

INSIDE MOVES

Delivery deadlines, staffing shortages and cost pressures are forcing completion centres to change the way they do business

JUSTIN WASTNAGE / BASLE, HAMBURG & LONDON

The corporate jet business used to be simple. The ultra-rich, who could afford not to have to queue at airports, converted aircraft into extensions of their homes. True to the old maxim – if you needed to ask the price, you couldn't afford it.

The past decade has seen a three-fold increase in the value of corporate jet sales as prices have fallen and aircraft have made their way to facilities around the world for completion – a combination of interior design and engineering.

Although the firms specialising in these completions remain coy about details such as project values, balance sheets point to a reducing profit margin, despite the increase in demand. This is due to extra costs that have accompanied increased competition as the market has become more mainstream, in part, because of fractional ownership and other market changes. Yet, major players are meeting these challenges, unimaginable even five years ago, with technical innovation and better business practices.

One of the most obvious problems facing the sector is that of finite resources. The skilled personnel and hangar space required to equip a narrowbody as a luxury living space is limited, and centres are forced to compete with each other to retain employee loyalty.

Whereas scarce resources would normally allow companies to raise prices, downward pressure has been exerted by

new kinds of customers buying corporate jets. As this pressure on aircraft prices has allowed the market to expand, the coterie of private individuals purchasing flying villas has been joined by corporations and sports teams, all much more used to scrutinising the bottom line. These customers demand the same professionalism as they receive from any other supplier. Deadlines now have to be met, going over budget is no longer acceptable and, more worryingly for the completion centres, relationship-building is no longer sufficient on its own. First-time customers shop around in a way that was unthinkable in the 1980s.

Within reach

The influx of new customers has much to do with the introduction in 1996 of the Boeing and General Electric joint-venture, the Boeing Business Jet (BBJ), a modified Boeing 737-700NG with a range of over 11,000km (6,000nm). It suddenly put intercontinental flight in a narrowbody aircraft within the reach of top corporations and individuals.

Jerry Gore, president of Gore Design, a San Antonio, Texas-based completion centre says that the BBJ's emergence "really affected the capacity of the market". Although his firm concentrates on the super deluxe end of the market, the "VVIP" widebody completions, other centres are now turning away work.

Dayton Robinson, director of completion oversight at Boeing Business Jets, says

the completion-centre market is at saturation point. "It is almost impossible to meet the level of demand," he says.

The chief attraction of aircraft like the BBJ, or the less-popular Airbus A319 CJ, is that they are large enough to accommodate an office and bedrooms as well as living space. Lufthansa Technik performed only one narrowbody completion in 1996, whereas this year it will send six BBJs and two widebodies out of its Hamburg facilities, now hived off from the maintenance arm. Despite what amounts to around a seven-fold increase in workload since 1996, Lufthansa Technik has only had to double its man hours to carry out the additional completions by developing procedures similar to a traditional production line.

The increased workflow through such facilities has enabled engineers to specialise on one single part of the completion – electrics, cabinets or in-flight entertainment for example – picking up speed with each subsequent aircraft and meaning that more aircraft can go through completion at any one time. If engineers can build cabinets to a semi-modular design, while retaining the freedom to interpret the customer's needs, a lot of time can be saved.

"Behind each unique interior there is no need to re-invent the wheel," says Joachim von Holtzapfel, Lufthansa Technik's sales director for VIP and executive jets. Traditional skills associated with interiors – carpentry, cabinet building and sewing – have also been made quicker by computers. Jerry Gore estimates the use of computer-numerically-controlled machinery, linked to computer-assisted-design software, has cut production times by 70%. The quality is higher too, with wastage down as much as 150%, even with materials such as silk.

Yet, if time savings have been found in these areas, the changing demands of customers in onboard electronics has placed additional hurdles in the way of reducing time spent in the hangar. While tastes have changed across the board, with minimalist chic largely replacing garishness, attention has shifted to two areas: comfort control and in-flight communications.

Rainer Albecker, vice president of Basle-based Jet Aviation says that while many specialist suppliers exist that did not 10 years ago, the pace of technological change means customers demand cutting-edge land-based technology in an aircraft environment which cannot accommodate it.

The super-rich adopt the latest technology early, and are unwilling to compromise. Completion centres must explain what is possible and what is not, and create realistic expectations for customers unused to the notion that some problems cannot be solved at any price.

"Eat into the design freeze and bang goes your delivery date"

JERRY GORE, PRESIDENT, GORE DESIGN