When business aviation is booming, as it is now, nowhere is it more evident than at FBOs, the place at airports where everybody ends up hanging out, working, planning, preparing, departing and arriving. FBOs are also the place where most people are introduced to non-airline aviation.

FBOs hire more entry-level workers than any other aviation service business, launching thousands of fresh young aviationists—pilots, technicians, operations experts, marketers and managers—into satisfying (and occasionally lucrative) careers. And FBOs reflect the state of the industry. In good times, the fuel flows, business jets crowd the ramps and FBOs build new hangars and opulent terminals to welcome pilots, passengers and owners.

When the economy dims, FBOs are still there, keeping the doors open for weary travelers, perhaps putting a big project on hold and managing costs carefully, but always preparing for the turnaround so that when business picks up, the facility is once again ready to welcome the growing flow of business aviation traffic.

From record high sales of business jets to the slow but sure advent of very light jets and growing fractional and jet card programs, business aviation is riding a wave of strong interest and investment. Certainly there are some areas of concern, such as user fees, airport infrastructure problems, environmental issues and even shortages of experienced personnel, but no one is forecasting a business aviation decline anytime soon.

Shipments of turboprops and business jets are up 11.5 and 18 percent, respectively, from 2005 to 2006, according to the General Aviation Manufacturers Association. In its annual forecast issued in October, Honeywell Aerospace predicts that more than 1,000 business jets will be delivered this year. Rob Wilson, president of Honeywell Business and General Aviation, noted that industry growth is moving into uncharted territory.

He added, “The march to adopt advances in technology continues at every manufacturer. Innovation to improve cabin comfort, extend range, broaden mission capability and produce business jets that are highly productive, cost-efficient assets is ongoing across the industry, from both traditional and emerging business aircraft OEMs.

Steady gains in new aircraft capability and flexibility, coupled with incremental demand from fractional ownership and jet cards, airline use of business jets, branded charter operations and special-mission applications, all fuel unprecedented business jet demand over the next 10 years.”

“That businesses are beginning the year with a positive outlook is not surprising,” said Donald Kohn, vice chairman of the Federal Reserve Board, during a speech on January 8. “Profits have been high, encouraging business expansion, and external funding for capital projects remains readily available on favorable terms.”

In its annual business jet forecast, also released last October, Rolls-Royce noted that the business jet market is driven by factors such as the business cycle, corporate profits, personal wealth, new technology, aircraft retirements and growth outside the U.S. “Corporate revenues are likely to increase from $9 trillion to $18 trillion over the next 10 years,” the company’s presentation stated.

The number of millionaires should grow by 50 percent and billionaires by more than 100 percent by 2015. About 4,700 business jets will be retired in the next 20 years, according to Rolls-Royce. And most significant, business jet deliveries outside the U.S. are climbing sharply, with a greater percentage than ever going to markets that traditionally were not big buyers of business jets.

There are clouds on the horizon, but it’s too soon to judge whether they will have a negative effect on business aviation. The 416-point drop in the Dow-Jones Industrial average on February 27 is one such cloud, and while pundits claimed that it was a result of a drop in the Chinese stock market, something former Federal Reserve Bank chairman Alan Greenspan said might have had an influence, too. On February 26 Greenspan gave a speech to a Hong Kong business conference over a satellite link, according to a brief Associated Press report on February 27.

AP quoted Greenspan saying that signs indicate the current economic expansion might be ending. “When you get this far away from a recession,” he said, “invariably forces build up for the next recession, and indeed we are beginning to see that sign.”

The following day, the market seemed to shrug off Greenspan’s remarks, and financial pundits downplayed his influence.

**Fuel and Oil Prices**

Last year when oil prices spiked during the summer, business aviation traffic didn’t decline, to the surprise of many in the industry, and the rise in prices did not signal business contraction. While fuel is the biggest operational expense, variations in fuel price don’t have that much of an effect on the people who pay the bills (the owners of the aircraft).

“Fuel pricing at FBOs is an easy topic to get heated over,” said Richard Michaels,
The price of jet fuel, he added, "is always a factor of what the market will bear. It’s just the cost of doing business." Events such as terrorist attacks or natural disasters could cause price spikes, "but it’s the fear of a shortage of crude itself that causes these large spikes."

Fuel sales for distributor Avfuel, which delivers 20 percent of the aviation fuel used in the U.S., "are slightly ahead of last year," said Craig Simcoock, president and CEO. Overall, he added, there is no shortage of crude oil. And the marketplace responds quickly to imbalances. "The best solution for high prices is high prices. When you have a disaster, the market responds and you go back to normal. It beats government interference." By the time the government figures out a process to allocate fuel, the crisis would be over, he said.

Many refineries are now operating on a just-in-time basis, which means they keep the most efficient level of inventory as long as possible, due to the high cost of storage. So when there is an upset in the market equilibrium, Simcoock said, "higher prices attract solutions, then prices fall. That’s what you saw with Hurricane Katrina."

Avfuel’s own forecasts of the oil market see swings in crude oil prices of about $4.50 per barrel, with the price hovering around the $60 per barrel mark. "This would translate into pretty much the same jet fuel prices that we have today," he said.

Apart from necessary refinery turnarounds, said Allen Brez, ConocoPhillips director of marketing for general aviation, "supplies are adequate and inventories are good." Each year, all oil refineries must undergo regular maintenance, called turnarounds, that involves cleaning equipment and revitalization of catalysts.

ConocoPhillips, with 12 refineries, does not schedule turnarounds that would shut down more than one refinery at a time and also tries to make sure its refineries aren’t closed at the same time as other oil companies’ facilities in the same geographic area. Turnarounds average one month, depending on what needs to be fixed.

Refineries are operating at capacity, Brez said, and there is little activity under way to build new ones, due to cost, regulatory and local political issues. The mild recent winter in the U.S. helped keep oil prices down, but as summer approaches, refineries start building inventories of auto fuel, which tends to increase the price of crude oil, he said. Jet fuel prices tend to drop in the spring and summer because the demand for home heating oil drops.

Overall, jet fuel demand should climb this year by 3 to 5 percent, according to Brez. "I don’t see any change this year," he said, even if the price of jet fuel rises. "Companies made investments in corporate aircraft, and just because the price of fuel has gone up doesn’t mean they aren’t going to use them. Overall, as long as there are no major weather problems such as hurricanes, and no political upheavals around the world, we’re now in a fairly stable situation. Supplies will be adequate given we have a calm year on those playing fields."

The VLJ Effect

There has been plenty of talk about the coming “onslaught” of very light jets, how they are going to “darken the skies” and cause traffic congestion and safety problems. What effect will they have on FBOs and their already overburdened ramps and hangars? Are VLJs going to be the bane of FBOs, or will FBOs treat VLJs as just another airplane and customer?

“[FBOs are] not going to turn their backs on VLJs,” said Jim Burns, CEO of Magnum Jet, which has 100 Adam A700s and 100 Embraer Phenoms on order for the company’s Connect Central-based air limousine operation. VLJs will be flying into many smaller airports, he said, which will expand the market for jet operations to smaller secondary-market FBOs that don’t usually see many jet operations.

“The general growth of private aviation is going to feed FBOs,” he said, “and they’re going to become much more valuable.” While VLJs don’t burn as much fuel as larger jets, he said, they will use a substantial amount because they will fly a lot, especially those in large-fleet operations such as Magnum Jets planned air-limo service. “It is clear to me,” said Rick Adam, CEO of VLJ developer Adam Aircraft, “that there is going to be a major movement toward personal transportation in the next few years.” When traveling from New York to London, he said, airlines work fine, but for those who want to go from secondary city to secondary city, “the terminal becomes your FBO.”

In the move to democratize and

Survey Results

Beginning with last year’s AIN FBO Survey, select readers were invited to rate FBOs in four categories: line service, passenger amenities; pilot services and amenities; and facilities, using zero to 10 points for each category instead of the previously used maximum of nine points. Surprisingly, no FBO scored higher than nine points in this year’s FBO Survey, although Wilson Air Center’s Memphis, Tenn., base once again topped the list, at 9.88, slightly down from last year’s score of 9.052.

For the first time, AIN conducted the FBO survey entirely online, with no paper entries. The readers who were invited to participate were notified via e-mail or fax and postcard. Some readers received multiple e-mails, and AIN apologizes for that error, which was caused by a problem in database processing.

AIN’s survey contractor, Forecast International, logged 2,384 survey returns, a 22.6 percent response rate, higher than last year’s and more than double the previous year’s returns when the survey was done on paper. Respondents added 271 write-in FBOs in their surveys, and the average number of FBOs readers rated was 15.

AIN added many more FBOs to this year’s survey, in response to readers’ write-ins from last year and a more comprehensive analysis of FBOs at airports frequented by AIN readers and business jet travelers. The 2007 Survey also included non-U.S. FBOs and airport service providers, in recognition of increased business jet travel outside the U.S. and the slow but steady growth of business aviation around the world. The results of the non-U.S. (rest-of-world) FBO Survey will be revealed in next month’s issue.

Some interesting changes in rankings showed up in this year’s survey, partially as a result of adding so many more FBOs for readers to choose from. The top five list is a bit different this year, except for Wilson Air Center at the top, with Airflite now number two instead of three and Million Air (Pentastar), Enterprise Jet Center and Million Air (Minneapolis) bumping Regal Aviation, Toronto International Jet Center and Business Jet Center to lower rankings.

AIA Boca Raton made a big jump to sixth place from 10th last year, followed by Business Jet Center (Dallas) at number seven. The FBO run by the City of Sugar Land in Texas tied Business Jet Center for seventh place. SkyServise Toronto, Canada, ranked highest of the non-U.S. FBOs in the North and Central Americas, and number 10 is Scottsdale Air Center, a strong move up from number 14 last year.

Eleven FBOs dropped off the Top 40 list this year, and new entrants on this year’s Top 40 list include Enterprise Jet Center (4th), City of Sugar Land (7th), Meridian Teterboro (15th), Regional Jet Center (18th), Million Air Salt Lake City (25th), Stuart Jet Center (31st), Million Air Columbus (36th), Irving Aviation Services Goose Bay (36th), Marathon Flight Services (36th), Beaver Lake Aviation (39th) and SheltAir Aviation Services Jackson (40th).
decentralize [business in the U.S.], one of the huge winners is going to be the FBOs.”

Adam sees VLJ operations as similar to those of Cessna’s CitationJet series or Raytheon's King Air turboprops. “There are several thousand flying today like VLJs,” he said. Those operated by professional pilots still expect professional services from FBOs, especially quick turns so they can get back out and earn money, while owner-pilots might expect more amenities at FBOs and not so much quick service. So even with VLJs multiplying, it’ll look a lot like today’s light jet operations, Adam said. “What we will see is there will be more of them. Instead of one or two, we’ll see five or six on the ramp.”

Don’t expect a huge influx of VLJs soon, Adam added. “Across all the companies, there will be a slow build up in 2007, and 2008 will be pretty frequent and most of the time when you go to a reasonable-sized airport you will see a VLJ. In the next 18 months they’ll be pretty common.”

Companies that are seeking new opportunities for FBO acquisition already have noted this coming trend, Adam said. “My sense is the consolidators have already seen this. I think the smart money saw this coming a couple of years ago and is already down the trail in [planning] acquisitions.”

The Fractional Factor

NetJets, which has more than 600 business jets in its fractional-share operation, has a unique perspective on the effects large numbers of airplanes have on the FBO business. “The way we fly airplanes,” said president Jim Christiansen, “each one of our probably equals two or three business airplanes in terms of usage. We operate on average 1,100 hours a year for each one, significantly more than the typical corporate airplane. Our impact on the FBO world is more significant than an equal number of airplanes operated by a single entity.”

NetJets has formed a relationship with Signature Flight Support, but although it is the largest FBO chain, Signature doesn’t have FBOs at every airport that NetJets customers want to use. To make sure FBOs meet the criteria: safety; quality of service provided to owners and crew members; facilities and amenities; partnership development; maintenance capability; and price. For the partnership criterion, NetJets is looking for FBOs that are willing to work with the fractional’s needs such as its formula for fuel pricing and its invoicing system. “A lot of perception of service is dependent on the service the FBO provides,” said Christiansen. “How they greet customers, the people behind the counter. If customers have a bad experience, that reflects on us.” NetJets crew who see substandard service can send an e-mail directly to the NetJets team to let them know about the problem, and NetJets relationship managers immediately follow up with the FBO managers. FBOs seriously interested in working with NetJets can attend a quarterly vendor education class.

“We view this as a partnership,” Christiansen said. “We don’t go in and demand things. We work with the FBOs to tell them what the standards are. It’s very organized, professional, easy to understand and with clearly defined criteria. It’s a carefully orchestrated process because it’s so important to our business.”

Pricing is not so critical for NetJets because it needs FBOs to serve its shareholders. “We want fair competitive pricing,” Baumgartner said. “Some FBOs have margins so small and thin, [we worry] are they making money? Will they be there long term?”

FBOs are becoming more professional, Christiansen concluded. “FBOs represent a significant element of theaviation industry they’re a huge part of the value chain and doing more for our customers.”

Since pilots often spend a good deal of time in the FBO it is no surprise that survey respondents indicated an appreciation for nicely appointed facilities, such as those at Florida’s Stuart Jet Center, which ranked 31st.

FBOs in high-traffic areas have no trouble garnering the requisite number of responses for inclusion. Vail Valley Jet Center in Eagle, Colo., was among the top 40 FBOs in the survey.

CONTINUED ON PAGE 24
on fuel sales. It has also expanded the charter department substantially and added a new hangar. The FBO provides maintenance services, making it one of few truly full-service FBOs in the U.S. “We’ve always been full service,” said Jury. “That was our intention when we came from Sturgeon Bay, where we were the only game in town.

“If we didn’t provide the service, no one would. Now there are a lot of different revenue streams feeding into the pot. The end result is that the company is successful and the customer is happy.”

Orion is fortunate in that finding qualified workers for all of its divisions is aided by the nearby location of Fox Valley Technical College, which has pilot and mechanic training programs. “They’re all looking for work,” said Jury. “They’re high-quality people until they’re ready to work.”

New employees also job-shadow more experienced workers until they’re ready to go back to a hotel for a few hours.

FBOs Are Here To Stay

Mercury’s Michaels is confident that FBOs are a critical part of the aviation infrastructure. “Today’s sad reality is that an airline terminal is a miserable place to begin or end a business trip,” he said, “whereas FBOs provide a tremendous value to both passengers and crew access to multimillion-dollar facilities offering privacy and security, business amenities, secure complimentary parking and even clean lavatories. They’re a pleasure to visit, and regular customers are always welcomed back.”

Orion is fortunate in that finding qualified workers is made easier by the nearby location of Fox Valley Technical College, which has pilot and mechanic training programs. “They’re all looking for work,” said Jury. “They’re high-quality people until they’re ready to work.”

New employees also job-shadow more experienced workers until they’re ready to go back to a hotel for a few hours. With a fully stocked bar, library with plush chairs and handsome bookshelves filled with carefully selected volumes, a well appointed gym and a movie room with stadium seating and a gigantic screen, FalconTrust is unusual among FBOs.

Pleasant nooks and outdoor seating areas make the Mediterranean-style building a pleasure to visit, and regular customers have access to their own wine locker and humidor. “People expect a lot more when flying in a $30 million aircraft,” Sotero said. “This welcomes you back to Miami; you want to come back.”

Orion said that traffic at Kendall-Tamiami Airport has grown 20 percent since FalconTrust opened in June 2005. The FBO is not designed only to make people want to stay, but also to return. “Customer satisfaction is worthless,” he said. “Customer loyalty is priceless.”

Source: AIN 2007 American FBO Survey.

Data compiled by Forecast International of Newtown, Conn.
AIN readers have spoken by responding to AIN’s 2007 FBO Survey and, once again, the top rankings reflect perennial favor- ites. While FBO amenities are important and FBOs spend a lot of money improving facilities, service remains the most im- portant factor behind the numbers that readers choose when responding to the AIN FBO Survey. Most reader comments mention service, and the top FBOs in the rankings acknowledge that while their facilities are among the best, the high level of service their employees provide is more important than the building, the fuel price and the size of the plasma TV in the pilot lounge.

“People make the biggest difference,” said Stephanie Jordan, general manager of Business Jet Center at Love Field in Dallas, one of the FBOs to tie for 7th place in this year’s rankings. At Business Jet Center, which also owns an FBO at Oakland International Airport in California (tied for 15th place), the hiring process is lengthy. Candidates typically have no aviation experience, Jordan said. “We found that works best. We can then groom them to our culture and way of doing things.” After the human resources department conducts an initial screening of applications and résumés, the department manager interviews the candidate and gives him or her a tour of Business Jet Center, including an introduction to other personnel and observing the all-important ramp activity.

The assistant FBO manager then conducts a more in-depth interview to try to learn if the candidate is just seeking a pay- check or if he might truly be interested in an aviation career. If that interview goes well, then it’s Jordan’s turn, so there are a total of three interviews for all job appli- cants, whether they will be line technicians, flight line attendants (concierges) or customer service representatives.

“We make sure that anybody we hire, we want them to know our customers,” Jordan said. “If our hangar chief sees one of our customers, he knows to speak to them and say their name. That’s the whole culture that makes a difference. Most of the time, the customer wants to know that they’re appreciated and that we care about what’s going on in their life. We try to get to know them as much as possible.”

Visitors to Business Jet Center FBOs shouldn’t be surprised to see employees running from task to task. Jordan tells prospective employees they might have to hustle when it’s a typical 106-degree summer day in Dallas. At the same time, employees are encour- aged to voice their opinion and make suggestions so that Business Jet Center is not just a job where people “show up, shut up and work,” she said, adding that employees should feel that the FBO is “my company, and I have a say-so in it.”

Business Jet Center is not always all-work, no-play. “We have a long tradition of nicknaming things,” Jordan said. Line attendants help clean up the cabin for arriving flight crews, for example, and this service has come to be known as a “tidy turn.” Now, when regular cus- tomers call ahead on the Arcinc frequency, asking for the cleaning service, Jordan thinks it’s hilarious. “I love it when I hear a grown man say ‘I want a tidy turn.’” It also helps set Business Jet Center apart, Jordan explained. “We give half of the other competitive airports in the country, with seven FBOs. We’re cognizant there are six others doing what we do.”

Hiring the Right People

As important as quality employees are, getting customers to come back is critical to any company’s success, and Business Jet Center has made that a priority. “When we started, we had a temporary facility and were able to increase fuel sales every month. To us that said it’s not about the building: it’s about the people and the service. We try to teach all employees we want that custom to be so in love with us.”

At Business Jet Center, Jordan and her team are constantly trying to figure out how new habits might offer opportunities. Many people travel with electronic devices such as cellphones and GPS units and occa- sionally leave them in rental cars, so the FBO personnel always check rental cars and match lost gadgets with their owners.

“As a service provider, it’s our job to be proactive,” she said.

Customers often spend more time in FBOs than they do at their flight opera- tions, and what they don’t like to see at FBOs, Jordan said, “is constant change and commotion.” But they do like special touches like the fresh flowers and fruit that Business Jet Center added recently.

AIN readers moved Scottsdale Air Cen- ter’s score up four places to 10th in this year’s FBO Survey. “If they get good serv- ice,” said general manager Tommy Walker, “pilots recognize it. As a result, they will have [return] because of the trust and security they have that next time they visit, they will have the same service.” Of course, he added, “The FBO’s challenge is to provide the same level of service.”

While Scottsdale Air Center doesn’t face competition from six other FBOs on the same field, it does have strong competi- tion from Landmark Aviation’s Scottsdale FBO, the former Corporate Jets facility.

What makes Scottsdale Air Center a top draw, Walker explained, is its ongoing effort to train employees in safety and customer service, allied with continual marketing of the facility to prospective customers. “Our reputation,” Walker said, “and pilots’ repeat visits, is because of the service and also because of the FBO’s hav- ing its name and presence in front of the potential aviation community.”

Walker admitted that keeping top-notch personnel on board is always a challenge. “When we take somebody off the street who has no training, we found it into them that safety is first in aviation, that it’s of the utmost importance.” People who started with Scottsdale Air Center four years ago are now managers, and one former line technician who was promoted to line serv- ice manager in Scottsdale is now general manager at sister-FBO Denver JetCenter, another Top 40 FBO.

“These are good people,” Walker said. The young people entering the aviation in- dustry now “are smart, they’re dedicated, and I’m proud to say they enjoy the responsi- bility and have high integrity.”

Wilson Air Center’s Memphis, Tenn. FBO remains on top of the AIN FBO Sur- vey this year, the company’s 7th time in a row, and to owner Robert Wilson, son of the founder of the Holiday Inn hotel chain, this comes as no surprise. “It’s extremely simple,” he said. “It’s called people. Be- hind that is retention of excellent staff. We’ve been exceptionally fortunate, they’ve been here a while, they know what they’re doing and they know how to deliver what we set as customer service levels. We spend a good deal of time going over [those levels] and making sure they are holding to those values that we set.”

Those values are core to Wilson Air Center’s three FBOs, at Memphis, Hous- ton Hobby and Charlotte, N.C. But at the same time, the managers of each facility have the power to take care of customers as they see fit.

“The level of service provided by a Wilson Air Center FBO is expensive. “We have to hire better quality people,” said David Ivey, vice president of the three FBOs, “and we have to reward them. And we have to be able to provide amenities. The bottom line is that pilots aren’t going to like coming if they don’t think the fuel price is fair and they don’t like the staff. What Bob Wilson has done to this industry is similar to what his father did for the hotel industry. Put in enough [quality] peo- ple, charge a fair price, and you’ll get your market share.”

This business philosophy has to start at the top,” said Ivey, who has worked for several other FBOs and as an airport manager. “It’s a philosophy that Bob and his family have set down that we enact in day and day out. We set high expecta- tions and hold people accountable and provide training and progressive pay to attract and retain people.
“There is no secret,” Ivey explained. “It is hard work, constantly upgrading our training program, the emergency manual, the safety manual. We’re constantly holding the line guys accountable, and we’ve empowered our people to hold each other accountable. I can have a line guy hold a supervisor accountable.”

Wilson Air Center recently implemented a system where any employee can issue a “safety violation” when they observe someone doing anything that violates Wilson’s safety rules and policies. The employee who is caught will have to explain why he should be allowed to continue working at the FBO.

“One thing doesn’t change,” Ivey said. “We’re not allowed to say no to a customer; that’s Bob’s directive. We have to figure out how to do it. Only senior management is allowed to say no.”

When it comes to hiring new workers, Ivey said, “I can teach most anybody to be a line tech or customer service representative, but I can’t teach love and passion.” The hiring process at Wilson’s Memphis facility is similar to the one Business Jet Center employs; prospective hires are interviewed three times, by the line manager, customer service manager and Memphis general manager Rob Hartwein.

“Do they have the heart, the passion, the drive to be able to come to work with a smile on their face? That’s as important as their qualifications,” Ivey said.

“It does come back to people,” said Hartwein. “We surround ourselves with people who want to be here. The Wilsons treat us well, and we forward that onto the staff. We don’t sit in the office and find things wrong; we’re out there with them.”

When the FBO starts hopping, everyone is likely to be on deck helping customers and taking care of pilots, including people from administration, human resources and the accounting department and Hartwein himself. During a high-traffic football game over the New Year’s holiday, many airplanes were departing and everyone pitched in, including Wilson, who was on crutches due to a leg injury but drove a courtesy van to free up line technicians who were needed on the ramp.

---

**Busiest Countries**

The majority of the 37,036 evaluations submitted in [AIN’s 2007 FBO Survey](#) rated U.S. FBOs, as can be seen in the chart below. As expected, the area with the next highest number of FBO evaluations is Europe, followed by Canada. Mexico remains relatively active with business aviation travelers, and the nation tallied more than a third of the evaluations the rest of Latin America received.

There has been plenty of discussion recently about growing business aviation markets in Asia and India and news of new FBOs and investments in the Middle East, but the numbers of evaluations in those markets remain disappointingly low. Non-U.S. airports, for the most part, don’t have the same kind of privately owned FBO/fuel provider structure as U.S. airports, so we do expect the growth of traditional FBOs outside the U.S. to inch ahead slowly but steadily as those who can afford the benefits of business aviation buy more aircraft and persuade their regulatory authorities that allowing a general aviation infrastructure to expand naturally is hugely beneficial for any growing country. —M.T.

---

### Busiest regions

<table>
<thead>
<tr>
<th>Region</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>29,772</td>
</tr>
<tr>
<td>Europe</td>
<td>3,774</td>
</tr>
<tr>
<td>Canada</td>
<td>1,075</td>
</tr>
<tr>
<td>South America, Central America, and the Caribbean</td>
<td>962</td>
</tr>
<tr>
<td>Mexico</td>
<td>388</td>
</tr>
<tr>
<td>Asia Pacific, Far East</td>
<td>375</td>
</tr>
<tr>
<td>Middle East, Africa</td>
<td>275</td>
</tr>
<tr>
<td>U.S. Territories</td>
<td>167</td>
</tr>
</tbody>
</table>

Source: [AIN’s 2007 Americas FBO Survey](#). Data compiled by Forecast International of North Haven, Conn.
Busiest FBOs

Only two non-U.S. FBOs—Skyservice (8.60) at Toronto’s Pearson International and Signature Flight Support at London Luton (7.54)—made it onto the Top 40 busiest FBOs chart. Teterboro’s Jet Aviation (8.31) remains a particularly active FBO, according to the evaluations submitted by AIN readers, but despite the heavy traffic it didn’t outscore this year’s top-rated FBO, Wilson Air Center in Memphis (8.98), which is in the middle of the chart with 179 evaluations.

It is interesting to look at the popularity of certain airports, as shown on this chart, despite the unpopularity of FBOs on those airports. In some cases, there is only one FBO and operators don’t have a choice. San Diego is a good example, with low-scoring Jimsair at Lindbergh Field. The San Diego area just doesn’t have much choice for airports with decently long runways near downtown. Traffic is high, too, at Miami International, which is surprising because there are so many other excellent airports with highly rated FBOs in the Miami area.

Also noteworthy is that many FBOs at airports with only one FBO still rank fairly well, despite the widespread pilot complaints that monopoly FBOs deliver poor service, this is not borne out by the numbers in this survey. At San Francisco, for example, Signature Flight Support garnered a 7.12, not a low score compared with some airports and FBOs, although it is on the low end of the scale for the airports in this chart. Wilson Air Center’s Charlotte, N.C. FBO did well after slightly more than a year in business, with an 8.04, and that, too, is a sole FBO.

The big picture here is that all of these FBOs should receive high ratings; those that aren’t either aren’t doing something right or aren’t reaching out to their customers to make sure they are happy. –M.T.

Top 40 Busiest FBOs

<table>
<thead>
<tr>
<th>FBO</th>
<th>Airport</th>
<th>Responses</th>
<th>Overall Avg.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jet Aviation</td>
<td>Teterboro (TEB)</td>
<td>421</td>
<td>8.31</td>
</tr>
<tr>
<td>Denver Jetcenter</td>
<td>Centennial (APA)</td>
<td>259</td>
<td>8.40</td>
</tr>
<tr>
<td>Signature Flight Support</td>
<td>Miami International (MIA)</td>
<td>250</td>
<td>6.78</td>
</tr>
<tr>
<td>Jimsair Aviation Services</td>
<td>San Diego Lindbergh Field (SAN)</td>
<td>249</td>
<td>5.34</td>
</tr>
<tr>
<td>Atlantic Aviation</td>
<td>Las Vegas McCarran International (LAS)</td>
<td>244</td>
<td>7.34</td>
</tr>
<tr>
<td>Valley Jet Center</td>
<td>Eagle County Regional (EGE)</td>
<td>235</td>
<td>8.31</td>
</tr>
<tr>
<td>Meridian Teterboro (formerly Million Air)</td>
<td>Teterboro (TEB)</td>
<td>235</td>
<td>8.45</td>
</tr>
<tr>
<td>Atlantic Aviation</td>
<td>Teterboro (TEB)</td>
<td>231</td>
<td>7.72</td>
</tr>
<tr>
<td>Atlantic Aviation</td>
<td>Chicago Midway International (MDW)</td>
<td>231</td>
<td>7.99</td>
</tr>
<tr>
<td>Corporate Jets/Landmark Aviation</td>
<td>Scottsdale Municipal (SDL)</td>
<td>225</td>
<td>8.22</td>
</tr>
<tr>
<td>Atlantic Aviation</td>
<td>Pitkin County/Sardy Field (ASE)</td>
<td>219</td>
<td>7.65</td>
</tr>
<tr>
<td>Landmark Aviation</td>
<td>Washington Dulles International (IAD)</td>
<td>209</td>
<td>7.59</td>
</tr>
<tr>
<td>Epps Aviation</td>
<td>Atlanta Dekalb-Peachtree (PDK)</td>
<td>199</td>
<td>7.57</td>
</tr>
<tr>
<td>Galaxy Aviation</td>
<td>Palm Beach International (PBI)</td>
<td>192</td>
<td>7.76</td>
</tr>
<tr>
<td>SkyService</td>
<td>Toronto Pearson International (CYZZ)</td>
<td>189</td>
<td>6.60</td>
</tr>
<tr>
<td>Avatar Westchester</td>
<td>Westchester County (HPN)</td>
<td>184</td>
<td>7.56</td>
</tr>
<tr>
<td>Jet Aviation</td>
<td>Palm Beach International (PBI)</td>
<td>183</td>
<td>8.45</td>
</tr>
<tr>
<td>Signature Flight Support</td>
<td>London Luton (EGW)</td>
<td>170</td>
<td>7.54</td>
</tr>
<tr>
<td>Wilson Air Center</td>
<td>Memphis International (MEM)</td>
<td>179</td>
<td>8.98</td>
</tr>
<tr>
<td>Naples Airport Authority</td>
<td>Naples Municipal (APF)</td>
<td>179</td>
<td>6.24</td>
</tr>
<tr>
<td>Signature Flight Support</td>
<td>San Francisco International (SFO)</td>
<td>177</td>
<td>7.12</td>
</tr>
<tr>
<td>San Jose Jet Center</td>
<td>Norman Mineta San Jose Int’l (SJC)</td>
<td>173</td>
<td>7.90</td>
</tr>
<tr>
<td>Business Jet Center</td>
<td>Dallas Love Field (DAL)</td>
<td>173</td>
<td>8.63</td>
</tr>
<tr>
<td>Landmark Aviation</td>
<td>Los Angeles International (LAX)</td>
<td>173</td>
<td>6.94</td>
</tr>
<tr>
<td>Million Air</td>
<td>Addison (ADS)</td>
<td>172</td>
<td>8.56</td>
</tr>
<tr>
<td>Jet Aviation</td>
<td>Hanescom Field (BED)</td>
<td>170</td>
<td>7.16</td>
</tr>
<tr>
<td>Signature Flight Support</td>
<td>Boston Logan International (BOS)</td>
<td>165</td>
<td>5.09</td>
</tr>
<tr>
<td>Monterey Jet Center</td>
<td>Monterey Peninsula (MRY)</td>
<td>167</td>
<td>8.48</td>
</tr>
<tr>
<td>Signature Flight Support</td>
<td>Morristown Municipal (MMU)</td>
<td>166</td>
<td>7.24</td>
</tr>
<tr>
<td>Kaiser Air Jet Center</td>
<td>Metropolitan Oakland Int’l (OAK)</td>
<td>160</td>
<td>7.27</td>
</tr>
<tr>
<td>Showalter Flying Service</td>
<td>Orlando Executive (ORL)</td>
<td>151</td>
<td>8.22</td>
</tr>
<tr>
<td>Scottsdale Air Center</td>
<td>Scottsdale Municipal (SDL)</td>
<td>149</td>
<td>8.58</td>
</tr>
<tr>
<td>Wilson Air Center</td>
<td>Charlotte Douglas International (CLT)</td>
<td>147</td>
<td>8.04</td>
</tr>
<tr>
<td>Million Air</td>
<td>Burbank Bob Hope (BUR)</td>
<td>147</td>
<td>7.97</td>
</tr>
<tr>
<td>Atlantic Aviation</td>
<td>John Wayne/Orange County (SNA)</td>
<td>146</td>
<td>7.66</td>
</tr>
<tr>
<td>Boca Aviation</td>
<td>Boca Raton (BCT)</td>
<td>146</td>
<td>7.82</td>
</tr>
<tr>
<td>Signature Flight Support</td>
<td>Minn./St. Paul International (MSP)</td>
<td>143</td>
<td>7.70</td>
</tr>
<tr>
<td>Swift Aviation Services</td>
<td>Phoenix Sky Harbor International (PHX)</td>
<td>142</td>
<td>8.37</td>
</tr>
<tr>
<td>Shell Air Aviation</td>
<td>Fort Lauderdale/Hollywood Int’l (FLL)</td>
<td>138</td>
<td>8.01</td>
</tr>
<tr>
<td>Cutter Aviation</td>
<td>Phoenix Sky Harbor International (PHX)</td>
<td>137</td>
<td>7.74</td>
</tr>
</tbody>
</table>

Source: AIN 2007 Americas FBO Survey  Data compiled by Forecast International of Newtown, Conn.
Private-equity firms still interested in FBO industry

No examination of the FBO industry would be complete without acknowledging the influence of private-equity investors, which have been snapping up FBOs and FBO chains in relatively high numbers. Private-equity firms currently own two large FBO chains: Landmark Aviation, owned by The Carlyle Group but possibly in the process of being sold at the time this was written, and Mercury Air Centers/Corporate Wings, owned by Allied Capital.

Jet Aviation, with 15 FBOs, also counts as a chain owned by private-equity investors, and a number of other smaller chains and FBOs have private-equity funding. The largest chain not owned by private-equity firms is Signature Flight Support, with 81 FBOs, owned by publicly traded BBA. The Atlantic Aviation chain is also owned by a publicly traded entity, Australia’s Macquarie Bank.

In the last seven years, since private-equity firms have latched onto the FBO business, the value of FBOs has been “significantly enhanced,” said Stephen Dennis, chairman of FBO consulting firm Aviation Resource Group of Parker, Colo. “They have cash, and they can make a deal more quickly,” he said, “and they pay more than others who might be strategic investors.”

The number of FBOs owned by private-equity firms is not that high, said Mark Chambers, managing partner of Aviation Resource Group, although “the interest over the years has gotten deeper.” While private-equity companies get a lot of press, he said, they “are the minority of what’s going on in terms of transactions.”

Most of the FBO buying and selling, he said, is being done by long-time big players such as Signature and smaller regional chains such as SheltAir, Tac Air and newly formed Encore FBO.

“You’ve got to remember, there’s been private equity in this business for a long time. Many of the deals we work on have some component of private equity. This is nothing new,” he added.

Private-equity- and chain-owned FBOs remain a small percentage of the 3,440 U.S. FBOs, according to Chambers, accounting for only about 250 FBOs in total. Aviation Resource Group ranks 600 airports according to general aviation fuel volume, and most of the serious FBO buying and selling that has been taking place involves the top 100 of those airports.

Now, with most of the FBOs at the top 100 fuel volume airports already taken, investors interested in the FBO business have had to look more closely at secondary FBOs in smaller markets. A result of this trend, however, is that owners of smaller-market FBOs can’t rely only on revenues from fuel sales and hangar rental but also must consider other profit centers such as charter and maintenance.

“We’re going back to the good old days of full-service FBOs,” Chambers said. “Buyers are having to get smarter about other aspects of our business, not just fuel and hangars, and they’re going broader and deeper and looking at smaller airports.”

Most FBOs today are independent, despite all the FBO consolidation that is occurring, Chambers said. For those independent companies, he added, “what they need to understand is that running their business and
paying attention to the financial metrics is important." This is because it helps them run a more stable, profitable operation and also because it helps make the FBO more attractive if and when the time comes to sell.

One shouldn’t consider the market value of an FBO as simply a formulaic multiple of earnings, Chambers explained. "That’s one aspect of a very complicated business." Aviation Resource Group considers 75 parameters for assigning a value to an FBO, including the financial aspects, the status of the property lease and value of the real estate, how the FBO is positioned with its competitors and whether the FBO can continue to grow.

With so many FBOs not owned by chains or private-equity firms, is there a limit to how large an FBO chain can grow? "There probably is a physical limit," said Dennis. "If you look at private equity, the ultimate end game is to take something with enough critical mass to have sufficient interest in the market to take public, and take out a big payday for themselves and other investors. Bigger is better; it gives a point from which to launch a public undertaking."

Is there a limit on the number of FBOs that can be operated effectively? Financially, companies have to grow to succeed, and while traditional investors might be happy with a 15-percent rate of return, 30 percent is more to the private-equity firms’ liking, Dennis said.

"We do have quite a bit of new private-equity coming into the market," said Chambers, "and we’ve seen this over the last seven or eight years. Private-equity companies that have been here for a long time are getting to be larger players."

**Challenges Ahead**

One problem that is holding FBOs back is increasing demand from flight operators that are flying more, Chambers said. While FBOs generally have room to expand and demand for hangar space is growing, the one resource that is lacking is sources of financing. "There are not enough banks and financial institutions lending to FBOs," he said, "and that’s creating some problems for existing FBOs wanting to restructure or build new facilities."

Filling the financing gap are real-estate developers like Ascend Development, which builds large hangar facilities at underserved airports such as Hayward Airport in the San Francisco Bay Area and Stewart Airport north of New York City or Premier Jet in Carlsbad, Calif. These companies sell hangar space as pre-paid leases, which give owners long-term equity interest.

Ribeiro is offering a novel twist in Las Vegas: it has built condominium corporate hangars that include inexpensive fuel at McCarran International Airport. The new Dulles Jet Center at Dulles Airport west of Washington, D.C. doesn’t offer the equity advantages of pre-paid leases but it was built by a real-estate developer who happens to own an airplane and wanted a better facility from which to operate.

“What you’re seeing is real estate people getting into the business,” said Chambers, “because they understand financing, marketing and construction in a phased development way, because they manage risk throughout the building process.”

“This is a good example,” said Dennis, “of someone from a development background, and he’s an aircraft owner and operator himself. It helps the industry.”

For companies that are trying to build a business made of multiple FBOs, Dennis said, what attracts FBO buyers, especially private-equity firms, is that the FBO business has matured. “It’s truly a business,” he said. “We couldn’t say that in 1975, but we can say it [now].”

*REPORT CONTINUED ON PAGE 34*
Most people think they understand customer service. It’s one of those “I know it when I see it” qualities that, like safety, can be hard to define, difficult to teach and even harder to measure. Bob Hobbi, president of Scottsdale, Ariz.-based ServiceElements, has been studying customer service in aviation for decades and believes his company can teach FBOs and aviation service businesses how to develop a modern service culture so they can enjoy the efficiency benefits that come with improving customer service.

“Part of our mission is to help our industry avoid falling into the same traps as the air transport world,” said Hobbi. What he means is that airlines, in their quest for profitability, are forgetting basic elements of customer service. Instead of focusing on the overall customer experience, which is what any organization should do to serve customers, many airlines are charging passengers petty fees—like $2 for curbside baggage handling—to make up for lost revenue. “Basically,” Hobbi said, “that makes the customer upset.”

For FBO users, nothing is more contentious than a facility’s charging fees for various services. Hobbi believes that FBOs can earn higher margins by selling services as an all-inclusive package rather than individual menu items. “Most consumers,” he said, “are looking for a total experience, especially in a high-end business like ours. They’re willing to pay for a good experience.”

And the key to a good experience is the simplicity of the customer interaction. Charging separately for a long list of services creates complication. “That’s not simplification,” Hobbi said. “Customers are fully appreciative of what it takes to be a good FBO. And what we’re going to see is FBOs that have full-service amenities and everything in one package and one fee. Whoever is simplifying customer interactions is going to benefit immensely.”

Simplifying customer interactions poses a challenge for FBOs, he explained, because with the recent rapid growth of business aviation, a more diverse set of customers with a much wider set of preferences and service requirements is using FBOs. “This puts a lot of pressure on FBOs to try to please passengers,” he said.

This also explains why FBOs offer an increasing variety of services such as concierges, Internet access, large-screen televisions and theater rooms and in one case—FalconTrust Air at Florida’s Kendall Tamiami Executive Airport—a fully stocked classic library and complimentary bar.

The Personal Touch
No matter how great the amenities, FBOs must hire the right people to deal with customers. “We’re starting to see better hiring practices,” Hobbi said. While many jobs at FBOs—such as customer service and line service—are entry-level, he said, “We’re seeing better alignment of career development for those folks. FBOs are using better hiring practices and focusing on attitude rather than focusing on skills.”

ServiceElements shows its customers how to develop a culture of service, Hobbi explained. This includes training, customer surveys and mystery shoppers who evaluate the quality of service. “Traditional training doesn’t work,” Hobbi said. “Our industry believes training is like a vaccination. When in doubt, send them in for training.” The way training is done for FBO personnel is primarily technical in nature. “When it comes to service culture, our focus has always been that people know how to be nice to other people. That’s just not true any more.”

He maintains that there is a generation gap, with younger workers not having the same values regarding providing service as older people, who are more patient. This creates a problem, he explained, when an FBO has one group of workers providing a level of service different from that provided by another. “This creates a lot of culture clash internally, which is bad for customers.”

“What we focus on is not just training, but on the overall culture and putting everybody on the same page. You can’t do that...
overnight; it’s an ongoing process.” In addition to training, this process involves the feedback provided by surveys, getting the FBO leadership committed to the service culture and setting standards that workers want to uphold.

The surveys target FBO leaders and FBO users—from flight departments to charter companies to passengers. “This helps us understand where the shortcomings are,” Hobbi said, and those are areas we focus on.” In surveys of FBO leaders, for example, “you’d be amazed at the inordinate amount of time they spend troubleshooting bad customer experiences.” By improving overall customer service and reducing the time spent on fixing problems, he said, “think of how much more efficient the FBO would get.”

ServiceElements uses its service culture assessment tool to establish a company’s existing customer service capability. The team’s courseware developers then create customized workshops for all of the FBO’s employees. In between the live workshops, Web-based training is provided to “customer service flag carriers” who can promote high standards throughout the company.

No matter what, Hobbi concluded, FBOs should know “that good customer service is a tremendously powerful business efficiency tool.

“It doesn’t mean you have to blow people’s socks off each time, but you have to perform at the same level. Consistency is more important sometimes than a higher level of service.”

What is an FBO?

**FBO. (noun)**

What a strange acronym for what is essentially an airport gas station, at least in the U.S. The letters in the acronym stand for fixed-base operator, and it comes from the early days of aviation, when itinerant operators flew from field to field and airport to airport, trying to scrape a living from people who would pay them to fly their raggedy old airplanes.

When one of these operators decided to put down roots and stick around an airport for a while and run an airport-based business, that operator became “fixed,” in the sense of no longer traveling. Some of these operators built thriving businesses, and the company that provided fuel, hangars and other airport services became known as the FBO. The term is now widely used all over the world, despite some efforts to modify it. (Signature Flight Support tried using FSO or flight support operation for a while, but that never stuck.)

FBOs are FBOs even in France, which is probably a fair trade for fuselage, empennage and aileron.
What makes a good FBO?

Over the years, participants in AIN’s FBO survey have not been shy about commenting on what they like about FBOs, and this year was no exception: 1,823 respondents added comments to express what they feel makes a good FBO. While the comments don’t change much from survey to survey, they do offer insight into what FBO customers think and how FBOs could improve their service.

FBO users all want prompt, attentive service, and even though high fuel prices haven’t caused business aviation flight hours to drop, fuel prices remain an important factor. In this age of instant communications, pilots also expect FBOs to be prepared for their arrival and quickly transmit their needs to the front desk as soon as they arrive. And finally, for pilots who want to please their employers, the way FBOs take care of the passengers is more important than the FBO’s amenities. Below is a representative selection of comments we received about what makes a good FBO.

“An operation that makes my job easier.”
Timothy Whalen, captain

“Prompt service, a warm greeting and a good attitude. The best can’t seem to do enough for you.”
J. Hirshman, pilot

“Line service awareness to flight crew servicing needs without having to track someone down.”
James White, chief pilot

“An FBO that puts the customer first regardless of how much is spent.”
Daniel Graves chief pilot/director of operations

“The way you are received and treated; it shouldn’t matter if you are first-time users or regulars.”
Richard Keller, pilot

“What makes a good FBO?”

Timothy Whalen, captain

“Prompt service, a warm greeting and a good attitude. The best can’t seem to do enough for you.”
J. Hirshman, pilot

“Line service awareness to flight crew servicing needs without having to track someone down.”
James White, chief pilot

“An FBO that puts the customer first regardless of how much is spent.”
Daniel Graves chief pilot/director of operations

“The way you are received and treated; it shouldn’t matter if you are first-time users or regulars.”
Richard Keller, pilot

“Responsive, professional line service. Anything that makes my job efficient and easier.”
Thomas Weihe, training officer

“Taking care of the passengers first. Once they are on their way and happy, attending to the needs of the crew. Fair pricing in services with a good attitude.”
Eric Black, captain

“Smiles, smiles, smiles! It gets busy in the cockpit. At times the stress involved with our ‘trained for’ job can get quite high, fighting ATC, passengers and dispatchers. The problems FBO personnel are having should never interfere with the flight crew.”
Jay Flowers, safety inspector

“Safety must be the number-one priority of employees.”
Kent Tipping, captain

Top 40 Busiest Airports (worldwide)

Teterboro blows away the competition when it comes to attracting business aviation traffic, and with 1,103 evaluations of the FBOs there TEB tallied more than double the number of reviews Palm Beach International, the next busiest airport, received. Love Field in Dallas moved up to third place this year, from seventh last year, but Washington Dulles got pushed off the Top 10 to number 12 this year. The AIN FBO Survey now incorporates more international FBOs, and this year the Top 40 busiest airports chart shows where some of the busiest business aviation airports are outside the U.S. First on the list is Paris Le Bourget, which tied for number 13, followed by Pearson International in Toronto, Canada. London Luton is number 19, and that is it for non-U.S. airports on the Top 40 list.

–M.T.
What makes a bad FBO?

The majority of comments, however, specifically complain about the performance of the people who work at FBOs, and it appears to be a constant challenge for FBOs to hire and retain top-notch personnel. Those who do make their employees a priority are more likely to appear in the column devoted to good FBOs. A significant area of complaint always has been and likely always will be FBOs that are the sole facility on the airport. There were 1,756 responses to the bad FBO question.

“Unfriendly CSRs, absentee line techs and unfulfilled requests are at the top of the list. At some FBOs, you’d think that it was their first time to fuel an airplane.”

Benjamin Quinby, chief pilot

“Poor supervision. You can’t manage an FBO if you don’t know what goes on outside your office.”

Douglas Spiger, captain

“Distracted CSRs (personal phone calls, issues and so on) who delay transmittal of information to ramp personnel regarding needed crew/aircraft services.”

Michael St. John, line pilot

“Discounts only to large fleet operators while gouging smaller operators with exorbitant handling fees even if that operator doesn’t use any of their facilities.”

William Sumner, manager flight operations, chief pilot

“Not open at published hours, won’t answer the radio, telephone long hold time, slow service, theft.”

Patrick Gregory, chief pilot

“I have never been to a bad FBO.”

Jon Shashaguay, pilot

“Requiring me to sign a hold harmless [agreement] before they will tow or store my aircraft.”

T. Buchanan, director of flight operations administration

“A business that gives line people minimal training and turns them loose on the line by themselves.”

Jeff Lasalle, chief pilot

“Walking up to the counter and no one wanting to even look at you because they are chatting amongst themselves, and then after pulling themselves away with great effort (and usually a sigh), not even asking if I need help, or a greeting, only a blank stare.”

Jeffrey Showman, captain

“Absence of safety.”

Ricardo Rosa, captain

“Slow service, long faces, unclean facilities.”

H.P. Ienaar, pilot/A&P

Up-and-coming FBOs

There are many FBOs that are new on the scene or growing in recognition among business aviation travelers, and this list acknowledges that by listing U.S. FBOs that received 30 to 39 evaluations and non-U.S. FBOs with 15 to 24 evaluations. (This list covers only the Americas region.) Next year, many of these FBOs might show up on the regular listing, depending, of course, on how they serve AIN readers and whether they manage to garner enough traffic to kick their evaluations above the minimum required for inclusion in the survey listing. To view all of the up-and-coming FBOs in the Americas region, go to www.ainonline.com/upandcomingfbos.pdf.