

Achieving critical mass

INTERVIEW WITH GRAHAM WILLIAMSON

PRESIDENT, TAG AVIATION



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What recent trends have you seen in Europe in terms of business aircraft utilisation: time sharing, charter, leasing or full ownership?

The number of new aircraft coming into Europe has slowed considerably, to say the least. This year, the proportion of new aircraft added to the European fleet is roughly 30 to 40 per cent. What we saw in the past is that a charter customer, having experienced the considerable benefits of business aviation, would eventually reach a point where they were logging, say, 200 to 400 flight hours a year. In other words, they were reaching a critical mass where the purchase of an aircraft could be justified. On the other hand, we've had meetings with clients who were using charter aircraft for 100 hours or so and immediately wanted to acquire their own aircraft. At TAG Aviation, we've usually advised against making such a move so quickly. We say, 'You don't really want to do this right now; you simply don't have the volume and you're just setting yourself up for a painful experience.' We've seen that happen many times in this industry; we know what we're talking about.

But once a critical mass is reached, then it might make sense to have your own private airborne meeting room, lounge, bedroom or dining room. All depending on the type and size of aircraft being considered. As to the aircraft, in the past we had a high volume of new aircraft coming in; about 90 per cent. Now I'd say that probably a third are

new clients, with a third scaling up to larger or longer-range aircraft, and the remainder are in the miscellaneous category. Now we have done very well with the Gulfstream G650: where we had none just a few years ago, now we have nine at last count. So we might have a chap come in who operates a Falcon 2000, for example, and is determined to buy a G650. He might well consider that since TAG has a lot of G650s, there may well be some benefits in talking to them. Negotiate a good deal, in other words.

What about large corporate flight departments, that own and operate their own aircraft and may charter on occasion?

Well, I should mention that there is a new regulation in Europe called the Non-Commercial Complex, or NCC. It is run under the EASA (European Aviation Safety Agency) and covers complex aircraft, including certain weights and sizes. All such aircraft will be regulated much more strictly than in the past. Effectively about 90 per cent of the rules applying to any aircraft operating commercially under an AOC (Aircraft Operating Certificate) apply to any aviation company, such as TAG Aviation. In fact, the same rules that govern our operations govern any large airline, such as British Airways or American Airlines, for example. A lot of those rules are required to be in place for private or business aircraft. The owner has to sign a declaration as the operator, saying 'I take full responsibility for the maintenance programme, the operations manual, the pilot training and so on.' But the fact is, not many operators are willing to do that. What TAG is quite willing to do is sign the declaration on behalf of said operator and manage its aircraft. We welcome such transactions as any business would, and in fact we've had a couple of large corporations take us up on our offer to sign such declarations, which can be rather complex, naturally.

How has EASA changed the way business aviation now works in Europe?

In the past 10-15 years the responsibility of maintaining order and overseeing the correct compliance to business aviation regulations has shifted from the national authorities and the regulators to the operators. To a certain extent I think that TAG Aviation has been at the vanguard of this shift. Today

Hampshire's Farnborough Airport lies less than 1 hour's drive from London



we have a complete management system, wherein I am the accountable manager for our AOC. In the past, there was a regulator who came to a company and did an inspection twice a year. Your job was to pass those inspections and you'd better do just that or there would certainly be dire consequences. EASA changed all that. TAG is responsible and accountable for our crews, passengers and the safe operation of our aircraft. Is registered in Europe – based, operated or owned by someone resident in Europe, have to comply with all the rules. And yes, we see opportunities for TAG to grow in this climate, but only if we can meet the needs of our clients.

How is TAG Aviation positioning itself for further growth?

We are well-placed worldwide and TAG Aviation is a growing business, whatever conditions or roadblocks we encounter. EASA has done a great job in lobbying for our industry here. Coincidentally, I have recently been appointed to EASA's Board of Trustees and we are trying to ensure that our collective voice is heard. The business aviation industry is a huge employer in Europe and we generate billions in terms of revenue, both directly and indirectly, employing perhaps 50,000 people in the UK alone.

It's a simple fact that the ability to do business on a global scale requires people to be able to move quickly and efficiently. But unfortunately, because of the world we live in, security and airport access in general has become much more difficult for passengers on commercial airlines worldwide. So the business aircraft has become an increasingly valuable business tool. If I were to predict conditions in the short term, I think there will be even more corporate operations in the US where few would blink an eye that the chairman of a company uses a business jet. I think that is more the norm in Europe. And more and more companies are using their aircraft to transport middle management teams as well which could contribute to future growth of the need for business aircraft. Especially as product improvements have led to increasingly more fuel efficient, 'green' engines, advanced aerodynamic designs and lightweight materials. I would say TAG Aviation will be well prepared to maintain, manage and operate such aircraft as they come on line. To name a few long-range aircraft that were designed with global travel in mind are the ultra-long range Gulfstream G650ER, Bombardier's global series, including the forthcoming Global 7000, and Dassault's recently certified Falcon 8X. They have added a whole new dimension to the way business people – the deal makers – can move freely and efficiently among global markets.



It's a given that business aviation is here to stay, so what challenges do you see facing the industry?

Fortunately, Innovation in our industry never ceases. That is ultimately the key to success. I think a challenge for us as an industry is that it is now very fragmented. But I also think that consolidation is inevitable. We are very fortunate at TAG Aviation that we achieved critical mass a long time ago and we have multiple revenue streams of businesses throughout Europe. But it is getting more and more difficult for small operators to provide a high level of service and to remain on the cutting edge of all that's required with just a small number of aircraft. And there are many of these small operations in Europe. TAG has always promoted the highest levels of training standards and we'll gladly share safety information and a wide range of operational data with other operators, via various associations in the UK and Europe, hence we are very active on the Board of EBAA. In my opinion, operationally, a wide range of companies in the general aviation industry are finally coming together in a spirit of cooperation to share all sorts of information, for the betterment of all. As they say, 'There's strength in numbers.'

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Above: Interior of the ultra long-range Gulfstream G650

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