

## Fleet and Mission Transition A Means to an ~~End~~...Beginning

by Jay Mesinger

In light of recent events and a continuing weakening economic environment, it is incumbent upon all of us in aviation to pay attention to changes crossing our professional paths. I am seeing a rather substantial amount of internal deliberations regarding established fleets. The assessment of current needs verses current capacity is, more than ever, initiating discussions about fleet change. This assessment usually begins at the CFO level of the company as he or she works to find ways to retain the flight department and also increase its efficiency. The result of this exercise sometimes even results in aircraft acquisitions, rather than sales, to more efficiently meet corporate travel needs. This article focuses on this analysis.



The mandate for an existing flight department to look within may at first be frightening. If the task of self review causes these feelings then the result may not be any less troubling. This effort of the flight department to look at itself with a critical eye may yield a road map to a future rather than a path to ruin. The attitudes and efforts of all involved will play greatly into the final results. The idea of cutting budgets and curtailing unnecessary costs can mean just that, and not a plan to wipe out the department. If tasked with this responsibility, embrace it, gather the data and build a plan to accomplish the given goal. Here are some tips in the analysis.

First, one must look closely at the history of the department over a three year (minimum) period. Compile a spread sheet that includes all legs flown, including departure and destination information as well as passenger loads and trip time for each leg. It will be important to note dead head legs as well. If the department operates more than one aircraft then this composite must be repeated for each aircraft. This will begin to give one a view of use. Next, begin to look at the same three year period for the department's operational cost. A calculation is done of average cost per gallon of fuel, hanger rent, insurance cost as well as training, salaries and benefits. The direct costs analysis should also show any reserves or engine programs as well as maintenance labor and parts. Over the three year period one will be able to evaluate change in costs and trends.

The next part of this project includes interviews with all authorized passenger personnel. Discuss and build a picture of past as well as future (three year) usage. Look for change in travel patterns and use of the fleet. This is a perfect time to discuss what might be an introduction or change in executive travel policy. As a result of the events of September 11th, 2001, many companies are initiating for the first time or just beginning to institute an old dusty travel policy.

This policy alone can create change in fleet needs and use by simply stating that two top executives cannot ride together in the company plane at the same time. As a side note I often see two or three aircraft dispatched at the same time carrying top level executives to the same destination only to arrive and all get out of separate aircraft and then get into the same limousine. Go figure!

Now review the records from the dispatcher's notes for the same period. Is there any change in requests? Are denial rates up? Has the company changed the depth regarding which employees use the company's planes? Many companies have drilled deeper into middle management for access to the company's fleet since September 11, 2001. What this creates is a greater demand for capacity that also needs to be factored in. Now one has a record of cost, use, change and capacity. What comes next?

Go back to the original mandate, lower cost, cut out any unnecessary expense and run the safest, highest dispatch reliable flight department that exists. No step for a stepper! Not all costs will be

reduced and not all expenses will be eliminated. What the result will show is a more efficient flight department, with a clear idea of budgets and costs. This exercise should point both subtle and glaring opportunities to change patterns of operations so as to lower deadheads, restructure vendor relationships, point out costly repositioning costs and

perhaps even point out fleet change that could reduce operating costs. This should not be an exercise in closing a department. Usually after my firm is hired to come into a department and look at its cost components, flight schedules and equipment, we recommend changes that are positive for future operation that may consist of fleet changes, dispatch changes, vendor changes etc. These are changes that secure a future, not an end to the department. This is what Aviation Asset Management is all about, finding ways to fly and not be grounded.

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On December 19, at 2:00 (EST) our monthly *Aviation Leadership Roundtable*, will bring together Industry Leaders to talk about Fleet & Mission Transition. Please join us. To Participate, simply go to [www.jetsales.com](http://www.jetsales.com), click on the *Aviation Leadership Roundtable* section and click “Enter Conference”. It's free, and will last about 20 minutes. You will be able to exchange ideas live online. The only thing needed is a download of the software, RealPlayer(TM). It is available free from our site, and takes about twenty minutes to download on a standard dial-up connection, so try to accomplish this in plenty of time before the event. I look forward to seeing you there.

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