

A Transaction Is Not A Transition

Prior to the last downturn I had the privilege to work with many Fortune 100 companies and their flight departments to build long-term detailed Fleet and Mission Transition Plans. This planning usually came on the heels of company mergers; melding two mature flight departments into one.

The coming together of these companies brought different corporate cultures, mission fulfillment needs and often diverse fleet mixes based on various manufacturers.

So here was the challenge: Take all of these assets - both human and aircraft - and finish with an orderly transition that created a winning culture for the employees, and best practices for the department. The expectation was to develop commonality of fleet with a high degree of mission fulfillment at a manageable cost. We were equal to the task!

I usually approach a challenge like this by breaking it down into constituent parts - people, aircraft, facilities, fuel contracts, subscriptions, training, etc. - and then piece those together into one, new model. Breaking a challenging situation into small manageable bites helps to create workable steps to move a plan forward.

During the change-process it is important to acknowledge all the people involved, as long-term habits and practices need to be understood. Change is never easy and often comes at a price. In order to minimize the cost of change and create a broad buy-in from stakeholders, involving them early in the process is critical. This helps to ensure that the entire group is pulling in the same direction.

If everyone were to pull or push in different directions, this would complicate the work of the transition team tenfold by shifting their focus from building, to one of just soothing hard feelings that can emerge between stakeholders who are at odds.

In this last downturn, many companies had to shift the job of positive transition planning due to expansion to that of transition planning as a result of downsizing, each a complex process. The downsizing process typically involved shrinking, or eliminating flight

departments altogether. These changes affected very mature and long-standing departments and were felt not only at the department level but throughout entire companies.

When a company eliminates an entire flight department, the long-term effects are felt all the way up into the highest levels of the corporate structure. Executives' travel patterns must completely change as they move to fractional, block charter and even commercial airline travel to take up the void. Navigating this shift in behavior can be difficult regardless of the nature of the transition and it is essential to involve all stakeholders in order to secure the best outcome.

Having buy-in early in the process by the greatest number of people who are affected by the downsizing is critical to the success of the transition plan. Often some stakeholders are people outside of the flight department and the company. If there are existing purchase agreements with aircraft manufacturers, they too will need to be involved to help create exit strategies from existing contracts.

As the effects of this last downturn revealed, the more hits the OEMs took (and as the reality of the crises grew), their robust order books as well as their balance sheets rapidly declined and they had less flexibility in supporting their customers' cancellations.

It was difficult to blame the OEMs' response to this as they had relied on previously negotiated contracts to sustain them, however, their approach created distance and tension with the buyers whose own businesses were now at stake. Everyone felt insecure and were trying to protect their interests in the midst of the reality of the deteriorating economic environment.

Thank goodness we are in a new place today. The phones are ringing again as Fortune 100 companies revisit the idea of positive growth transition. We are having discussions about fleet modernization and long-term orders for staggered deliveries of new aircraft. Many of these companies are expanding their trade into emerging markets around the world. Their need for long-range aircraft and operational strategies in Asia, China, the Middle East and India are pointing out limita-

tions of their current fleet whose fulfillment success had been based on domestic travel.

So it's back to the drawing board for many, and back to the basics of transition planning. The formula is the same: Access and include all stakeholders. Listen carefully to the goal and work to shape the plan together. No one plan works for all; varying outcomes and timelines must be considered. Commonality of fleet and increased personnel requirements all need to be considered.

As fleet considerations are being made, it is imperative that the company and its flight department know the markets they will be traveling into, and whether the infrastructure is adequate to support them in these regions. No longer can you just draw a straight line between city pairs and create annual use by considering distances and speed.

No-fly zones may exist over a route between cities being contemplated for travel. Considering restricted airspace when planning is very different compared to domestic flight planning. Alternate airports are often not just one hundred miles away from the destination city but hundreds of miles away.

Thus, new Fleet and Mission Transition Analysis are even more complex than before and the dependence on these successful plans has even greater value. The aircraft transaction is but one part of the overall successful transition plan.

➤ Jay Mesinger is the CEO and Founder of J. Mesinger Corporate Jet Sales, Inc. Jay is on the NBAA Board of Directors and is Chairman of AMAC. He served on the Duncan Aviation Customer Advisory Board for two terms and now joins the Jet Aviation Customer Advisory Board. Jay is also a member of EBAA and the Colorado Airport Business Association (CABA). If you would like to join in on conversations relating to trends in Business Aviation, share your comments on - Jay's blog www.jetsales.com/blog, Twitter and LinkedIn. For more information visit www.jetsales.com ■

