



THE VIEW FROM WASHINGTON

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Are We Reacting to Change or Planning for the Future?

As we wrapped up the 52nd annual AEA International Convention & Trade Show in April from Dallas, it was clear the question most pondered during the convention was: “Action or reaction; are we prepared?”

The economy, of course, was front and center at this year’s convention, and many sideline discussions were about the impact the economy is having on individual businesses and the industry as a whole. But even the subject of the economy didn’t sway the overall regulatory focus of reacting to episodic changes or proactively planning for the future.

Nearly every regulatory discussion today focuses on the change from the traditional reaction to regulatory issues to the proactive approach of modern compliance. It wasn’t long ago when we followed a traditional quality-control approach to regulatory compliance — that is, we checked the item before it was released to the customer to ensure it met compliance. Today, the general consensus worldwide is more of a process-driven approach to regulatory compliance.

When looking at the proactive process of aircraft maintenance and the organization and operation of repair stations, we focus on developing a solid process for the performance of maintenance; however, we also look at likely failure points, and we develop procedures to mitigate risk when predictable failures happen.

In August 2001, the FAA changed how we describe repair stations. Repair station manuals changed from an “I will comply” promise to a “This is how I will comply with the regulations” process. But even today, we continue to struggle with this concept.

HOW DO YOU PLAN TO RUN YOUR BUSINESS?

Through the AEA, I help many start-up repair stations every year, and the first thing I tell these owners is to forget about the regulations for a moment. Instead, develop a business plan, essentially how you plan to run your business. This is so important because your business needs to reflect how you envision your business operating. This is certainly not how your FAA inspector envisions you will run your business — it is your business, not theirs.

Sure, there are some recommended “best practices” for many of the processes used in avionics. The AEA Government and Industry Affairs Committee recently began developing a series of best practice guides to help our membership. In time, the AEA will have an entire library for each major process used in an avionics repair station to help guide current shops as well as novice start-ups in defining their best practices.

The method for you is simple: How do you plan to run your business? How do you plan to process new customers? How do you plan to control materials? How

do you plan to control shipping and receiving? How do you plan to manage technical publications? How do you plan to manage calibrated equipment? And so on.

Write down each way you plan to manage the various elements of your business, then use these as building blocks for your repair station manual.

After establishing this process, we can go back and see if your plan would be in compliance with the regulations. This might be different than how some shops started their businesses; it might even be different than what your FAA inspector is comfortable with in general. However, the requirement is to comply with the regulations. If your process accomplishes this, it is acceptable. If your plan does not comply with the regulations, you will need to amend your process until the outcome is satisfactory.

If your business process is a bit different than industry standards (or standards with which your FAA inspector is familiar), I would expect your FAA inspector to ask a lot of questions. The inspector needs to make sure he or she is comfortable in knowing you are committed to your plan and that your plan will consistently result in regulatory compliance.

This new approach to regulatory compliance should, if followed, result in a compliant product. But what if it doesn’t? What if the system broke down? Then, we evaluate the system, find the error and correct it.

DO YOUR OWN INVESTIGATION

Wayne Fry, FAA regional branch manager for the southwest region, raised an issue during the annual Regulatory Round Table at the AEA Convention, which resulted in some great dialog on the subject: What happens when you receive a letter of investigation (LOI)?

First, the letter is an indication something doesn't look right to your FAA inspector, and they are investigating. What should be your first step if you receive an LOI? Do your own investigation. Don't assume just because someone believes he saw something not quite right that he actually did.

How many times have you been in a situation where you thought you saw something and were so certain you were right, you would have bet your next paycheck on it — only to find out you were wrong? No one, not even the FAA, is exempt from this phenomenon. (I recently lost a "soda" over the designation of an engine I had worked on for more than four years — thank you Pratt & Whitney.)

Therefore, you need to check out the allegation yourself; have your chief inspector launch an investigation. And use the LOI as an opportunity to improve your process, whether you are guilty or not.

Recently, I received a call from a shop complaining about his "new, inexperienced inspector" and the "ridiculous 19 items" the inspector recently wrote up. My comment was, "Great audit."

Theses findings are not discrepancies — not yet anyway; they are simply items needing follow-up. Someone who had no history with your organization found 19 items that didn't look right. You can't buy a better audit.

Now, investigate them yourself. Most of the 19 findings will not end up being regulatory discrepancies; they might be best practice issues with which the shop has gotten a little sloppy. But the audit — like the LOI — is a good tool in your efforts for continuous improvement, so use it to be proactive.

Back to what to do if you receive an LOI. After you start your own investigation, you need to answer the letter. If the letter seems as though it is a fishing expedition and is not

very clear, ask for clarity — it is your right. The letter is the first step that could lead to a legal action, so contact your business legal counsel.

Do not answer to anything that is not mentioned in the LOI. If the letter is about a maintenance evolution on June 5, don't describe your history with the particular aircraft; focus only on the work you performed on June 5. If the letter is about a radio installation on a Cessna, don't explain what you were doing to the Piper that also was in the shop that day.

This is akin to being stopped by a state trooper for speeding and giving him an explanation about the two beers you had with dinner. He asked about speeding, so limit your answer to speeding. So, if you are not sure about the question, ask for clarity.

Assuming you actually did something wrong, what have you done to correct the error and what have you done to amend your business process so this event isn't likely to occur again? What are you doing to be "proactive" to prevent further errors?

Remember this: Never, never surrender your certificates unless you have talked with your legal counsel first. Your FAA inspector cannot promise you anything — as well intended as they often are, they cannot promise what they cannot control. Sometimes, an FAA inspector thinks he can control the outcome of a situation only to discover it is out of his hands. Once you surrender your certificates, there are no guarantees when (or even if) you can get them back.

And don't agree to anything "just to make it go away" — it won't. It will be a part of your record and used against you later. How many times has your PMI/PAI been rotated out to another assignment or retired? How many PMIs/PAIs have you had since your business opened? Too many to count? What is the value of a promise made by someone who is no longer there?

NEXTGEN, AML-STCS AND GLOBAL COMMERCE

The Leadership Panel discussions during the AEA Convention offered three separate discussions, all focused on proactive approaches to business management.

Kim Smith, manager of the FAA's Small Airplane Directorate, gave her annual state of the industry briefing, which ranged from the downturn of the economy and the impact of the slowdown on the industry to the upturn of NextGen and the growth of technology advances being proven in general aviation aircraft. In addition, she provided an overview of President Obama's Transportation Department as well as the FAA's changes since the first of the year.

The second panel addressed the trials and tribulations felt while implementing the new STC process called an AML-STC: the approved model list supplemental type certificate. The AML-STC is a valuable and worthwhile tool for the advancement of avionics installations in Part 23 aircraft, but it comes with limitations placing additional burden on the installing agency. This session reviewed the AML-STC policy, what it is, what it is not, and how to best use an AML-STC. Look for more on this topic in future Avionics News issues.

The third panel focused on international commerce. Aviation is a global industry and the opportunity to install avionics in foreign-registered aircraft comes with certain challenges. This session addressed the need for return-to-service authority from the "state of registry" where the aircraft is registered. Essentially, if you are working on a European aircraft, you need return-to-service authority in accordance with the European regulations. The FAA authority (with the exception of Canadian aircraft) only authorizes return-to-service on U.S.-registered aircraft.

This session also highlighted the challenges of working on aircraft from certain Asian Pacific countries, which is a new market with new challenges.

This year's AEA International Convention & Trade Show was informative, educational and cost-effective. Budget now for the 53rd annual AEA Convention, which is scheduled from April 7-10, 2010, in Orlando, Fla. □

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