time."

Koch also sees the charter world changing. "It's changing, and it needs to change. The old model does not work. The old model at today's pricing does not work," he said.

Koch sees many charter providers with one or two airplanes, typically light jets or King Airs, who can make an airplane available for charter at relatively low cost as they have one chief pilot who's also the director of maintenance and director of ops without additional infrastructure. But he worries about safety and service from those providers.

"I really see the market divided into the very top tier, which tend to be larger category, late model airplanes that are operated by one of the handful of the large, sophisticated, first-class operations with international capabilities. Then there is the large quantity of small operators, and the market seems to be divided that way."

A "Win-Win" Model

The model that does seem to work is to manage an owner's airplane and charter it out some of the time, particularly with fleets that number in the dozens, a strategy followed by Keith, Priester, Koch, and Cartwright.

"Indeed, and that's a win-win," Koch said. "I think there will continue to be a demand, a growing demand from where we are today, for high-quality business aviation transportation. The airlines are making life more miserable every day, and business needs will continue to require people to be in hard-to-reach destinations where they just can't get any other way than through business aviation. The best way to access business aviation is via charter, and right now there are plenty of charter airplanes available, and as long as there is a wide variety of good quality airplanes in the market people are going to continue to charter because they don't have to make big capital commitments. Charter will be the first part of our overall market to bounce back.

"I think that the market will gravitate towards first-class operators who can demonstrate a real value proposition in providing a higher standard of safety and service quality, multiple locations and worldwide authority, and have systems and procedures in place that add value for the client," Koch said. That's an operator with 25 or more aircraft, in Koch's vision. "There is a clientele who will want and who will appreciate that highly personalized service that's delivered with quality and consistency."

FBO Leaders Offer Perspectives on Down Economy

By Colin Bane

With sales volumes down throughout the industry corresponding to national economic trends, *Aviation Business Journal* asked aviation business leaders for their perspective on how FBOs are responding to the downturn and anticipating its rebound. Some NATA members report that marketing, in the traditional sense, has moved down the priority list, while others find it vital to maintain their marketing presence. We also found that NATA members are placing increased emphasis on safety, customer service, and business fundamentals and, where possible, making investments in the industry and in the future to prepare for economic recovery.

First established in Orlando, Fla., in 1945, Showalter Flying Service is now the oldest and largest family-owned fixed base operation in Florida and is the principal general aviation operator in Orlando. Still, the recession has hit them as hard as anyone. When asked about how her company is preparing in anticipation of a business recovery from a marketing point of view, Showalter Flying Service President and Chief Operating Officer Kim Showalter first laughed, then turned gravely serious.

"I'm not sure that the question really leads to answers that will give you an adequate feeling of the severity of things out here," she said. "I'm not picking and choosing where to spend money so much as doing what I have to in order to survive. I'd love it if I had the option of saying 'Well, I've got this much money; I'm going to put it here, or there, or someplace else.' But that's just not the case."

Showalter said she is thinking carefully and creatively about "pre-spending" options like marketing. "We've got a new website, and we are involved in some of the networking sites—Twitter, Facebook, those kinds of things," she said. She is targeting her marketing efforts more specifically now and working to develop new marketing partnerships.

Though there are signs that the recession is slowing and in some FBO markets on the rise, it hasn't happened yet in Orlando, where tourism dollars reign supreme and business is down across the board.

"I'm praying that things have bottomed out, but I'm certainly not seeing a turnaround yet," Showalter said. "If I get through this month with about the same number of gallons pumped as is projected right now, I will have experienced three months that are virtually the same. And they are three months that historically should be about the same for us. Now, mind you, the volumes are down 50 percent or better, but if I can get these three months to come in at the same relative volumes, I'm going to start to think that things have bottomed out for us. We haven't dared to start acting as if it's a turnaround."

Having already asked her hourly employees to scale back their hours and her salaried employees to sacrifice some of their pay, Showalter has adjusted her priorities.

"When things do come back, I have a plan. I'll be restoring people back to 40 hours; I'll be restoring salaried people back to full pay," she said. "But I think people get in trouble anticipating that things are going to come back and then starting to spend as though they have. Things are actually going to have to come back, and they're going to have to stabilize somewhat at those higher numbers before we do anything. My people have worked way too hard to cut back and economize and sacrifice for me to do something that isn't financially prudent, pre-spending before we have money in hand. When there is a turnaround, one of the first things we're going to do is build back cash reserves. We still have cash, and we're extremely blessed to have it, but we will be building up cash reserves before we go on to much else in terms of spending."

Showalter said the history of Showalter Flying Service has shaped her perspective. Her in-laws, Howard and Sandy Showalter, began building the company in 1945 after World War II and established

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the first FBO at Orlando Municipal Airport in 1951. Kim and her husband, Bob, took over the family business after Howard's death, and they've since survived more than one economic crisis.

"I've been doing this long enough that this is not the first time we've been through a downturn," Showalter said. "No two of them are ever the same, but my husband and I bought this business right before the Arab oil embargo in the 1970s, and we've been through the issues in the early '80s. There are some things that, if you're smart, you learn from. Showalter Flying Service has been here in Orlando for 64 years. I'm planning on being here a long time yet, but I'm planning on being real careful, too."

Still Investing in the Industry

With 35 FBOs in the U.S. and six others in Europe and Canada, Houston, Tex.,-based Landmark Aviation is experiencing the economic woes on a different scale and has had a different response. President and CEO Dan Bucaro said sales volumes are off by as much as 25 percent but that Landmark is still investing in the industry and moving forward with acquisitions and capital improvement projects to maintain position and prepare for an economic turnaround.

"Like everyone else, we've been hit pretty hard," Bucaro said. "We're right about with the rest of the industry, about 25 percent off of volumes. I would say we've seen it stabilize the last three or four months and we're not seeing any more decreases, but we've not seen it coming back yet either. We've had to lay off people, we've frozen wage increases and bonuses, we've frozen the match on the 401k, and we've taken a lot of different steps to reduce the cost structure."

Where other companies are freezing expenditures across the board, however, Bucaro said Landmark Aviation is taking the opportunity to carefully grow and expand the business. The company has continued with major capital improvement projects to several of its facilities this year, and Bucaro is optimistic about the economy's future and the role of aviation in that future.

"Our capital expenditures are substantially less than we planned for, but we have not eliminated them because we just believe in the industry and we believe that long term this is a good industry to be in," Bucaro said.

Landmark added four aircraft to its fleet in April (Hawker 900XP, Hawker 400XP, Beechjet 400, and Gulfstream G550) and has been improving its facilities. "We recently put $5.5 million into our White Plains facility, and we just put approximately $1 million into our Dulles facility, so even though things are tough we're still doing the things we believe in, long term, to take care of our customers and our business. Our approach is very conservative. It appears that the deterioration has ceased for a while, but we have not seen a big pickup, so we're just being very prudent in where we do spend money and how we expand the business. Clearly we're still looking at acquisitions, we're still looking at opportunities to do things, but we're being very, very selective in what we do."

Bucaro has scaled back his marketing budget. "It's very difficult out there, and everyone's fighting for every gallon of fuel that's sold today, so we're very proactive at every level to try to get customers to use the network that we operate," he said. "While we believe it's important to advertise—and we still do some, so our name is still out there—we also believe that what's really important to our customers is consistency in both customer service and safety. We're spending a lot more time inside our own buildings, making sure our customer service level is where it should be and what our customers expect. And we've put more of our dollars into our sales department, to contact new customers and show them the advantages of using our network. It's a combination of both approaches. We're seeking out new customers like anyone else, but we're also doing everything we can to take care of the customer base that we have today."

Landmark Aviation has been in the business for more than 60 years, and Bucaro said it's important to keep perspective and hold a longer view when it comes to the economy, particularly because a down economy offers unique opportunities for investing in the future. "It's just tough out there, and I don't want to downplay that," he said. "It's tough, no doubt about it. But we're a big believer in the industry, and we think that it's a sound investment, as much now as ever. Again, we're going to be very prudent about it, but we're going to continue to invest in this industry."

Taking the Hit in Stride

Brett Greenberg, executive vice president of Galaxy Aviation, said that the current economy reminds him of the age-old lesson from Aesop's fable about the ant and the grasshopper and its moral about preparing for days of necessity.

"We've been hit—everyone's been hit—but we haven't been hit that badly," Greenberg said. "We're still doing the same stuff that we've always done from a marketing standpoint and a business standpoint. We're a long-term business, we've been in it for a long time, and we're in it for the long haul. I know a lot of people maybe didn't save for a rainy day and might be having trouble now that there's a little slippage in the business, but from our perspective this is no big deal."

Galaxy Aviation has gone ahead with some major projects despite the downturn, including construction of a new hangar and terminal at its facility in West Palm Beach, Fla., and the purchase of a new FBO servicing Steamboat Springs, from Hayden, Colo., at Yampa Valley Regional Airport (HDN). The acquisition adds a sixth luxury location to Galaxy Aviation's portfolio.

"We're still full on, conducting business in the way we always have, developing our facilities, and streamlining our business," Greenberg said. "Whether it's a good market or a bad market, we always look to make our organization a better organization and to improve for our customers. It's not so much positioning ourselves to take advantage of the good times when the economy comes back as it is just looking at it as a long-term business. Whether it's an up cycle or a down cycle, we have to continue to improve and work to be better for our customers and for ourselves."

That view has helped Galaxy Aviation grow slowly but surely. The company now operates 24-hour, full-service FBOs in Florida at West Palm Beach, Boca Raton, Stuart, Orlando, and St. Augustine as well as the new Colorado facility at Steamboat-Hayden. Greenberg is more than optimistic about the future and said he's bracing for more than just economic recovery. He expects the aviation business will exceed all expectation in the coming years.

"We've been in this business for a long time, and what's going on right now is just a cycle in the cycle of business," Greenberg said. "Who knows? It's down now, but three years from now, five years from now, it's going to be bigger and better than anyone ever could have imagined, and we'll be ready for that, too."

Still, Greenberg concedes that his company has scaled back some in the down economy. And like some of his colleagues in the industry, he said his marketing budget has absorbed some of the hit.

"When you see some decrease in business in the marketplace, you want to make sure that you're in a good position," he said. "We have definitely cut back on some marketing and other expenses. Especially in a down economy, you don't want to pass those kinds of expenses on to your customers when the market can't support those efforts. So you cut back where you can, and marketing is an area that we have cut back to some extent. We aren't trying a lot of new ideas there right now, just focusing on our standard marketing and working to streamline the business and provide the best service we can. We figure that aviation is a small enough community that people will know and will notice those kinds of efforts."

Greenberg said Galaxy Aviation has been fortunate because the luxury resort locations its FBOs serve are experiencing growth even in the current recession, allowing him to focus on the future. "I'm sure there's a lot of people that are hurting badly, but again, it's a reminder that you've got to plan for your rainy days," he said. "Fortunately this rainy day hasn't been as rainy for us as it might have been."

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JET AVIATION
A GENERAL DYNAMICS COMPANY

Wellness Programs:
Good Fiscal Sense, Good Physical Health

By Lindsey McFarren

Most aviation-related businesses are looking for creative ways to save money and slash spending in these difficult economic times. Some companies have reluctantly cut or reduced employee benefits. These cuts have come in the form of decreased employer contributions to health insurance premiums, less-robust insurance programs with higher co-pays and coinsurance rates, and other health program reductions. But with a little work, your company can actually *increase* the overall health and well-being of your employees while spending *less* money! Read on to learn more about workplace wellness programs and discover how one National Air Transportation Association member company is implementing a wellness program for its employees.

Goal: Preventative Maintenance

Let's look at a wellness program in terms we all understand: aviation lingo. Establishing a wellness program at your company is like offering each employee free or subsidized preventative maintenance (health screening and weight loss measures) in order to avoid a premature engine overhaul or other expensive maintenance procedure (heart bypass surgery or adult onset diabetes). Wellness programs vary from one company to another, but they share the same ultimate goal: to lower the incidence (and therefore costs) of significant healthcare services through promotion of healthy living and preventative services.

Potential Benefits

The estimates of financial savings from wellness programs vary from one company to another. Admittedly, many of the benefits are "soft" and difficult to quantify. However, most companies with wellness programs report the following benefits:

- Reduction in sick leave/absenteeism
- Reduction in health care claims (more than one-third of emergency room visits may be unnecessary, according to a report by the American Heart Association)
- Reduction in worker's compensation and disability claims

Tim Sullivan, COO and director of operations for Chantilly Air, an aviation services company providing aircraft maintenance, charter, management, sales, storage, and fueling in Manassas, Va., makes another important observation: "Individuals in the aviation industry, including pilots, salespersons, mechanics, and other employees, have fairly specialized knowledge. Most aviation companies are small businesses. One specialized employee calling off sick has a much bigger impact on my organization—and probably most aviation businesses—than a single sick employee at a larger or less-specialized company. Decreasing absenteeism is one benefit we hope to see as our program matures."

If you prefer hard figures, the same American Heart Association report claims companies with a wellness program can see a return on investment of $3 to $15 on every dollar invested, with savings realized within 12 to 18 months of program implementation.

Program Targets

Not surprisingly, many wellness programs focus on eliminating obesity, smoking cessation, and stress management. The American Heart Association says obesity-related diseases account for almost 10 percent of all medical spending in the United States. That means as a nation we spend about $147 billion a year on obesity-related diseases. Three chronic conditions caused or worsened by obesity—asthma, diabetes, and hypertension—create 164 million lost work days per year. The heart association believes these lost work days cost employers $30 billion or more per year.

Program Menu

The distance a company goes to implement a wellness program varies widely from one business to another. There's no fixed definition of "wellness program" where you can look at aspects of a wellness program like a menu—one of the healthiest menus you'll ever see! Here are just a few items on a wellness program menu, ranging from very simple and inexpensive activities to items requiring a little more commitment:

- Draft and distribute a newsletter with health-related tips, details on available fitness activities, and low-calorie or low-fat recipes. There's no need to recreate

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the wheel; you can find good resources at the Wellness Council of America (www.welcoa.org) or similar websites with free content. Personalize these newsletters with success stories from your own company!

- Clear the vending machine of all but a few “bad-for-you” items. Instead offer 100-calorie pack snacks, low-fat cereal bars, and other reasonable snack options. (I don’t recommend touching the soda machine. Although most people won’t complain about missing a Snickers bar, you will almost certainly have a mutiny if you remove all soda.)
- Consider a smoke-free workplace, including all or most outdoor areas. Take a look at the demographics of your organization. Do you have more non-smokers than smokers? This step can be very easy or quite painful depending on the makeup of your organization.
- Organize on-site fitness classes. Look for a personal trainer, yoga instructor, or other fitness expert and set up a class in your lunchroom, storage room, hangar, or wherever you have space.
- Sponsor an on-site weight loss program. Weight Watchers (my healthy-living promotion organization of choice) has a Weight Watchers at Work program, where a company rep visits your location once a week to hold a regular meeting for your employees.
- Subsidize gym memberships or recognized weight-loss programs. The Gold’s Gym Corporate Wellness Program is a customizable wellness solution. Gold’s offers a range of options, including company full payment of employee memberships, payroll deductions, or group rate plans. Other gyms have similar programs.

Program Case Study

NATA member Chantilly Air began implementing a wellness program in early 2009. The organization started by researching other wellness programs and surveying employees. Chantilly Air found employees shared two main concerns: privacy of personal health information and fears of being told how to live their lives. Sullivan continues to work to allay these fears by communicating with employees and educating them on health-related issues.

Chantilly Air has implemented the following aspects of a wellness program in the past year:

- Distributed medical desk references to all employees to help them and their families determine when medical assistance is needed. (An estimated 60 percent of all primary care visits may be inappropriate, as individuals seek medical assistance for minor illnesses that would resolve themselves quickly without medical intervention.)
- Started a monthly health newsletter.
- Provided confidential health screenings of basic information like blood pressure, weight, blood sugar, bone density, and cholesterol levels.

Sullivan offered this advice: “The key to a successful wellness program is to provide incentives to employees who choose to participate, not penalize those who choose not to.” In fact, employment laws may even prohibit penalizing employees who choose not to participate in a wellness program as it can be viewed as a form of discrimination based on health status.

Instead, Chantilly Air rewards employees who participate in the confidential screenings, which the company pays for annually for employees and household family members. Chantilly Air’s policy is to pay for 50 percent of the employee’s health care premium; however, employees who participate in the screenings receive an additional incentive of the company paying 75 percent of their health care premium. “By offering this incentive we achieved a 95 percent participation rate in the health screenings,” Sullivan said.”

Chantilly Air will conduct the screenings again in 2010 and ask each employee to choose one unhealthy parameter or “wellness objective” and develop a plan to correct or improve the condition. The company will use a third-party healthcare provider to help employees develop individualized plans to improve and track their progress. Chantilly Air will not know which employees chose to lower their weight versus quit smoking, but it will know how many employees are working on each parameter and how they are progressing. Not only is this useful for developing and tracking metrics related to their wellness program, but it can help Chantilly Air tailor its program to its employees. If a considerable number of individuals are focusing on weight loss, the company could consider a Weight Watchers at Work program or a weight-loss challenge. If smoking cessation is the focus of most employees, it could consider subsidizing prescription smoking-cessation medications or other smoking-cessation aids.

Ten Steps to Establishing a Wellness Program

The Wellness Councils of America (WELCOA), at www.welcoa.org, outlines ten steps small businesses should take to implement a wellness program. However, WELCOA is quick to point out that a one-size-fits-all wellness program does not fit all businesses. You should customize these steps to fit your own organization.

Step One:
Top Management Buy-In

If you are the president or chief executive officer of your company and you agree with what you have read in the article, congratulations! This step is easy. Write a letter to your staff introducing the wellness program concept, announce that your organization will be pursuing such a program, and demonstrate your commitment to the company's program as well as your personal commitment to health and wellness.

But what if you aren't in a management position and your leadership thinks a wellness program is a feel-good, warm-and-fuzzy concept that there just isn't time or resources to implement? WELCOA prescribes several strategies for dealing with reluctant management, including making a business case for a wellness program, getting your leadership together with other managers who have implemented programs, or asking employees to share their own health-related success stories. In fact, WELCOA has found employee testimonials to be one of the most powerful arguments for a wellness program.

Step Two:
Establish a Wellness Team

Every company needs a wellness leader, an individual or group of individuals to be cheerleaders, researchers, writers, and more. Here's where customization comes in. A large company might have an entire wellness team of several individuals, assigning a few to the health newsletter, some to organizing company fitness events, and others to tracking employee progress in the program. A small company (the majority of NATA member companies) might have just one individual to fill these roles. I suggest finding an individual that is already passionate about health and wellness. Do you have an employee who has found success in quitting smoking or significant weight loss? How about a runner who has recently achieved a new distance goal—a 10K, half marathon, full marathon, or just around the block? Find someone who is excited about healthy living and ask him or her to lead the charge. I can tell you from personal experience—that type of excitement is infectious!

Step Three:
Assessing Employee Interest

WELCOA suggests conducting an employee survey early in the implementation process. Even as adults, we all dislike being told what to do, especially with something as personal as our own health and lifestyle. Asking your employees to share their concerns with a wellness program or general health topics can help you address their fears early on and also give your wellness program direction.

Step Four:
Health Screening

Next in the ten-step process is offering employees free health screening. This will help the individuals realize their own health status while helping you develop the details of your wellness program. Chantilly Air offers free health screenings not only to their employees, but also to employees' spouses or family members. You don't need ultra-sophisticated (read: expensive) screening for this step to be productive. WELCOA says basic screening can cost as little as $25 per individual.

Step Five:
Physical Activity Campaign

We all know that to get or stay healthy, we need to get or stay moving. Organize physical activity challenges for your company, and I'm not talking about a once-a-year "corporate cup" event. I'm suggesting regular, frequent competitions. For large companies, pass out inexpensive pedometers and pit one department against another for a "most steps in a month" contest. For smaller companies, establish individual competitions like number of days at the gym in a month or perfect attendance at on-site fitness classes. Have small but meaningful prizes for each winner, such as sporting goods store gift cards, company water bottles, or T-shirts.

Step Six:
Hold "Lunch and Learns"

WELCOA says hosting an employee seminar with a healthy lunch prepared before their eyes by a local chef is a guaranteed home run! Look for local resources for your lunch and learns: running or biking club representatives, fitness center employees, or dieticians. My former employer held a lunch program with a local biking club representative who described safe road-sharing guidelines, passed out local bike route maps, and provided tips for biking to work.

Step Seven:
Establish an In-House Health Library

Chantilly Air took this step literally by providing each employee with a healthcare desk reference manual. Your company might opt for a bookshelf in your facility dedicated to healthcare resources, healthy recipe books, fitness DVDs, and more. Consider allowing employees to check out these resources to use at home. Do you have a company website or intranet for your operations manuals, human resources policies, and so on? Include health, nutrition, and fitness resources on your website

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Cashing Out Your Hidden Business Assets

By Rhona Sacks

Your successful aviation service company is more than just your most valuable capital asset; it represents the realization of your dream. During the start-up and growth stages, enhancing your firm's productivity was your primary goal. Now that you've decided to sell your company and retire, your primary goal is to extract maximum value from the business you've worked hard to build. Unfortunately, too many exiting entrepreneurs (as well as their legal, financial, and business advisors) leave too much cash behind because they fail to recognize the enormous value hidden within one of their most overlooked and underutilized business assets.

"No gain is so certain as that which proceeds from the economical use of what you already have."
—Latin Proverb

Increasing Competition to Sell

Due to the aging of the baby boomers, we are at the precipice of the largest business transition in history, with millions of entrepreneurs seeking to monetize business equity. Deloitte & Touche recently reported that, "71 percent of small and mid-sized enterprise owners plan to exit their businesses within the next ten years." Because only 30 percent of family businesses survive to the second generation and just 15 percent survive to the third (according to the Small Business Administration), most companies are sold, and if a sale isn't possible, closed. With so many companies up for sale at the same time, the increasing competition to sell demands innovative asset leveraging strategies to capture optimum value as well as create more cash with which to expedite a sale.

Your Hidden Business Assets

Throughout the business cycle, companies purchase numerous business life insurance policies for risk management, employee benefit, and investment purposes. Examples include policies funding buy/sell agreements, key-person policies, split-dollar policies, policies securing business loans, policies funding retirement and employee benefit plans, and estate liquidity and equalization policies. Traditionally considered inflexible assets with little liquidity, these policies have long been viewed as necessary yet unrecoverable expenses.

When a company is up for sale, some of these life contracts may become obsolete because the reasons for their purchase are no longer relevant. And after a company is sold, additional business life policies may outlive their usefulness.

Historically, exiting entrepreneurs faced limited disposition options when their changing needs rendered their business life policies unnecessary: allowing the policy to lapse, thereby forfeiting the value of all premiums paid or surrendering the policy to the original insurance carrier for its cash surrender value, an amount that doesn't reflect its true value.

There is another option. You can use an innovative asset optimization technique—a life settlement—to convert the hidden value in qualified business life insurance contracts to significant immediate cash, providing a much higher return on your investment.

What is a Life Settlement?

A life settlement is the sale of a life insurance policy to an institutional investor for a cash payment that is greater than the policy's cash surrender value. The platform for the life settlement industry was created in 1911 by virtue of *Grigsby v. Russell*. In this seminal case, the U.S. Supreme Court declared insurance policies to be personal property and freely assignable, thereby granting a policyholder the right to transfer ownership to others.

With a life settlement, when your no-longer-needed term or cash value business life policies are sold for the highest quality institutional offer, you receive a lump-sum cash payment that can be used for any purpose, including facilitating the sale of your company for the desired price and on favorable terms.

An Entrepreneurial Tale

Three business partners, ages 66, 68, and 70, were the principals of a successful company. To fund a cross-purchase buy/sell agreement, each partner owned two $3 million term policies (no cash surrender value) on the lives of the other partners. Seeking to sell their firm, these entrepreneurs received no offers that they felt were adequate for achieving their retirement and legacy goals. Unfortunately, their legal, financial, and business advisors were unaware of the enormous value hidden within these business term policies, believing that they were worthless due to having cash redemption value.

Instead of lapsing the policies and receiving no return on the premiums they had paid for many years, these three wise men sold their policies to institutional investors in the secondary life insurance market and received cash windfalls of approximately $600,000 each.

By coordinating the sale of their company with the sale of their obsolete buy/sell policies, the owners were able to sell their company quickly at a reduced all-cash price because the life settlement proceeds provided the money they needed to fill the gap between their original selling price and the offers from buyers.

Life Settlement Basics

Although life settlement viability is determined on a case-by-case basis, with all transactions subject to relevant legal requirements and underwriting authorization, the general purchasing parameters are:

- The insured is 65 or older,
- The policy's death benefit is $250,000 or more, and
- The policy has been in force at least 2 years.

Unlike applying for life insurance, no medical exams or extensive interviews are required. The underwriting process involves only paperwork, such as your life insurance policy and in-force ledger as well as your medical records, which are necessary to verify the specifics of your insurance and health. Furthermore, there are no appraisal, application, or processing fees.

Large portfolios of life policies are purchased by institutional investors seeking predictable non-market correlated returns based on the future value of policy proceeds. In 2006, corporate money managers invested $10-15 billion in life settlements (according to the A.M. Best Company, Inc.)—more money than in the previous seven years combined—because they are increasingly interested in purchasing pools of life policies to diversify their portfolios into alternative investments.

End of a Monopsony

Imagine a world where you were only permitted to sell your house back to the builder, your automobile back to the dealer, and your stocks back to the issuing corporation. This is what a world without secondary markets would look like, and this is the world that life insurance policyholders have traditionally encountered.

Before the emergence of the secondary life insurance market in the late 1990s, the originating insurer was the only potential purchaser for your expendable business life insurance contracts, thereby restricting your policy disposition options to receiving an artificially low cash redemption value. Because the insurance companies set the repurchase price, policyholders traditionally received little economic value from their superfluous life contracts, on average just 4 percent of the policy's face value (according to the *Journal of Accountancy*).

Fortunately, the life settlement industry has replaced this monopsony (an anti-competitive market situation in which a seller is only permitted to sell to one buyer) with a free market alternative wherein companies competitively bid to acquire the rights and obligations in your dispensable business life policies. This vibrant marketplace enables you to retrieve the fair market value from these otherwise illiquid business assets. With the average life settlement payout being 20 percent of the face value (according to Maple Life Financial), a life settlement can be an effective tool for liberating substantial liquidity hidden within a dormant business asset.

Caveats

Although selling your unnecessary business life policies in the secondary life insurance market can be profitable, navigating the labyrinthine life settlement marketplace can be challenging. The nascent life settlement industry, in general, lacks ample due diligence and transparency as well as knowledge of and services responsive to the unique needs of retiring entrepreneurs in the process of selling their companies.

Analyzing the expendability of your business life policies, coordinating the sale of your obsolete policies with the sale of your company, safeguarding your privacy, and securing the highest quality institutional offer demand specialized advisory skills

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Wellness Programs

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so off-site employees can benefit from your library.

Step Eight: Publish a Quarterly Health Newsletter

We've discussed this step a bit above, but WELCOA adds that including a short quiz about the information in each newsletter can help ensure absorption of the details. WELCOA suggests collecting quiz results and awarding a prize to a randomly selected employee with correct answers.

Step Nine: Implement Health-Promoting Policies

WELCOA includes non-smoking policies, drug and alcohol-free workplace, and other mandates in this step. As aviation businesses, we are typically drug and alcohol-free already. But consider other health-promoting policies such as required seat belt use in company vehicles (or company-rented vehicles), taxi or shuttle service home from company social events where alcohol is served, and winter-weather hours if you live in a harsh climate.

Step Ten: Promote Community Health Efforts

Have your wellness team keep an eye out for community health events, such as races, health fairs, and more. Include a listing of local events in your newsletters or on your company website. Encourage employees to participate by forming training teams for races or carpools for health fairs or seminars.

A wellness program doesn't have to be complicated to be effective. Look for creative but inexpensive incentives for healthy living among your employees. In this economy, maintaining a healthy workforce is a very effective way to reduce costs. Wellness programs make good fiscal sense through good physical health!

Lindsey McFarren is the president of McFarren Aviation Consulting. You can reach her at lindsey@mcfarrenaviation.com.

Cashing Out

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in exit planning, business life insurance, and life settlements. Working with an independent advisor who has expertise in these disciplines is the key to a successful, efficient transaction.

Get Your Deal Done

Every day, retiring business owners frustrated by inadequate purchasing offers for their firms unknowingly discard valuable capital assets by cash surrendering and lapsing their no-longer-needed business life policies. Selling these hidden business assets can be the answer to easily getting your deal done.

Rhona Sacks, an attorney and business coach, is the founder and president of Legal Life Settlements, a mergers and acquisitions advisory company specializing in helping retiring business owners extract maximum value from their hidden business assets. More information is available at (650) 226-3324 or www.legallifesettlements.com.

Advertiser Index

IRS-based Debt Collection: A New Twist on an Old Problem

By Ben Ricci

Most businesses that sell on credit have, at one point or another, run into a problem collecting an overdue account. Collecting accounts can be expensive and time consuming. But thanks to a powerful IRS rule regarding so-called "uncollectible debt," businesses can improve collection results and lower collection costs.

The natural progression of the collection process for a business has usually been something like this: send a "routine" reminder bill, followed by a "routine" phone call, then an "aggressive" reminder bill, followed by the "aggressive" collection letter stating the account has been (or will be) referred to a professional collection agency.

However, each of these efforts are backed only by the will of the creditor-business; that is, the debtor knows that some businesses, especially small businesses, will eventually give up and drop the threat of collection as time wears on. After all, the seller isn't in the collection business and its efforts need to be directed to growing the business and not chasing down one or two bad accounts.

That anticipation can cause a debtor to ignore customary collection efforts. Non-payment can also result from a debtor's "just doesn't care" attitude for the possible ramifications of non-payment. Whatever the reason, today's debtors are savvy and very good at stalling or avoiding payment. The response, then, is to implement a more comprehensive approach to combat delinquencies and get the debtor to care about the ramifications of non-payment.

Enter IRS Reg. S1.61-12 regarding the discharge of indebtedness. Regulation S1.61-12 states that a debt that is not repaid can be reported as a loss by the creditor, thereby making it taxable income for the debtor. Turning a debt into taxable income means the IRS gets interested in both the delinquent bill and the debtor.

Reminding debtors that they can be reported to the IRS for failing to pay the debt usually gets their attention. Even the most delinquent debtors can develop second thoughts about avoiding the debt when there is the possibility that the IRS will take a closer look at their tax return. Alerting the debtor to the IRS consequences of not paying the debt can be done in a variety of ways.

Generally, once an account becomes overdue, a collection letter should be sent that describes the IRS rule on uncollectible debts. The letter should tell the debtor that unless payment is received immediately, you will be obligated to write the debt off and report the amount of the debt to the IRS as income for the debtor.

The IRS is the most feared collection agency imaginable. When all else has failed to get a debtor to pay, use the power behind the IRS rules to get dramatic results for your company's collection efforts.

Ben Ricci develops strategies for businesses to improve credit and collection operations. He is founder and CEO of Stevens & Ricci, Inc. and personally developed "The IRS Advantage," a turnkey program designed to easily use IRS Reg. S1.61-12 to help business owners resurrect "uncollectible debts" and get the overdue client to pay. To learn more, visit www.stevensricci.com.

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USAIG

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.

SAFETY 1st

NATA
National Air Transportation Association
The Voice of Aviation Business

NATA Adds New FBO Operational Best Practices

NATA's Safety & Security Committee added three new operational best practices (OBPs) on cell phone/media device usage in work areas, motorized mobile equipment, and adverse weather monitoring. These will provide additional guidance to the original OBPs on safety committees, safety management systems, 50/10 stoppage procedures, proper propeller handling, safe securing of aircraft, foreign object damage prevention, and the safe towing of aircraft.

The OBPs were developed by industry experts on NATA's Safety & Security Committee who bring together many years of aviation experience and knowledge. The recommendations provide guidance to help FBOs develop procedures applicable to their own operations and associated risks.

NATA's OBPs provide an introduction that guides users through the process of tailoring the OBPs to the operation, a record of revisions, and the best practices. The Safety & Security Committee encourages all FBOs to evaluate their practices with NATA's OBPs to ensure safety on their ramps.

NATA members can access the OBPs from the Safety & Security Committee page under Important Links.

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NATA's Safety 1st Ramp Communications Video Is Available Online

One key way to help improve the accident and incident rate on ramps is through a sustained campaign of education and training. NATA Safety 1st, in cooperation with the Federal Aviation Administration (FAA), created a ramp safety DVD to foster safety awareness and communication between pilots and line personnel. NATA has taken this one step further and is making the video available, free to the industry, on the Safety 1st page of NATA's website.

Pilots and line service personnel can learn nearly 25 hand signals that foster better understanding and encourage everyone to work together to protect aircraft on the ramp. Many veteran pilots and line personnel have previewed this material and found that they were unfamiliar with a number of important and highly useful hand signals, but now have learned due to this training. Do you know them all, or better yet, does your line staff consistently and professionally communicate using these standardized signals and best practices?

What's New with PLST Online?

NATA's Safety 1st Professional Line Service Training Program (PLST Online) celebrates its second anniversary this year, which means it is time for recurrent training for our initial participants. The recurrent price will be less than the initial price, as approved by our advisory board, and based on a percentage of the initial purchase price. We have made changes and additions to the training since its initial rollout to ensure all participating companies will benefit. Additionally, recurrent training has different business rules that allow a student to go through the training as needed. (If you remember, initial training required all training screens to be completely viewed.) The exams, which are always different because they are randomized and drawn from a bank of questions, must be passed with an 80 percent or better score to move on to the next module for certification.

Following several requests for online training for customer service representatives at an FBO, we will offer an online training module called Customer Service, Safety & Security. This module covers in-depth customer service skills as well as ramp safety and security practices at an FBO. It's an excellent way to cross-train all personnel at a facility and to foster a deeper understanding of the intricate tasks performed at an FBO. We are planning additional module offerings later in the year, including de-icing and OSHA training.

We rolled out phase two of the PLST Online, the Aircraft Ground Service Online (AGSO), at the end of September. This project is ongoing, but much of the initial work is complete. The goal of this training is to quickly and effectively provide line service personnel with the knowledge to facilitate a safe turnaround of aircraft on the ramp and to provide specific information that is often given only to maintenance personnel or flight crews. This information includes details regarding fueling procedures, capacities, and specific towing requirements made available in the aircraft manufacturer's maintenance or flight manuals. We continue to reach out to the aircraft manufacturers for specific handling information per their recommended guidance. To date, Airbus and Bombardier have provided detailed information that will be uploaded to the AGSO. NATA and Safety 1st appreciate the cooperation and information provided by the aircraft manufacturers.

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- Burrows Aviation, LLC
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- Capital Aviation, Inc.
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- City of Tavares
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  jrumble@tavares.org
- Corporate Air, LLC - West Mifflin
  Mike Vargo
  Allegheney County Airport
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  mvargo@corporateairllc.com
- Diamond Air Charters Inc.
  Anthony Debany
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  Danbury, CT 06810-7408
  (203) 730-9955
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- Executive Flight Center Inc.
  Donna Meyer
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- Field Management Services
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- Fjord Flying Service LLC
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- **Saint Martin Jet Center**
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