



Aircraft Management: A Complex Challenge

by Jan Váňa



The convenience of having an aircraft available to fly you where you need to go is an addictive experience. But keeping that aircraft flying is a challenging commitment, and its management is a daily task.

Operating an aircraft involves the cooperation of the aircraft owner, operator (or manager), and the passengers. In some rare cases these roles are fulfilled by the same person. However, in today's complex business world most aircraft owners have no ambition to become aviation experts. They recognise the value of focusing on their own areas of expertise, and prefer to hire dedicated experts to handle their aviation interests. Aircraft management is a complex exercise and commercial aviation is such a demanding and regulated environment that it would be very difficult to imagine owning and managing your own aircraft on a part-time basis.

Aircraft Management Companies

Several types of aircraft management companies operate in the industry and of-

fer different types and scales of services. The most distinguishing characteristic is whether the management company has an Aircraft Operators Certificate (AOC). Holders of the AOC are fully authorised to both manage and operate aircraft.

AOC holders, like aircraft maintenance organisations, are under the daily scrutiny of the civil aviation authority where the aircraft is registered. They must comply with all the rules, regulations and restrictions which govern commercial aircraft operations. For aircraft owners this almost guarantees the highest possible level of safety.

Managing the Relationship

The most important prerequisite of successful aircraft management is a well informed and perfectly up-to-date aircraft owner. Easy to say, harder to accomplish. The owner, and the most important client of the aircraft management company, has many other things to do. They do not have time to keep up to date with the regulations, rules and restrictions imposed on the operations of their aircraft.



The aircraft owner must comply with the regulations, whether they like them or not. Sometimes the regulations might be inconvenient but they are designed to provide maximum safety for aircraft operations and for the passengers and crew onboard.

For aircraft owners, who have invested in an aircraft to simplify their travel, restrictions can be hard to understand. If misunderstood or misinterpreted from either side, the relationship between the owner and the management company can turn into disaster and disappointment. However, such scenarios can be avoided if both sides understand and manage their relationship.

Most management companies have dedicated personnel who are responsible for the relationship with the aircraft owner. They are on hand 24 hours a day, seven days a week to cooperate with the aircraft owner or their delegate. (It is rare that the aircraft owner deals directly with the aircraft management company for flight

planning and scheduling.) Some owners are also aircraft enthusiasts and they like to know every detail of their flight. However, most use their aircraft and the management company as tools to move from one destination to another in a very pleasant and comfortable way.

Dealing with the Challenges

Every aircraft management company is caught between conflicting demands on a daily basis. The regulatory environment of the aviation industry, competition in the market, and managing owner expectations and demands are just some of the challenges faced by aircraft managers.

So how do they deal with these challenges? Communication with the aircraft owner or their representative has already been mentioned as a prerequisite. Daily coordination of flights, monthly financial reports, quarterly update meetings, and annual plans and budgets are tools that are often used.

The relationship between an aircraft owner and their management company should begin very early, well before the start of actual aircraft operations. The management company should lead the future owner through the entire aircraft selection process, support them in their own feasibility study and arrange the aircraft delivery phase. Management companies should advise the owner in an unbiased way.



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They can advise the owner which category and type of aircraft will best meet their expectations, requirements and budget.

Do You Really Need a Management Company?

A common myth circulating in the private aircraft industry is that chartering your aircraft to third parties will enable you to fly for free. Certainly every chartered flight deducts a little from your fixed costs. However, it also restricts the owner's flexibility. Some owners find this too high a burden and sacrifice lower ownership costs in return for flexibility. Do these owners still require the services of a management company?

It is certainly possible to operate an aircraft as a private operator. A management company with an AOC is not required for private operations. The only restrictions are the type of aircraft you

fly, and airport and air traffic control limitations. Certain tax benefits, such as zero value-added tax on fuel and services, are not applicable to private operations.

Some jurisdictions, like The Isle of Man, already offer very interesting arrangements, even for private aircraft operations. However, most aircraft owners still prefer to operate their aircraft commercially under the AOC of an aircraft management company.

Types of Services

Aircraft management companies can provide operator-only services, or include all services in their package. In reality, even operators who offer all services do not do everything themselves. Sub-contracting of services is quite common, even at the home base. Only companies which also have a Fixed Based Operation (FBO) can provide ev-

erything. However, even in these cases some companies opt-out of certain services (like flight planning or maintenance management) and subcontract them to specialised providers.

As always, everything is a matter of cost and flexibility. If a management company is able to provide a complete range of services and still compete with specialised providers, their services can be more flexible than when they have to rely on business partners. Responsibility to the owner is always the main focus for the management company. For an owner, only the results matter. ■



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ABS Jets currently manages and operates three Embraer Legacy jets, two Cessna Citation Bravos and a. More aircraft are on order. ABS Jets is also a certified PART-145 aircraft maintenance organisation and an Embraer Approved Service Centre Level 2. ABS Jets will soon open an FBO at Prague's Ruzyně Airport.



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