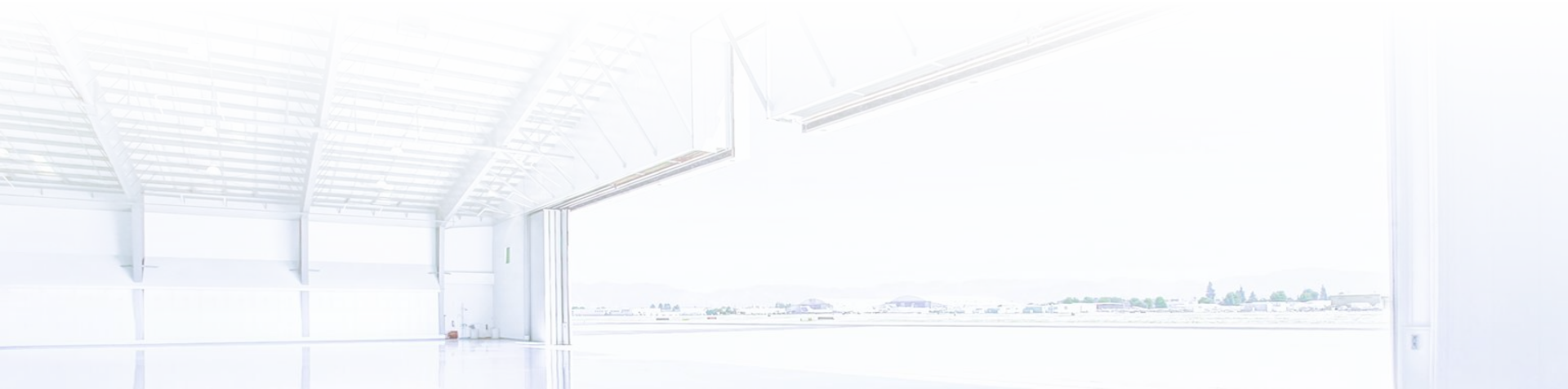




THE FBO LEADERSHIP GAP
NATA AVIATION BUSINESS CONFERENCE

JUNE 13, 2018



Where do you see yourself in 5 years?

Agenda

- The Scope of the Problem
 - Vacant GM and Management Positions
 - How did this happen?
 - External Forces: Macroeconomic Data
 - Internal Forces: The Law of Unintended Consequences

- Recruitment and Training
 - Job Requirements
 - Company Alignment
 - Path to the GM Seat
 - Training Program(s)

Objective

To recognize the leadership gap, to seek to understand its causes and prevent a future occurrence through our actions- as individuals and as an industry.

The Scope of the Problem

Just how many GM positions (and other managerial positions) are open at FBOs?

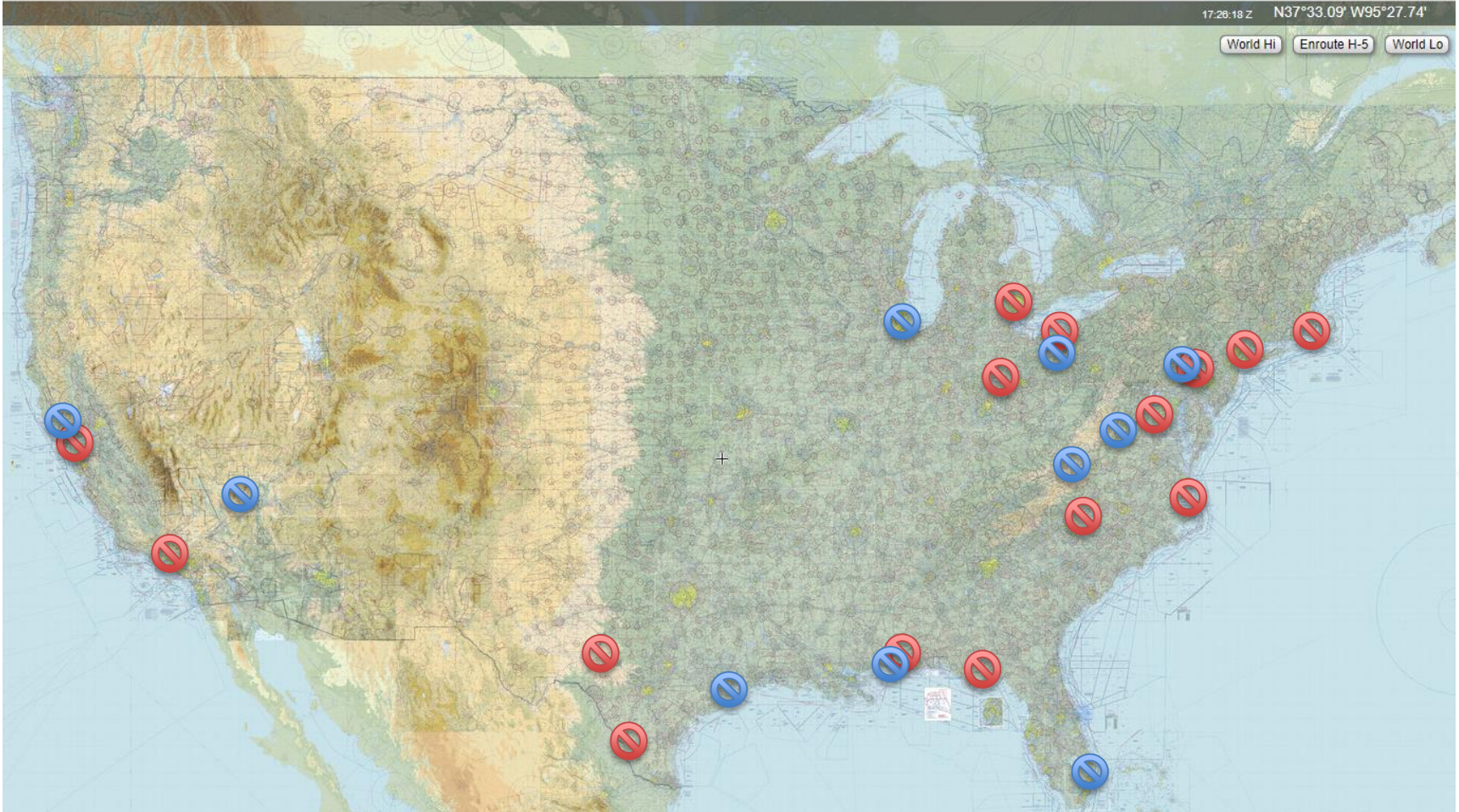
The Scope of the Problem

SkyVector®
Aeronautical Charts



17:26:18 Z N37°33.09' W95°27.74'

World Hi Enroute H-5 World Lo



The Scope of the Problem

How did we get here? Why are there so many open GM and related FBO management positions?

External Forces

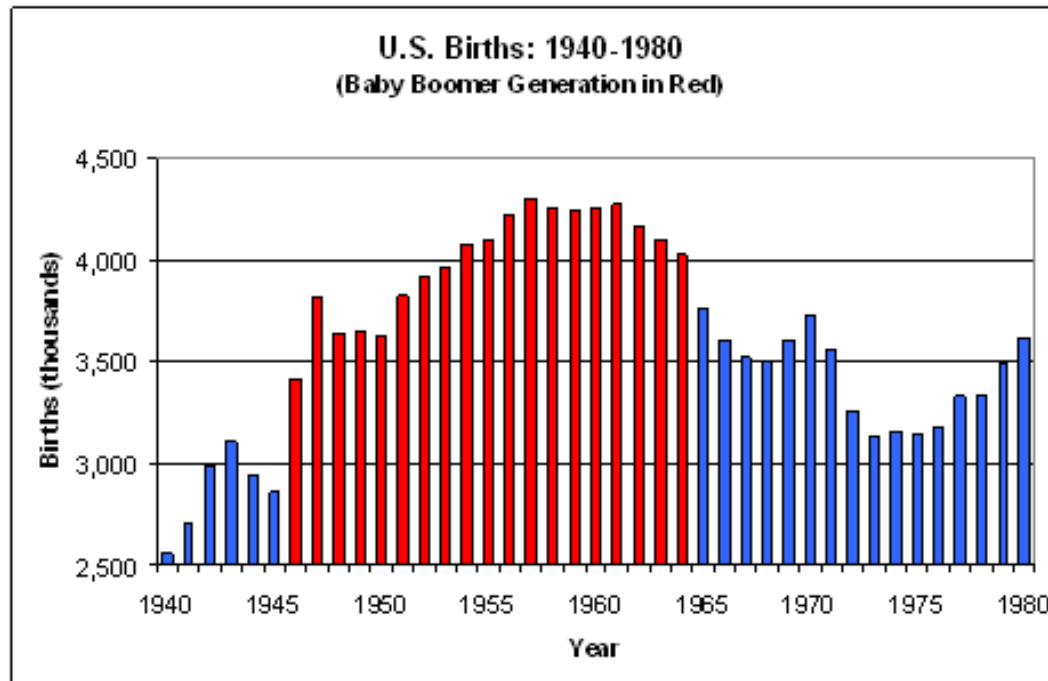
- Generational Forces
- Pilot Shortage

Internal Forces

- Acquisitions
- “Other”

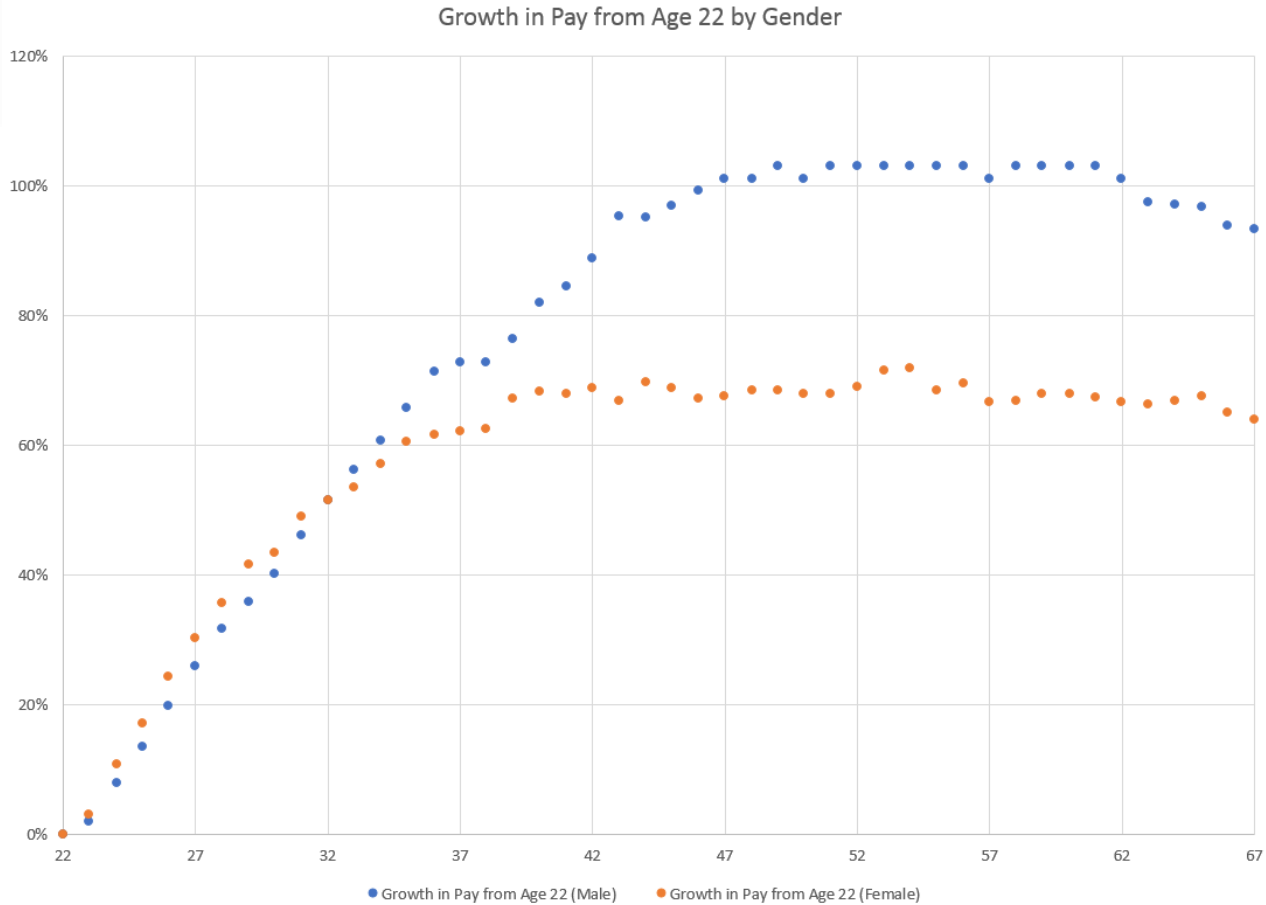
The Scope of the Problem

External Forces: Generational (Baby Boomers)



The Scope of the Problem

External Forces: Generational (Baby Boomers)



The Scope of the Problem

External Forces: Boomers vs Generation X

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1946	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76
1947	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75
1948	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74
1949	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73
1950	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72
1951	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71
1952	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70
1953	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69
1954	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68
1955	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67
1956	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66
1957	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65
1958	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64
1959	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63
1960	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62
1961	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61
1962	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60
1963	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59
1964	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58
1965	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57
1966	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56
1967	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55
1968	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54
1969	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53
1970	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52
1971	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51
1972	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50
1973	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49
1974	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48
1975	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47
1976	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46
1977	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45
1978	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44
1979	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43

The Scope of the Problem

External Forces: Pilot Shortage

- How is the pilot shortage affecting FBOs?

- 2017 FAA Airmen Statistics
 - 609,306 certificated airmen (all categories)
 - Only 42,694 are female
 - (7% of total pilot population)
 - 159,825 Airline Transport Pilot (ATP)
 - Only 6,994 are female
 - (4.3% of total pilot population)

The Scope of the Problem

External Forces: Pilot Shortage (Drivers)

- 2009: Colgan Air 3407 Crash
- 2010: Public Law 111-216 (ATP Rule <3 years)
- 2012: FAA extends mandatory retirement age (65)
- 2013: Mandatory ATP rule kicks in
- 2016: Republic Airlines files Chapter 11 (pilot shortage)
- 2017: Those aged 60 in 2012 begin retirement
- 2018: Great Lakes Airlines files Chapter 11 (pilot shortage)

The Scope of the Problem

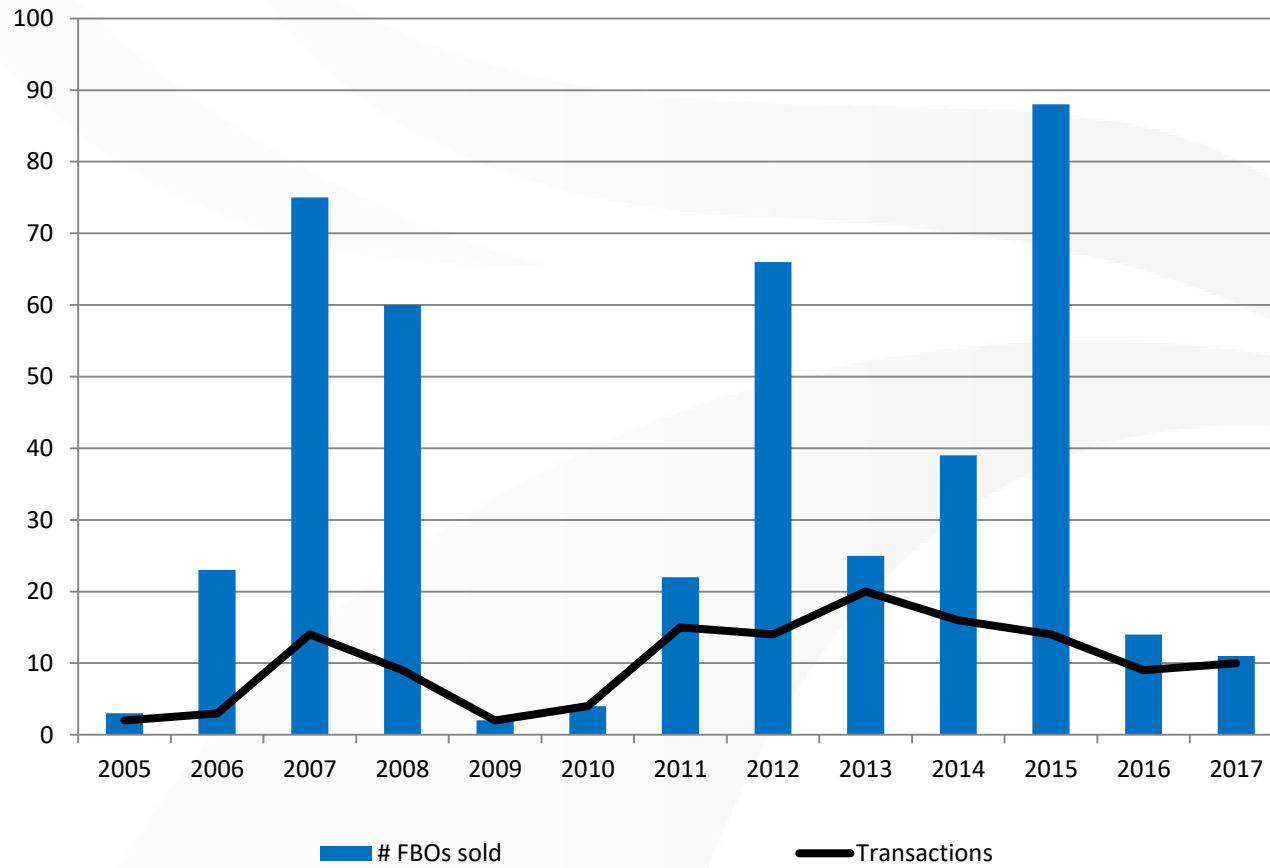
External Forces: Pilot Shortage (Drivers)

➤ 2017: Boeing Study (July)

- Forecasts a need for 637,000 additional pilots over the next 20 years
- 41,000 airliners
- 31,755 new ATPs/year (87 per day)
- 2017: Only 25,172 ATPs issued (21% shortfall)

The Scope of the Problem

Internal Forces: Acquisitions



The Scope of the Problem

Internal Forces: Other Factors

- GM Roles are no longer coveted positions.
 - Decreased Job Security (Acquisition Fatigue)
 - Decreased Autonomy
 - Decreased Compensation
 - “Career Role” now a stepping stone



Recruitment & Training

Recruitment

- Job Requirements
 - What are we looking for in a GM candidate?
- Pay Scale Transparency
- Company Alignment
 - Academic & Military Service Models

Training

- Pathway to the GM Seat
- Training Program(s)

Recruitment & Training

Recruitment: Job Requirements

➤ What skills are we looking for in a candidate?

- Manages the delivery of all contracted FBO services to customers to ensure that services and KPIs as defined are met or exceeded
- Drive a continuous improvement culture and ensure that employees collaborate effectively with global support functions on streamlining processes, systems, tools
- Establish a culture that promotes customer loyalty by creating an environment of increased employee engagement
- Contract review and negotiation, including but not limited to hangar leases, city leases, fuel supply, equipment and vendor contracts
- Develop new business plans with capital requirements and anticipated performance.
- Responsible for financial management of base including capital expenditures, forecasting, budgeting, audit performance and expense management.
- Conduct accident investigations to determine root causes, including all reporting involved with the incident.
- Represents company internally and externally with industry groups and regulatory bodies
- Ensures compliance with applicable laws, aviation regulations, and applicable policies

Recruitment & Training

Recruitment: Job Requirements

➤ What about education and experience?

- Degreed professional with a proven track record of business development and business control management
- Bachelor's Degree from a four-year college or university or five (5) to ten (10) years related experience and/or training; or equivalent combination of education and experience.
- Minimum 5 years Aviation FBO management experience
- Minimum 10 years of business experience resulting in full P&L responsibility for a business, or financial responsibility for a significant functional area
- Strong track-record in successfully managing profitability of an FBO or equivalent
- Solid understanding of the aerospace industry, OEMs, and the regulatory framework
- Demonstrated success in achieving EBIT goals
- Demonstrated success in customer relationship management

Recruitment & Training

Recruitment: Job Requirements

- Skills, education and experience...one is left to wonder:

Do these candidates even exist?

Recruitment & Training

Recruitment: Pay Scale Transparency

Pilot pay at **Alaska Airlines** ranges from **\$78,543.00** per year for a new first officer up to **\$225,900.00** per year for a senior captain.



Recruitment & Training

Recruitment: Company Alignment

- Have we considered Academic Models?
 - Academic: University Path vs. Trades (Technical) Education

Entry Level Hires for 2018

Employer Name	Hires
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Recruitment & Training

Recruitment: Company Alignment

➤ Have we considered Military Service Models?



- Military Model
 - Officer
 - Enlisted
 - Mustang

Recruitment & Training

Training: Pathway to the GM seat

➤ An HR Roadmap (Academic/Military Model)

Degree/Officer \$\$

↓
CSM in Training
LSM in Training

↓
CSM
LSM

↓
Assistant GM

High School/Enlisted \$

↓
CSR
LST

↓
CSR Supervisor
LS Supervisor

↓
Ops Manager

(Mustang)

↙ ↘
General Manager

Recruitment & Training

Training: Pathway to the GM seat

➤ Training Program(s)

- 1) Consider your GM Job Requirements
- 2) What “department” is each requirement?
 - Example: Contract review and negotiation, including but not limited to hangar leases, city leases, fuel supply, equipment and vendor contracts **(Legal Department)**
 - Example: Responsible for financial management of base including capital expenditures, forecasting, budgeting, audit performance and expense management. **(Accounting/Finance Department)**
 - Example: Conduct accident investigations to determine root causes, including all reporting involved with the incident. **(Safety/Training Department)**
- 3) Immerse GM candidates in those departments

Recruitment & Training

Training: Pathway to the GM seat

➤ Training Program(s)

- What if we invest in them and they leave?
- What if you do not invest in them and they stay?

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A GENERAL DYNAMICS COMPANY



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Summary

- The Scope of the Problem
- Recruitment and Training
- **Mentorship**



THANK YOU

