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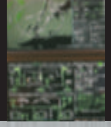
INSIDE THE COCKPIT:  900EX EASy

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INSIGHT: AFRICAN BIZAV

AN INSIDER'S GUIDE TO SPARE PARTS

ATHENS BOUND

FARNBOROUGH GETS BUSY

By Peter Lewis,
CEO and Founder of Alpine Air Support GmbH

AN INSIDER'S GUIDE TO SPARE PARTS

CENTER. *Raytheon's new parts distribution center in Liege, Belgium.*

SO YOU'VE INVESTED millions in your choice of business jet and have designed an eye-catching corporate livery to let everyone know just how far you've come. Right around the corner however, the manufacturer's nose-to-tail aircraft warranty is about to expire and suddenly your flight department will be faced with some new challenges – including buying their own spares! This article plans to give the operator an overview of how the independent market place can offer genuine price savings over the OEM's (Original Equipment Manufacturer) products.

The used aircraft parts market for those who aren't directly involved in it is a seemingly endless maze of parts brokers, stockists, repair stations and FBOs (Fixed Base Operators) all purporting to be the best in their field. One of the first facts that needs to be stated right from the start is that the OEM does not necessarily offer "a safer or more reliable product" than a trustworthy independent supplier. Much has been said (and exaggerated) about both PMA (Parts Manufacturer Approval) and a bogus parts market affecting flight safety. If the truth be told, all major parts have to be repaired or overhauled to the same exacting standards and issued with the appropriate parts certification documentation (FAA Form 8130-3 in the US, DoT Form 24-0078 in Canada and the JAA Form One in Europe). The tag is evidence and testimony to the work performed, and in most cases, the supplier will also be able to provide good traceability. PMA parts are most prevalent in the US where companies other than the OEM have registered and received FAA approval for replacement parts designs, which are normally cheaper than the OEM product. Bogus parts are an aviation-wide problem that demands constant awareness and critical analysis from both operators and suppliers. Typical signs can be a lack of traceability, difficult to read component data plates and most notably, a price "that seems too good to be true" from an unknown company that is new to the marketplace.

The OEM or aircraft manufacturer. Although one would believe that the OEM would offer the best long-term solution for parts supply, this is not always the case. Large organizations are typically unable to handle AOG requests as quickly as the smaller players, and their price structure will always be 100 percent list price. That said, when it comes to the

crunch, it is typically only the OEM who can afford to stock large business-jet rotable components such as landing gear sets, engines or APUs. Major airframe parts that typically take the brunt of apron bumps and scratches (the insurance parts as they are inevitably called), such as wingtips, flap edges etc, are also an area deemed best handled by the OEMs.

Recent pricing structure trends emerging from the OEMs have seen "price-matching offers" or "special saving programs" which, in my view, are clear admissions of their previous high pricing levels and are an indication that they want to get back to what they now realize to be a potentially financially lucrative side of customer service. OEMs are clearly not willing to sit idly by as others make money from their products and this increasing tendency can clearly be identified as airframe manufacturers tie potential sub-vendors into "exclusive sales and repair" contracts whereby only they can purchase parts and repair services from their source. Although this arrangement may seem a neat and tidy way to monopolize the market place, it can lead to frustrating parts shortages with no other potential supply source as many OEMs tend to procure inventory for production airframes rather than building up useful quantities for stock levels. Accountants love to victimize "stocked shelves" as being rife for cutbacks rather than seeing their potential re-sale value. To this end, some OEMs are fighting a losing battle with their own finance departments on one side and their customers stuck for readily available spares on the other.

Parts stockist. The advantage of the stockist is that they have both good product and logistics knowledge, and will undoubtedly have stock ready to ship 24/7 within their chosen aircraft type field. One typically finds avionics and instrument companies, whilst other companies specialize in hydraulic components or aircraft hardware products. Corporate Jet Support based in Moonachie, NJ, for example, has specialized on the Gulfstream fleet of businessjets and has invested millions of dollars in parts packages to maintain an excellent supply chain for its customers worldwide. Avionics is a core industry within itself, and a large company in that sector is Matrix Aviation, with its main office and warehouse in Wichita, KS, who buy and sell quality used avionics mainly from the Honeywell and Rockwell Collins line of products. A major parts distributor company is API (Aerospace Products International) in Memphis, TN, who is known as a supply chain company stocking inventory from notable OEMs such as Aircraft Braking Systems, Goodrich, Tronair and Unison, and who have built up their reputation in delivering quicker than the OEMs with attractive discounts to match.

Parts brokers. Although much maligned from all quarters, the parts brokers also have a significant role to play in the parts supply chain. Brokers are often smaller businesses run by personnel previously employed by OEMs, airlines or other aviation organizations who use their extensive personnel network of suppliers and customers to get the parts delivered where and when their customers need them. Clearly there is a price to pay for this service, but when your executive jet is grounded for a part, a broker's handling fee is not the largest problem facing your aircraft fleet. The broker can also spend time acting as a parts detective, sourcing that "impossible to find part" that was last manufactured in the late 1980s, for which the OEM has long since disappeared off the planet. An OEM might simply tell you that the part is obsolete and wish you a pleasant day.

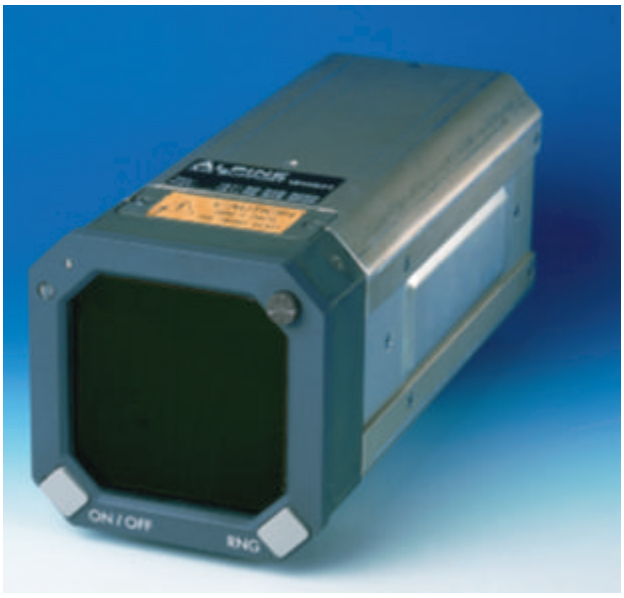
Repair stations and maintenance facilities. Although companies in the MRO (Maintenance Repair & Overhaul) sector of the aviation industry have traditionally stayed within their field of fixing broken parts, many authorized repair stations have also seen the benefit of adding their own exchange inventories that they can offer to their customers whilst overhauling their equipment. Many years ago, this was certainly not the case, but as revenues and yields have steadily fallen, the exchange part option has become an attractive extension of a repair station's capabilities. Duncan Aviation based in Lincoln, NE, for example has built up a large business-jet component exchange and lease pool, and this has become a major part of their day-to-day business, winning them industry-wide accolades for customer service.

ALTIMETER. *Detail of Encoding Altimeter (courtesy of Alpine Air Support).*

The FBOs have also expanded from their previous "selling gas and serving coffee in the lounge"-philosophy to also becoming maintenance centers with parts support available both to contract and ad-hoc business jet operators.

The business. There are certain peculiarities within the spares stocking business. Certain aircraft types seem to generate a following of companies that are willing to stock parts for them, noticeably Gulfstream, Hawker and Learjet, whilst newer Falcon types à la the 2000 & 900 models are poorly catered for. The Falcon 50 never really generated a huge aftermarket parts market; however Da.20 parts can be located all over the world. More obscure types such as the Westwind, Sabreliner and JetStar have their own niche markets, which can typically mean just one or two parts sources. When Bombardier entered the business jet arena with the CL-600 in 1980 and pioneered the OEM parts support network known as "SmartParts" (customers paid a fixed fee for all their parts usage), it killed off a generation of new potential parts suppliers. As the CL-600 and the later 601 models started changing owners, not everyone opted to pay their fixed annual fees and a new marketplace was born, which clearly expanded as the Bombardier Regional Jet entered service with airlines.

Active parts dealers use on-line companies to advertise and purchase their spare parts requirements. Most notably, ILS (Inventory Locator Service) located in Memphis, TN with worldwide offices, offers their clients a vast database where customers can check the location of their specific



PARTS. *A PS-835D Emergency Power Supply (left) and Digital TCAS Vertical Speed Indicator (right) [courtesy of Alpine Air Support].*

PARTS NEWS

CESSNA
Cessna Aircraft Company and Aero Trader Online.com have created a new website to make it easier for Cessna propeller aircraft owners to locate Genuine Cessna Parts & Service for their aircraft. The website, CessnaParts.AeroTraderOnline.com, provides a directory of Cessna's factory authorized facilities and offers customers the ability to request online quotes from a Cessna facility.

LTL & TMG
Since May, Lufthansa Technik Logistik (Hamburg) has been providing comprehensive logistics services in the areas of Warehouse Management and Transport Management for The Memphis Group (TMG), a provider of rotables and repair parts for the aviation industry. At the request of TMG, the spare parts will be stored and managed by LTL in a distribution center in the immediate vicinity of the Airbus Material Support Center at the Hamburg Airport. 15,000 part numbers will be ready for shipping at the 40,000 square feet warehouse site.

RAYTHEON
Raytheon is duplicating its Dallas parts distribution center in Liege, Belgium to serve Hawker and Beechcraft customers in Europe. Raytheon Aircraft Parts Inventory and Distribution has accumulated 10,000 parts – proprietary and aftermarket – to be distributed by PFSweb, an integrated business process outsourcing solution provider whose distribution center is located at Liege Airport. European customers can expect same-day and next-day shipping throughout Europe, states Ed Dolanski, Vice-President – Customer Support Business Aircraft. European customers ordering parts can do so online at. www.raytheonaircraftparts.com

GULFSTREAM
Gulfstream has reduced prices by up to 48 percent on more than 6,000 consumable spare parts. In May and June, the company sent letters to all of its aircraft owners and operators announcing that it had reduced prices on various spare parts, including 'wear & tear" hardware and a select group of popular interior, airframe and major component spare parts. The reduced-price parts are available as supplies last.

parts need, and request price and delivery information. ILS has over 25 years of experience in honing their database to suit their extensive customer base, whereas newer players, such as PartsBase, are still expanding their services.

The aviation parts marketplace has become more confusing and not necessarily better over the past 10-15 years. With major corporate takeovers having swallowed up well-known brand names, (Garrett and Bendix becoming Honeywell for example), there are fewer independent repair stations able to work on OEM licensed equipment, and the customer is the ultimate loser. It is sometimes difficult to know "what has company X become…" when seeking technical information or parts support.

One other aspect of the parts business that can easily be overlooked when choosing a reliable aviation parts supplier is longevity. How does a supplier cover warranties? Will they still be here two years down the road when the next avionics installation needs to be performed? Are they willing to make a realistic bid for older equipment that is no longer needed in our newest shiny jet? Obtain references from other operators, the good companies are well known, the bad ones even better!

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