

## **The Real Boom in Aviation: Utilization**

by Jay Mesinger

Most discussions about the growth in business aviation center around the increasing number of aircraft entering the fleet. One hears exciting announcements that manufacturers are building aircraft at record numbers. But in reality, this infusion of new aircraft represents a mere 2 – 3% increase in numbers. Translate that growth into dollars added to the fleet, adjust for attrition, and the result is still a very small change, albeit a positive one.



The real explosion in our industry comes from utilization. Utilization is up almost 35% this year and about 65% over the last three years. Fractional use, charter use and even corporate operators' use is up and continuing to rise. In preparing for this *Roundtable* topic, I spoke to several industry leaders—operators, providers, flight dispatchers and owners. They all say that this phenomenon will continue to have a critical impact on the industry.

Paul Wyatt, editor of *The Aircraft BlueBook—Price Digest®*, tells me that the average time flown per year for every category of aircraft is on the rise. It used to be a good rule of thumb that 300 – 350 hours per year flown was the norm for most business aircraft. Today, the base fleet's hours have risen by as much as 50%. Include fractional and charter aircraft and the amount of increase over traditional flight hours is as much as 240%. It is not out of line to see some business jets flying 800 – 1,000 hours per year.

So what exactly are the implications for buyers, sellers and owners of business aircraft? Conklin and deDecker, a leading industry source of data on aircraft performance and operational costs, says that on average, each hour flown requires 2.5 hours of maintenance labor. If our industry was built over the last two decades on 300 – 350 hours per year, that meant that each aircraft had about 700 – 800 hours per year of maintenance. Applying that ratio to today's increased utilization results in a profoundly higher number of maintenance hours.

I recently spoke with Dean Rush, President of Signature Combs Aircraft Sales and Signature Regional Maintenance Centers. He expects that there will likely be hundreds of additional aircraft maintenance positions available at Signature Regional Flight Support Centers. Consider all the other big and small maintenance facilities, and one can see the increasing demand and complexity of this growth. One response to this need for qualified mechanics came during NBAA last year in New Orleans when the National Aircraft Resale Association (NARA) donated \$10,000 to help fund scholarships for the Professional Aviation Maintenance Association (PAMA).

Perhaps the most acute need at this time of increased utilization is for additional pilots. Fortunately, manufacturers as well as many aviation organizations are working together to develop learn-to-fly programs that direct college graduates to consider aviation as a career.

Rising utilization also leads to new requirements for the additional fuel each aircraft will need, along with the added number of service personnel to put the fuel into the aircraft. Ground equipment, catering and ground transportation are also increasing in proportion to greater utilization. Providers involved in supplying these services will find themselves hard pressed to respond to this increased demand.

In many ways these are good problems to have—it means more business for service providers. Fortunately new electronic methods to communicate service needs are being developed to handle the workload. These new methods to communicate electronically, while never replacing the CSR, flight scheduler or dispatcher, will allow them to book and track a greater number of service requests than ever before. In a recent discussion with Lou Pepper, President of Millionaire FBO's, he told me that finding a more efficient method for his clients to communicate their service needs is a huge priority for his company.

Recent research revealed that for every trip leg, a minimum of 21 service orders are communicated between flight operators and service providers. Considering that there are usually at least four services ordered for each flight—fuel, catering, ground transportation and FBO—when one adds in time changes, cancellations and destination changes, these multiple orders placed by phone or fax can lead to a high error rate and an inordinate amount of time taken away from the more important tasks of getting a trip launched. Electronic, Web-based service sourcing and procurement will eventually make this process more efficient and accurate. Electronic commerce and communications will also become the standard method of maintenance scheduling as well as aggregating a fleet's needs for bulk purchases. *TheAviationHub*, for instance, is building the world's first browser-based service procurement system, linking flight operators and service providers online.

Increased aircraft utilization and improvements in electronic technology are ushering in a new age in business aviation. Yet, as sophisticated as our industry seems, in many ways it is very "old school." That is changing for many flight departments and service providers, and it can only be hoped that

**The real explosion  
in our industry comes  
not from increased  
inventories, but  
from dramatically  
increased utilization.**

these changes will be adopted with great enthusiasm. Embracing these improved, scalable solutions must occur for the industry to keep pace with its growth.

In the live January online edition of *The Aviation Leadership Roundtable*, I will invite speakers from all segments of the industry being affected by this growth to share their insights. I invite you to join us live as we dig deeper into the growth numbers and the new solutions being developed to cope with this growth. This electronic forum will take place at **2:00 P.M. EST (New York time) on January 17, 2001**. To participate, just go to [www.theaviationhub.com](http://www.theaviationhub.com), click on *The Aviation Leadership Roundtable* section and click "Enter Conference." You will be placed in our live conference and even be able to ask questions of the participants. Archived editions will also be available for later viewing after the live conference. The only thing needed is a download of the software, RealPlayer™. It is available free from our site. It takes about twenty minutes to download on a standard connection, so try to accomplish that in plenty of time before the conference begins. See you there!

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