



The NATA Safety 1st Management System (SMS) for Ground Operations will facilitate safety at your company. Many of the tools discussed in the eToolkit provide SMS and PLST participants with guidance to continuously assess and assist with safety processes and procedures.

The eToolkit supports NATA's Safety 1st Management System (SMS) for Ground Operations and NATA's Professional Line Service Training Program (PLST Online). This monthly newsletter highlights known and emerging trends, environmental and geographical matters, as well as advances in operational efficiency and safety. Additional issues include a section of real-time incidents on the ground. Flight and ground safety have been enhanced and many accidents prevented because of shared experiences in this newsletter.

A Changing FBO Business Model – “You Can’t Give It Away”

By John L. Enticknap & Ron R. Jackson, Aviation Business Strategies Group

About the time we can make the ends meet, somebody moves the ends.

-Herbert Hoover

For many years, the FBO Business Model in the United States has been fairly simple and straight forward: markup fuel to cover all the operational business expenses. The greater the margin, the better the profit.

When fuel prices were fairly stable and the old inefficient heavy iron aircraft were commonly seen on ramps, this worked out pretty good.

But as singer- songwriter Bob Dylan so poignantly penned, “The Times They are a Change’n”.

From the last quarter of 2008 we’ve seen some real changes in our industry including the political bashing of our industry and a prolonged recession. As we struggled through 2009, we saw the ‘average’ FBO experiencing a 20 to 25 percent drop in business sales with some losing more than 50 percent of their fuel sales. In 2010 there was some recovery with an encouraging increase in charter activity and the resulting increased fuel sales.

Now in 2011, we are struggling with ever higher fuel costs and a general business malaise. Just in the last week (as we are writing this article), we experienced more unfortunate politics conveying a negative image for business aviation. And we are seeing the restart of the continued consolidation of the FBO industry; some failures; and most of all, much continued pressure on fuel margins.

The cost of fuel peaked in the first week of May and has dropped .40 cents to early July; now it’s on the way back up. Just about the time we sell the high priced inventory in our fuel farms and look for some stability, the higher prices are again reality.

Changes in Operator Fuel Purchasing Habits

Over the last few years we have seen a strong push from our corporate customers towards a utilized alternate fuel purchasing strategy, rather than the traditional retail fuel purchase. Of course, the full retail fuel purchase has always been a myth—purchasers of Jet A fuel expect and get discounts off the posted price.

In This Issue:

- ▶ **A Changing FBO Business Model**1
- ▶ **Education Corner**.....5
Business Managers Receive Safety And Leadership Training
NATA Members Want To Know
NATA Safety 1st Ground Audit
Fuel Handling And Quality Control Webinar Series Is Back!
- ▶ **Safety Corner**.....7
Airport Sign And Marking – Quick Reference Guide
General Aviation Security Awareness Bulletin
Workers' Compensation Insurance Program
- ▶ **PLST Online Corner**9
Why Is The PLST *Trainer's Guide* So Important?



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The trend over the last 15 years, especially within the last few, is to pre-negotiate fuel purchasing with many of the contract fuel sellers prior to arriving at your FBO. Calling ahead for the best discount available or changing plans to get the best overall operating costs are all tactics for reduced fuel costs and gallons purchased. This is savvy cost control for corporate operators.

Add to this the fact that corporate aircraft operators are getting more sophisticated in their flight planning:

- Using fuel tankering models
- Pre-established fueling points
- Better ATC routing for weather and flight planning to minimize fuel costs
- The purchase of more fuel-efficient aircraft

FBO Profit Misconceptions

Today's FBO business model has not changed much over the last 30 years. It is still highly dependent on the retail fuel sale. The successful FBO's look for the fuel sales--be it retail, contract or other-- to essentially support the entire FBO operation.

But do all the aircraft that taxi onto an FBO ramp purchase fuel? NO THEY DON'T. Yet the cost of doing business goes on, including exposing your FBO to potential insurance claims should the customer's aircraft get mishandled. This has given rise to the Ramp Fee which is still a controversial subject in some aircraft operator's minds.

Again, there is this misconception by many in the aviation business that FBO's are super high profitable organizations and quote "ripping off" the flying public. This, of course, is highly exaggerated.

There have even been a string of emails lately that draws attention to the continuing misunderstanding of the FBO business. These emails contend FBOs are making more than \$4.30 per gallon gross margins and, after fuel cost and lease expenses, are earning \$334,000 per week before labor and other expenses!

In reality, margins are running more in the \$1 to \$1.50 range while insurance costs alone can run \$1,000 per day. So the operator who comes onto the FBO's ramp and doesn't contribute to the income stream is not cost free to the FBO. To be sure, the FBO business is still a good business to be in. If an FBO, be it a chain or individual location, can make 10 to 15 percent EBIDTA, is a very good business. In perspective, look at the oil companies who may be earning in the 9 percent range; on the other hand, a general consumer company like Coke is running 25 percent plus.

Changes in the Wind

However, the FBO model in the US, as we know today, is destined for change. As mentioned, fuel margins are being squeezed from both ends. At one end is the higher cost of fuel which drives up the base price. At the other end is the more savvy aircraft operator trying to drive down the posted price. In the middle is your margin, being squeezed like a lemon in a juice press.

So how do we make lemonade out of the tart extracted juice? Here are few observations to ponder.



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Having operated FBOs in both the US and in the Middle East, we are very familiar with the European FBO Business model where fuel is not part of the income equation. Rather, fixed base operators in this part of the world depend on revenue generated solely by fees associated with providing various services common to an FBO operation:

- Marshaling
- Handling
- Parking
- Ramp
- Ramp transportation
- Over the Road transportation
- Baggage Handling
- GPU
- Lavatory Service
- Customs/visa
- A handling fee for collecting navigation fees
- A handling fee for collecting landing and over-flight fees
- Lounge Fees
- Catering

We are not suggesting that you should follow this model, at least in its entirety. However, as margins get squeezed, you need to get creative in shoring up your bottom line by creating other streams of income.

Don't Give it Away!

So our advice is: DON'T GIVE IT AWAY!

In operating Mercury Air Centers, we looked at every aspect of our business to see where we could recoup some of our expenses.

If a customer doesn't buy fuel, or at least doesn't buy a minimum quantity for the type of aircraft being flown, why not charge a facility fee for use of the ramp that includes labor for safely parking and towing the aircraft and repositioning for passenger loading?

If aircraft operators want a significant discount off the posted price, why not charge for taking out the trash, cleaning the lav, servicing the galley with ice and coffee or hooking up the APU?

If a fuel broker drives a hard bargain, why not charge for the courtesy vehicle or the newspapers? (This often entails a requested set for the pilots and a set for the passengers.)

If, during the course of a transaction your fuel margin is significantly compromised in any way, why not consider a facility fee for that clean restroom which is kept tidy by paid staff? Or how about the nicely furnished and well equipped conference room; or pilot and customer lounges that often include the coffee and cookie bar that is kept well stocked throughout the day?



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No, we're not saying that you need or want to charge for everything you do, but you need to analyze your various income streams and make sure you're not giving your services away. Your business deserves to make a profit—and that is not a bad word! Your business should not subsidize corporate aircraft operating companies, or subsidize your airport sponsor. If you do that, your business will not survive and you'll lose your investment. Profit allows for growth, sustainability and the continuation of your business.

Here is a short checklist to consider moving forward:

- Stabilize your selling prices and your margins. Don't be all over the place. Customers will notice and your employees will be confused.
- Use a consistent discount program that is easy to understand for the FBO and your customer—and stick to it!
- Don't discount your hangars. Make sure you know the true cost of your real estate.
- Don't give away all your other services unless you get the 'right' fuel sale that protects your margins. More fuel sold more 'free' services.
- No fuel sale; customer must contribute to your revenue.

No one can predict the future of the FBO business, but we believe high fuel prices are here to stay which, out of necessity, will cause change to the way we do business. It's how we prepare ourselves for this change that's important. By developing our own consistent approach to our FBO business model, we can make ends meet before someone else decides to move the ends for us.

Lets us know your thoughts—email us at jenticknap@bellsouth.net or thejacksongroup@earthlink.net

About the Authors.

Note: John Enticknap and Ron Jackson are the primary facilitators for NATA's FBO Success Seminar Series. The next FBO Success Seminar: Fuel Summit 2011, is scheduled for November 8-10 in Atlanta, GA. Go to www.NATA.org for details.



John L. Enticknap
John Enticknap founded Aviation Business Strategies Group in 2006 following a distinguished career in aviation fueling and FBO management including President of Mercury Air Centers network of 21 FBO locations. He is an ATP and CFI rated pilot with more than 7,800 flight hours and is the author of "10 Steps to Building a Profitable FBO". John developed NATA's acclaimed FBO Success Seminar Series curriculum and writes an industry blog for AcUKwikAlert.com titled The FBO Connection.



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Education Corner

Business Managers Receive Safety And Leadership Training



MONTROSE, Colo.—Safety on the ground as well as in the air is critical to aviation activities. As part of Black Canyon Jet Center’s effort to provide quality service to customers, several of its key personnel attended a safety training session in Dallas September 12-13.

The National Air Transportation Association’s (NATA) Line Service Supervisor Training provides professional development and helps participants increase their proficiency in strategic planning, supervising staff, motivating others, and communicating and coaching their respective teams. It is a high-impact, high-energy seminar that helps participants reach new levels of leadership as they implement their skills on the tarmac. Line service refers to individuals who perform tasks such as aircraft refueling operations, parking arriving aircraft, safely towing aircraft in and around taxing areas and hangars, perform regular quality control checks on aviation fuel, customer service functions and much more.

Ken Watson, general manager, and Manny Gomez, line service supervisor, attended the NATA seminar to be re-certified as line service supervisors and also to continue gaining knowledge to lead Black Canyon Jet Center staff in maintaining the world-class service and safety for which they are known.

“A business can never have too much knowledge pertaining to leadership, safety and customer service, there can always be improvement,” said Watson. “NATA seminars provide professionals with outside perspectives, new ideas and training we can take back to our staff and implement in our business.”

The National Air Transportation Association is the leading organization representing aviation service businesses such as fixed-base operators, charter providers, aircraft management companies, flight training and airline service companies. Founded in 1940, NATA aggressively promotes safety and the success of aviation service businesses through its advocacy efforts before government, the media and the public as well as by providing valuable programs and forums to further its members’ performance.

Prior to attending the line supervisor training, Watson and Gomez were required to complete the FAA Fire Safety Training. “Fires can be extremely dangerous on the ramp, even deadly,” said Gomez. “Aircraft and fuel trucks can be a huge fire risk and proper fire safety training is essential.”

NATA provides Safety 1st training for all of Black Canyon Jet Center’s employees. The goal is to provide support and train members who provide ground assistance with the best safety guidance and training available in the industry. All members of the BCJC line service staff are required to pass the Safety 1st training and be recertified each year prior to working on the ramp. Black Canyon Jet Center has been a member of NATA and upholding their standards since 2006.

Visitors come to the Western Slope of Colorado for business, pleasure and nonprofit purposes. Black Canyon Jet Center manages the fixed-base operations (FBO) for general aviation at the Montrose Regional Airport, providing fuel, aircraft parking and world-class service to residents and visitors alike. For more information, call 970-249-7111 or visit www.blackcanyonjet.com.



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NATA Members Want To Know

Q. NATA members periodically ask us if there are age restrictions for line service specialists. We want to highlight the discussion we had with NATA's Safety & Security Committee members at the September meetings in Dallas.

A. Committee members emphasized that different states have different age requirements; some require a high school education but not all. Members said that consideration should also be given to a company's insurance implications. In other words, call your broker/insurance company and ask to make sure.

We encourage our readers to share their views and comments. Please email Safety1st@nata.aero with questions or answers on your experiences on the ramp. We look forward to hearing from you!

NATA Safety 1st Ground Audit – November 14-15, 2012, Englewood CO

"NATA is thrilled to assist our members with implementing these industry-leading auditing standards for ground operations. This cutting-edge program is already providing lasting benefits for our members and their customers. Helping FBOs adopt this "gold standard" program is a huge win for the industry and helps communicate our proactive message to the public and our regulators." - NATA President and CEO Tom Hendricks

NATA's Safety 1st Ground Audit Standard will allow for two levels of certification: a self-certification level and a third-party audit level. All candidates must submit an application to become an auditor and, if qualifications are met, they then need to be trained on the Ground Audit Standard by NATA to be listed as an accredited auditor. FBOs seeking self-certification may submit an employee's application in order to be considered for the self-certification audit process.

To apply to become an auditor and gain admittance into this training workshop, [click here](#). For more information about the ground audit program, please [click here](#).

NATA's Fuel Handling And Quality Control Webinar Series Is Back!

Join NATA and our industry experts as we discuss the ins and outs of aviation fuel handling and quality control (QC) challenges. Following NATA's popular fuel webinar series from last summer, this webinar series will highlight the latest developments on QC and filtration and is available at a package price of only \$249.95 for NATA members.

This series includes four weekly webinars starting on October 17 with "Aviation Fuel Quality Control from Receipt to Issue" led by Jim Gammon from Gammon Technical Products. You will not want to miss Gammon's stories about QC and what is needed to ensure clean, dry fuel every time.

Other webinar titles from this series include: "Aviation Quality Control - Record Keeping," "Spec. 103 - An Overview" and "Aviation Fuel Filter Monitors - EI-1583, 6th Edition."



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What do you get for the package price of \$249.95?

- An opportunity to train your entire staff on the latest trends and procedures for ensuring that you deliver clean, dry fuel to each of your customers
- All 4 webinars
- One printed copy of NATA's *Refueling and Quality Control Procedures for Airport Service and Support Operations*

Don't worry if you or one of your staff miss a webinar, your purchase price includes access to full recordings of each webinar that you can use repeatedly.

Click on the link below to register now and reserve your seat for this outstanding webinar series. This series package is also available to non-member companies for \$349.95.

[Click here to register now.](#)

Safety Corner

Airport Sign And Marking – Quick Reference Guide

Make sure those who operate on your ramp know the latest airport signs and markings. Discuss this valuable reference guide and see how much they really know. **Guide on page 10.**

Workers' Compensation Insurance Program

NATA's new Workers' Compensation Insurance Program is specifically designed for typical NATA members such as an FBO, air charter operator, flight training provider, aircraft management services provider, aircraft maintenance and repair providers, and airline services companies. The new program starts January 1, 2013.

[Click here for more program details.](#)

General Aviation Security Awareness Bulletin

General aviation security is everyone's responsibility. We ALL need to keep our general aviation community safe, secure and thriving.



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OSPIE General Aviation Branch

General Aviation Security Awareness Bulletin

General Aviation Security

We are in this together!

Call 1-866-GA Secur
1-866-427-3287

For immediate law enforcement assistance

CALL 911

E-mail:
TSAGeneralaviation@dhs.gov



Increased security awareness for the General Aviation community is paramount. General Aviation security is everyone's responsibility. Situational awareness of your surroundings, the people you are in contact with and the aircraft that you operate are proven security methods. While there is no known credible threat to General Aviation, it is still considered by many to be a target of opportunity. We need to keep our general aviation community safe, secure and thriving.

We are all stewards of our General Aviation community and no one knows your home airport better than you do, so if you see something out of the ordinary, say something!!!

IF YOU SEE SOMETHING, SAY SOMETHING



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PLST Online Corner

Why Is The PLST *Trainer's Guide* So Important?

NATA Safety 1st prepared the *Trainer's Guide* to be used by the organization's designated trainer, as a guide, in order to administer the PLST Online program. It is critical that the trainer thoroughly review each section of the *Trainer's Guide*:

- I. Introduction ~ gives the program overview, components & objectives
- II. Training Guidelines ~ helps the trainer understand the benefits of successful training and maximize online learning
- III. Training Curriculum ~ describes how to train using instructional plans, checklists and additional reference materials noted throughout the online training.
- IV. Certification Procedures ~ instructs on the preparation needed when applying for the Fire Safety and PLST certificates.
- V. Appendix ~ 100 pages of great training material
 - a. New Employee Training Questionnaire ~ identifies training needs
 - b. Module Instruction Plans ~ assists the trainer with concepts, learning objectives and instruction times and materials needed for each module. Also includes links to referenced publications (Advisory Circulars, NFPA and other industry manuals & guides)
 - c. PLST Training Checklists ~ outlined instruction plans for all 8 modules of the PLST Online. These checklists should be dated, initialed and placed into each employees training file.
 - d. Hands-on Training Procedure Checklist ~ an easy reference to use when completing the hands-on portion of the training
 - e. Online Training Guidance ~ guides the trainer from the initial log-in, assigning curriculums, tips for hands-on and practical exams, student instructions and many pages of screen shots to answer those frequently asked questions.

Due to many variables and situations that exist, it is impossible to discuss and review every possible training scenario. Therefore, it is the intent of the PLST *Trainer's Guide* to provide a means of support to those individuals responsible for the skills development of employees who have been designated to refuel and tow aircraft and provide ancillary ground support services to general aviation and business aircraft.

This *Guide* is only to be used as an educational support tool. At NATA, we want you to have the most current information available and welcome any recommendations for improving the effectiveness of this training program.

The National Air Transportation Association (**NATA**), **the voice of aviation business**, is committed to raising the standard on ground safety. [Subscribe to NATA Safety 1st eToolkit.](#)

AIRPORT SIGN AND MARKING – QUICK REFERENCE GUIDE

EXAMPLE	TYPE OF SIGN	PURPOSE	LOCATION/CONVENTION
	Mandatory: Hold position for taxiway/runway intersection.	Denotes entrance to runway from a taxiway.	Located <u>L side</u> of taxiway within 10 feet of hold position markings.
	Mandatory: Holding position for runway/runway intersection.	Denotes intersecting runway.	Located <u>L side</u> of rwy prior to intersection, & <u>R side</u> if rwy more than 150' wide, used as taxiway, or has "land & hold short" ops.
	Mandatory: Holding position for runway approach area.	Denotes area to be protected for aircraft approaching or departing a runway.	Located on taxiways crossing thru runway approach areas where an aircraft would enter an RSA or apch/ departure airspace.
	Mandatory: Holding position for ILS critical area/precision obstacle free zone.	Denotes entrance to area to be protected for an ILS signal or approach airspace.	Located on twys where the twys enter the NAVAID critical area or where aircraft on taxiway would violate ILS apch airspace (including POFZ).
	Mandatory: No entry.	Denotes aircraft entry is prohibited.	Located on paved areas that <u>aircraft</u> should not enter.
	Taxiway Location.	Identifies taxiway on which the aircraft is located.	Located along taxiway by itself, as part of an array of taxiway direction signs, or combined with a runway/taxiway hold sign.
	Runway Location.	Identifies the runway on which the aircraft is located.	Normally located where the <u>proximity of two rwys</u> to one another could cause confusion.
	Runway Safety Area / OFZ and Runway Approach Area Boundary.	Identifies exit boundary for an RSA / OFZ or rwy approach.	Located on taxiways on <u>back side</u> of certain runway/taxiway holding position signs or runway approach area signs.
	ILS Critical Area/POFZ Boundary.	Identifies ILS critical area exit boundary.	Located on taxiways on <u>back side</u> of ILS critical area signs.
	Direction: Taxiway.	Defines designation/direction of intersecting taxiway(s).	Located on <u>L side, prior to intersection</u> , with an array L to R in clockwise manner.
	Runway Exit.	Defines designation/direction of exit taxiways from the rwy.	Located on same side of runway as exit, prior to exit.
	Outbound Destination.	Defines directions to take-off runway(s).	Located on taxi routes to runway(s). <u>Never</u> collocated or combined with other signs.
	Inbound Destination.	Defines directions to airport destinations for arriving aircraft.	Located on taxi routes to airport destinations. <u>Never</u> collocated or combined with other types of signs.
	Information.	Provides procedural or other specialized information.	Located along taxi routes or aircraft parking/staging areas. May not be lighted.
	Taxiway Ending Marker.	Indicates taxiway does not continue beyond intersection.	Installed at taxiway end or far side of intersection, if visual cues are inadequate.
	Distance Remaining.	Distance remaining info for take-off/landing.	Located along the sides of runways at 1000' increments.
EXAMPLE	TYPE OF MARKING	PURPOSE	LOCATION/CONVENTION
	Holding Position.	Denotes entrance to runway from a taxiway.	Located across centerline within 10 feet of hold sign on taxiways and on certain runways.
	ILS Critical Area/POFZ Boundary.	Denotes entrance to area to be protected for an ILS signal or approach airspace.	Located on twys where the twys enter the NAVAID critical area or where aircraft on taxiway would violate ILS apch airspace (including POFZ).
	Taxiway/Taxiway Holding Position.	Denotes location on taxiway or apron where aircraft hold short of another taxiway.	Used at ATCT airports where needed to hold traffic at a twy/twy intersection. Installed provides wing clearance.
	Non-Movement Area Boundary.	Delineates movement area under control of ATCT, from non-movement area.	Located on boundary between movement and non-movement area. Located to ensure wing clearance for taxiing aircraft.
	Taxiway Edge.	Defines edge of usable, full strength taxiway.	Located along twy edge where contiguous shoulder or other paved surface NOT intended for use by aircraft.
	Dashed Taxiway Edge.	Defines taxiway edge where adjoining pavement is usable.	Located along twy edge where contiguous paved surface or apron is intended for use by aircraft.
	Surface Painted Holding Position.	Denotes entrance to runway from a taxiway.	Supplements elevated holding position signs. Required where hold line exceeds 200'. Also useful at complex intersections.
	Enhanced Taxiway Centerline.	Provides visual cue to help identify location of hold position.	Taxiway centerlines are enhanced 150' prior to a runway holding position marking.
	Surface Painted Taxiway Direction.	Defines designation/direction of intersecting taxiway(s).	Located L side for turns to left. R side for turns to right. Installed prior to intersection.
	Surface Painted Taxiway Location.	Identifies taxiway on which the aircraft is located.	Located R side. Can be installed on L side if combined with surface painted hold sign.

Ref. AC 150/5340-1J Standards for Airport Markings, and AC 150/5340-18D Standards for Airport Signs Systems



Federal Aviation Administration