

“An optimist sees an opportunity in every calamity; a pessimist sees a calamity in every opportunity.”

— Sir Winston Churchill

AEA Member Survey:

What's Your Biggest



Joe Braddock

*Vice President,
Sales & Marketing,
Southeast Aerospace Inc.*



Tom Dalquist

*Avionics and
Outside Maintenance
Sales Manager;
Hillsboro Aviation*



Steve Hayden

*President,
Kings Avionics*



Chad Morley

*Avionics Manager,
Modern Aero*



Laura Nolan-Stephens

*Owner,
Nolan Avionics*

STORY BY DALE SMITH

For those who put any stock in what the aviation business prognosticators are saying, business in 2010 should be better than it was in 2009.

The economy is poised for a cyclical upswing, which, if past history is repeated, will trigger an increase in business aircraft usage. And as aircraft usage increases so does an operator's need to improve or upgrade their avionics, which leads to more sales, installations and service business for avionics shops.

But there will be challenges. To

get a real-world perspective, we thought it was a good time to do a quick survey of AEA member shops to learn what they see as their biggest challenges and share what they intend to do about those challenges.

Joe Braddock

*Vice President, Sales and Marketing,
Southeast Aerospace Inc.*

What is your biggest challenge?

I would say the biggest challenge we face this year, as we did last year, is really just trying to understand the

changing market. It's getting more and more difficult to predict and speculate what people want and what they have money to pay for. That's across the board, from single-engine aircraft to large corporations and airlines.

What are you doing to meet this challenge?

I think if we can take one good thing from all this mess is that companies need to learn how to do more with less and be more efficient — strategically efficient. We are more

Challenge in 2010



Rick Ochs

*President,
Spirit Avionics Ltd.*



Mark Wilken

*Director of
Avionics Sales,
Elliott Aviation*



Brian Wilson

*Director of
Avionics Sales,
Banyan Air Service*

efficient with our resources and time to have more direct contact with customers. We are more efficient in what parts and products we stock. The problem in the avionics market is we are talking millions and millions of dollars in inventory that you have to have because you want to make the sale right when someone needs it. The problem is, if you over-commit yourself to your inventory, you get burnt.

Another issue is not only selling, but also making sure we get paid. It's

a sign of the times that people can't pay their bills. That's a challenge for all of us.

Tom Dalquist

*Avionics and Outside Maintenance
Sales Manager,
Hillsboro Aviation*

What is your biggest challenge?

Right now, it's trying to keep our avionics shop busy. The problem is the phone just doesn't ring as much as it used to. I feel you can't just sit and wait; you have to get out there

and pound the pavement a little bit more, shake people's hands and promote your services.

What are you doing to meet this challenge?

We've been doing a lot of brainstorming, and we've decided to market more and market smarter. We're going to hit it with a four- or five-pronged approach that will include a comprehensive marketing program of targeted direct mail, expanding our

Continued on following page

AEA MEMBER SURVEY

Continued from page 35

web presence with an upgraded website and Internet-based advertising.

As far as the avionics side of things goes, there are a couple of new products that well-known manufacturers are coming out with that I think I'll be able to get quite a bit

are looking for the work that other shops can't or don't want to do.

I'm running ads in *Avionics News* magazine looking for this kind of bench repair and instrument repair work from other shops. We've been so lucky to have four really great bench technicians on our staff here who can fix all types of avionics and radar. We're doing a lot of work on

new products that are available to them.

We're putting substantial effort into marketing and informing them what's available now — the fun stuff. When an airplane comes in for an installation or other work, after we tailor a package to fit what they need, we take the time to show them some of the new equipment that's available. Maybe it's XM radio or an iPod hook-up or DVD video; we can do pretty much everything. So far, it's been an easier sell than you might think. People want this new equipment. All we have to do is ask.

Laura Nolan-Stephens



I think my customers know there are probably not too many people who dedicate as much time to training as I do. I put my AEA training awards up on my wall.

of mileage with later this year. I am also going to get out on the road more and visit local flying clubs and helicopter operators to promote avionics upgrades. And we are going to more actively co-promote our maintenance and our avionics shops together. We need to let people know what we do.

Steve Hayden

*President,
Kings Avionics*

What is your biggest challenge?

Well, our biggest challenge is trying to keep our bench technicians busy. It's getting harder and harder for the manufacturers to allow us to work on the newer avionics. Most of them require us to send the boxes in for flat-rate repairs, and that's going to become a real issue for the shop and customer sooner than most people expect.

What are you doing to meet this challenge?

So many other shops have gotten out of the bench repair business because it's getting harder to find experienced repair technicians and to keep the ones you have busy; so, we

the old King Silver Crown radios and Cessna ARC autopilots. We are also opening a small satellite shop in Henderson, Nevada, and hopefully that will generate more service and bench work for us.

Chad Morley

*Avionics Manager,
Modern Aero*

What is your biggest challenge?

Our biggest challenge now, as it has been for the past several months, is to regain profitability. With the dire economy last year, we were forced to slash prices on products and give away labor to stay competitive. We were getting underbid on so many jobs that you wonder if the competition maintained any semblance of profit margin.

What are you doing to meet this challenge?

We're trying to obtain more margin in our installations by doing more up-selling than in the past. Customers used to be excited about avionics. I've noted that since many customers are trimming their budgets, they are not as well informed as to the many

Laura Nolan-Stephens

*Owner,
Nolan Avionics*

What is your biggest challenge?

For me, this year and probably for years to come is just being a woman business owner in a male-dominated industry. That's quite a challenge, especially since I am 27. When men walk in my shop, they expect to see my dad or someone. I think that's going to continue to be a challenge for me.

What are you doing to meet this challenge?

I have great word-of-mouth with my customers now. I work hard all the time to prove to everybody that I can do it and that I'm here to stay. Of course, I've worked so hard to get my education. I think my customers know there are probably not too many people who dedicate as much time to training as I do. I put my AEA training awards up on my wall.

I went to CAE SimuFlite for the Citation maintenance course and completed Global Jet Services King Air class. I also took a two-week course on the Boeing 737-700 at Southwest Airlines and completed the Horizon Airlines human factors

course. And I graduated from the FAA Academy. Honestly, I think the one thing that shows them I'm serious about my skills is that I worked for the FAA as an avionics inspector before I bought the business from my dad.

Rick Ochs

*President,
Spirit Avionics Ltd.*

What is your biggest challenge?

Much like everyone else in our industry, the real challenge is driving in new business. The economy and our industry have taken tremendous hits in terms of available capital and negative perceptions. The majority

of our customers are corporate jet operators, and they have really pulled back on aircraft use and discretionary spending. The majority of our revenue comes from upgrading avionics systems. Since there's no current mandate, it's up to what the owner necessitates. Pilots still want new equipment, but the challenge is getting the economic buyer to approve the expense.

What are you doing to meet this challenge?

We've been promoting the WAAS FMSs and focusing on cabin broadband communications. Those are the hottest technologies. The broadband seems to have more appeal for the

aircraft's owner. Recently, we've been marketing directly to the company principals for new cabin technologies — marketing to the top guy and letting the "I want" flow down to the chief pilot or director of the aviation department.

The goal is for the president or CEO to be calling the chief pilot and asking him why they don't have this capability in their airplane versus trying to push the proverbial stone uphill. It's a lot easier to sell something when the boss wants it. We've been seeing some fruit from that effort.

Continued on following page

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Advertisers Index

Aero Express	107
Aero Standard	108
Aircell	33
Aircraft Electronics Association	51
AOPA	7
Aspen Avionics	27
Astronics AES	87
Avcom Technik	75
Avgroup	89, 106
Aviation Classics	106
Aviation Instrument Services	46
Avionics Specialist Inc.	101
Avionics.com	106
CAL Labs	108
Capital Avionics	84
Cobham Avionics	59
Constant Aviation	107
Corvallis Aero	106
Dallas Avionics	IFC
Duncan Aviation	31
Dynamic Aviation	106
EAA	74
EDMO	107, BC
EPPS Aviation	106
Express Calibration Services	108
Flight Display Systems	17
Flying Magazine	103
Garmin	3
Georgetown Instrument Services	81
Harco	37
ICG	55
Kannad	43
KGS Electronics	61
Kings Avionics	106
L-3 Avionics Systems	67
Lanmar Aviation	107
Latitude Technologies	97
LinAire	107
Mid-Continent Instruments	5
Millennium International	85
Nason Associates	83
NBAA	47
Pacific Southwest Instruments	IBC
Pilot's Guide to Avionics	60
Preston Pressure	108
ProCal Laboratories	108
Stevens Aviation	93
Tangoware	108
Tech-Aid Products	107
TGH Aviation	1, 107
Trig Avionics	25
Ultra Electronics	95
Universal Air Repair	108
Universal Avionics	39
West Star Aviation	108
WxWorx	71

AEA MEMBER SURVEY

Continued from page 37

Mark Wilken

*Director of Avionics Sales,
Elliott Aviation*

What is your biggest challenge?

It's still finding that buyer out there. After this recession and last year, the buyers have become very cautious with their spending. I think everybody has become a little more frugal in their purchases and how and what they are purchasing. That trend goes right on up to the aircraft owner. The key to making sales today is understanding the different products and knowing which one will add true value for the customer. When you do, they will buy.

What are you doing to meet this challenge?

For the avionics side, we do a lot of different types of targeted marketing — each one aimed at a specific result. What I'm doing is trying to find that right product for the right airplane at the right price with the right feature set. We are targeting specific aircraft types with specific products and packages — what makes sense to those owners. Our marketing is much more calculated now. We're not necessarily increasing our marketing expenditures, but we are more judicious in regards to how we spend our marketing dollars.

Brian Wilson

*Director of Avionics Sales,
Banyan Air Service*

What is your biggest challenge?

Along with the economy, my biggest challenge is the certification process as it currently relates to

the FAA — in particular, the FAA's stance that Wi-Fi systems require an STC to be performed to substantiate the installations in lieu of a DER-approved 8110-3.

What are you doing to meet this challenge?

I recently attended a two-day, AEA-sponsored Wi-Fi Summit in Kansas City. The FAA was there, along with the Canadian and EASA authorities. Also attending were many FAA-designated DERs, certification companies and almost all players in the avionics retrofit industry.

The FAA did their presentations and educated the group about their concerns about Wi-Fi onboard the aircraft. The floor was then open for the installation facilities to respond and offer simpler solutions for the certification process and how the STC process was affecting their line of business. The common ground stated by the installation facilities was that Wi-Fi is going to be huge for our business, but if we have to get STCs on all different types of aircraft and components, the industry won't be able to afford it. Not counting the backlog and time it takes now to get an STC done, a deluge of STC requests will further delay what we need today.

If I could have a simpler certification process, like DER-approved 8110-3 documents, I could increase my installation work 30 to 40 percent; therefore, adding jobs to an industry that has been hurt in recent years. □

If you have comments or questions about this article, send e-mails to avionicsnews@aea.net.