#exvipav

EVA

EXECUTIVE AND VIP AVIATION INTERNATIONAL

WINTER 2016

High Net Worth Profile:
The Accidental Astronaut
Barbara Barrett

Republic of San Marino

Marco Conti, Director General, Civil Aviation Authority
David Colindres, President, San Marino Aircraft Registry

Company profiles include: JSSI; down-route; Bombardier; Zetta Jet; F/LIST
UAS International Trip Support; Satcom Direct; Meridian; Jetcraft; Click Aviation Network

Special feature: Rick Adams on Upset Prevention and Recovery Training

www.exvipaviationint.com

Keeping the fuel flowing

Anthony Banome, Director of Fuel Sales at Meridian, on the challenges and delights of keeping customers topped up

To many US FBOs, even with the degree of unbundling of services that is now becoming common in the sector (and which has been standard practice in Europe for years), fuel remains the key factor in FBO profitability. Anthony Banome has been in charge of fuel sales at Meridian's Teterboro FBO for years and is now also responsible for fuel sales at the company's recently launched Hayward FBO on the West Coast. Banome understands better than most just what is entailed in coaxing clients into making a particular FBO their favourite top-up slot.

Q: With owners and operators having so much choice about where they buy their fuel, and with one gallon of jet fuel being much like another, how do you ensure you get first bite at the cherry?

A: This is an absolutely key point for all US FBOs. Fuel really is still where just about all of us make the real bucks. You are looking, obviously, in the first instance for the pilot to elect to top up with you. But you absolutely have to know who the decision maker is in each and every operation. If the pilot is working for a charter company, then they may well not be the key decision maker. Where they are going to buy their fuel may well rest with someone who is driving a desk deep in the heart of the charter operation. You need to know how to find that person and how to have a sensible conversation with them that is all about mutual advantages. If the jet visiting your FBO is on a Part 91 ticket then it could well be the chief pilot who is dictating fuel stops.

A 135 operator will know all the legs of a particular trip in advance, of course. If they need 1,500 litres in two locations, that means they are probably going to top up with 1,000 litres in one location and 500 in the other. It matters hugely whether you are their choice for the 1,000 litres pit stop or whether you are just down for the light top-up. It is up to someone in my position to make sure that we get the 1,000 litre uplift rather than the 500.

Q: So how do you get it?

A: There can be a number of factors in play. It might be that you can win it purely on price, if they are well known to you and they are meeting the minimum uplift levels to trigger good discounts. However, if you are quite an early stop in their plans then you need to be able to show them that given your price, they are not going to be disadvantaged by taking on a heavier fuel load from you.

Obviously, weight affects range and fuel burn. Everyone knows that. So there is an automatic assumption that it will be more economical for them to work down to flying light on fuel, and top up when they are nearing empty. It is up to us to do the heavy lifting, analytically,

Obviously, weight affects range and fuel burn. Everyone knows that. So there is an automatic assumption that it will be more economical for them to work down to flying light on fuel, and top up when they are nearing empty

with the appropriate Excel spreadsheets, and to show them that what we call the additional tankering costs of refuelling early, are more than offset by the discount that you are able to provide to them, thanks to the bigger uplift. In reality, the additional tankering cost probably adds around 8¢ to 10¢ per litre on a larger aircraft. However, if they are getting a discount of 50¢ per litre then they are still way better off buying the 1,000 litres from us. This is all about getting in there and initiating the appropriate discussions with the client, rather than just accepting whatever is going.

The relationship always starts somewhere and at some point in the conversation things will move in a direction that allows you to find the missing variables you need. Once you have something to work on you can figure out the equation for them and show them how they will benefit.

Actually, people are generally very eager to give you all the variables you need as a fuel manager. Working out the most efficient fuelling schedule is not a top priority task for them and they are only too happy to let you do it. They want someone else to do the legwork, then pitch them on the actual numbers. I'd usually make a whole new spreadsheet template just for this particular customer or this particular conversation. So they'd know why they would be switching in our favour and why it makes sense for them.

Of course, they know I'm an interested party, that I want them to take more gallons from me. But if this can be shown to benefit their operation, then it is a better, more transparent decision for everyone involved. In reality, tankering costs are not a big deal but people bring it up because it is an extra variable to consider.

Q: Do you select just one fuel wholesale supplier or multiple suppliers?

A: We have Shell at Teterboro and Epic Fuel at Hayward. Obviously all the major suppliers are always competing and keen to talk about rates and transport. When it comes to resellers it is all about who you want to work with and who you want to have an exclusive contract with. We are both an FBO and a charter operator, so I have plenty of experience in both buying and selling fuel. I also have responsibility for all our 'on-the-road' refuelling purchases on the charter side. Many FBOs are not on both sides of the game, so they do not see things from the charter operator's point of view and I think that definitely gives us an edge.

Q: How far has unbundling gone in the US?

A: We are definitely seeing more unbundling these days, but fuel is still king here. There is more of an à la carte menu, with a range of services unbundled from fuel and available as optional extras. As the years pass there is less and less by way of a 'complementary' service offering bundled in with the fuel price. These days too, operators are much more likely to get restive if they see bundled pricing. Many of them are challenging this and saying, "Why build things that I don't need into my fuel price?" We are very happy to accommodate them and to unbundle if that is the way they want to go.

Q: How do you decide what level of discount to allocate to a customer?

A: We monitor their fuel uplift on a monthly or quarterly basis and we give them a discount based on those figures. If they say, "Look, we are going to require 10,000 gallons a month, so what discount can you give us?", we'll also act on that. But we will be looking to them to hold up their end of things. If they are priced for 10,000 litres and actually drawing 3,000, then we have to have a conversation. The key is to have the tools to monitor the uplift across any particular operator's fleet over the period in question. There is nothing wrong with people buying 2,000 gallons a month, provided it has not been priced for 10,000 gallons.

The point is that every operator needs a bespoke solution, worked out just for them. I consider myself a problem solver and every new client's requirements are a new challenge that has to be figured out.

The main point is that you need to have a complete grip, all the time, on what is happening from an activity standpoint. You can be servicing the same 10 aircraft every month and doing 30,000 gallons a month, or you can have 30 aircraft a month flying in but all you're selling is 5,000 gallons. People think that the more planes you get visiting, the more fuel you are going to sell. However, it really is how effective you are at selling to each and every aircraft that adds up to the bigger picture. ■