



The Future of Aircraft Management

A conversation with Clay Lacy Aviation president and CEO **Brian Kirkdoffer**



Industry consolidation, technological advancement, environmental accountability and a post-COVID surge in demand: positive changes are sweeping the aircraft management field, and few companies are better positioned to assess and address them than Clay Lacy Aviation. The family-owned firm, founded by its namesake more than 50 years ago, has more than 130 business jets under management, ranking it among the world's largest operators. President and CEO Brian Kirkdoffer – who has logged more than 10,000 hours as a captain – provided his thoughts on critical issues affecting owners and managers alike.

Consolidation is reconfiguring the aircraft management field. Yet management has long been considered a relationship business built on close bonds between aircraft owners and company leadership. How can a management firm reconcile large operations with close relationships?

Absolutely, we are in a “relationship business,” but in the best management companies, the relationship has evolved to be more thoughtful, effective and enduring. The most valuable “relationship” is between the aircraft owner, their staff and a high-functioning aircraft management team of subject-matter experts focused and empowered to provide an exceptional ownership experience. This relationship has proven to be the most reliable and beneficial management relationship in the long-term for every aircraft owner.

Our teams include experts in data analytics, dispatch reliability, cost and revenue controls, asset maintenance and enhancement, and mission-specific pilot training – all dedicated to making the ownership experience exceptional. The total value that a top-tier management company provides today is exponentially better than it was 10 years ago.

Leadership is responsible for setting the company's moral compass, mission, business plan, service culture

and allocation of company resources. These should all be clearly stated, understood and aligned to support the goals of every aircraft owner. Customers should expect absolute operational optimization and efficiency and have the trust and confidence that comes with a great relationship with their management company.

An unprecedented infusion of private capital is driving some consolidation, as business aviation has become a hotbed of investor interest. Your thoughts?

The recent investment activity in our space is impressive and welcome – and further strengthens our confidence in the substantial resources we are investing in our long-term business plans.

We are currently building new hangar facilities at our three FBOs: our headquarters in Los Angeles, Van Nuys Airport; Orange County, California, John Wayne Airport; and in the New York Area, Waterbury Oxford Airport. [The company also has airport support facilities in San Diego and Seattle.] We are seeing a large increase in opportunities for us to partner with other great companies that if combined can create unique synergies and benefits for our mutual clients. We are finding that these companies are spectacular at serving

customers in a particular region but can substantially benefit by accessing the technology, resources, expertise and full suite of Clay Lacy Aviation support.

We do not operate on other people's money, so we may look at opportunities a little more closely than others. Consistent organic growth has proven to be the most successful and sustainable for us and our decisions are based on a minimum of a 10-year plan.

Good management companies have varying approaches to providing support services, from outsourcing them (without adding fees), to offering some or all in-house. What's Clay Lacy's approach, and what do you see as the customer benefits?

Providing services in-house is all about expanding options and benefits for the aircraft owner: the more options available, the better we can positively affect aircraft availability, dispatch reliability and operating costs.

There are some people with the misconception that providing in-house maintenance, repair, and overhaul (MRO) services runs in conflict with aircraft management. The fact based upon data is clear: you cannot achieve the highest level of those three important performance metrics without offering 24/7, in-house MRO services.

We pioneered operating the personal business jet 53 years ago. There were no or very limited support options – we had to build all required support services to assure the highest-level aircraft availability, dispatch reliability and operational cost efficiency. We invested heavily over six decades in process, procedures, training, technicians, tooling, mobile resources, parts inventory and facilities to best support our owned fleet which has evolved now to best serve our client aircraft owners. We are continually measuring and evaluating the benefit this provides our owners through quarterly and annual analytic reports. We provide our clients the best options based upon what is most advantageous for their particular circumstances and operations.

A few large firms have recently added aircraft brokerage services to their in-house offerings. Clay Lacy hasn't.

We offered limited brokerage services until 2016. However, it was not our core competency, and we want to devote 100 percent of our focus to being the best in the industry at managing, operating and maintaining jet aircraft. There are spectacular brokers with a lifetime's worth of knowledge and data, and we work closely with each aircraft buyer along with recommending the best brokers in the industry. Our team surrounds the owner throughout the process of searching, identifying, evaluating and purchasing the right airplane, but [in acquisitions] we think the client is better served by having the best acquisition team and that a management company should not be the single source.

How are you using technology to improve the ownership experience?

Technology is a major area of our focus and financial resources. Aviation is heavily regulated and complex, and we are continuously working to simplify it. There are no off-the-shelf solutions that deliver the level of services and information we feel owners need, so we have continued investing in our proprietary platform and technology capabilities to deliver the highest level of service.

We established a financial-planning and analytics department, fully devoted to our management clients, and focused on monitoring trends and delivering information in a transparent, straightforward and practical way. Our clients receive proactive recommendations for making the most informed decisions. Our updated owners' portal also provides an unprecedented amount of meaningful, actionable information in real time, and we continue to receive great feedback on the value provided by these substantial investments in technology.

Environmental concerns are a new wild card in business aircraft operations. How are you addressing the challenges?

Addressing environmental concerns and sustainability is very important to us for three primary reasons. First, it's just the right thing to do to take care of our earth for current and future generations. Second, we foresee more environmental regulations coming, so being a leader helps us drive the most positive, beneficial and

impactful industry changes. Finally, we feel that socially and environmentally conscience companies will thrive and be of more value to everyone in the long term.

In 2019, Clay Lacy developed a comprehensive sustainability strategy focused on reducing our own carbon footprint in concert with offering solutions for our clients to reduce their carbon footprints. We are now implementing that plan in partnership with 4Air, which has established a verifiable sustainability rating system for business aviation. Pursuant to that, we are introducing a continuous supply of Sustainable Aviation Fuel (SAF) at our FBOs, reducing emissions from our ground equipment and sourcing electricity from renewable resources, among other initiatives.

What do you see now and what do you predict is ahead in business aviation as the world reopens?

We are seeing exponential growth in both new clients and demand for our services. The health and environmental benefits of traveling on business jets have been reinforced, and having a wide breadth of service offerings that can best control the entire client experience will continue to be valued. Predictions: 2021 will be much better than 2020, and 2022 will be the best in the last 10 years. Our industry is based upon innovation. I hope and think we will see expansion of electric aircraft throughout the aviation industry as our industry learns from others, and as hybrid technology and energy density of batteries improves in the coming decade.

