



Creating a Visionary Flight Department It started with some chalk talk

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The toughest adversaries a manager can face are colleagues - other company managers lusting for a piece of the flight department's budget. Creating and demonstrating to the company at large the value of investing in business aviation is a continual process. Getting people to do the right things for the right reason is too. A single first step addresses both: Establish a vision.

Visionary leadership was once considered exceptional. Vision was thought to be limited to only the greatest leaders who understood its power. The truth, of course, is that vision is attainable by anyone.

A team without vision is like rafters without oars trying to out-race a kayak: Not only is there very little direction, but there is also very little progress among the tides of change. Vision describes where you are going. It is the focal point for pulling together.

When I ask members of flight departments what business they are in, they normally say, "Aviation." They rarely say they are part of XYZ Company. When I ask member of flight departments what their mission or purpose is, they often say, "To provide safe, effective air travel services."

"The reason most people have a problem with the 'vision thing' is because most of us are not taught to think in visionary or strategic terms," observes Jim Lara of Sea Ray Boats. Lara and his organization are successfully implementing their vision. Their efforts are creating measurable results for their customers, their company, their department, and themselves.

Lara joined Sea Ray's flight department seven or eight years ago. Sea Ray is a successful pleasure boat and yacht manufacturer based in Knoxville, Tenn. The company's helm was manned by its entrepreneurial founder, C.N. "Connie" Ray, a retired military aviator. The flight department had evolved to a Falcon 50, a Falcon 10, and an Agusta 109A helicopter. Ray owned the aircraft personally and, years earlier, flew them himself. The pilots were his personal employees. Access to the aircraft was limited to the senior manager of the company.

Sea Ray had 5,000 employees and plants in Arizona, Michigan, North Carolina, Florida, and Cork, Ireland. Their primary customers, more than 150 dealers, spread across the country and overseas. At the time Lara joined the department it had no explicit vision. The flight operation was geared to meet Ray's personal needs. There was no policy manual. They flew "until the passengers were tired." The pilots defined their job as "to fly." They showed up when there was a trip. They went home when



they got back. Hundreds of other flight departments and their employees behave the same way today.

Connie Ray asked Lara to join the department because Ray knew a successful flight department had to do more than just fly the aircraft. He knew that Lara had previously orchestrated the turnaround of several very sick public companies, managed corporate mergers and acquisitions, and, most recently, operated a Knoxville-based business aviation management company. Lara knew how to run a successful business.

CONDITIONS FOR SUCCESS

Lara joined the department as a line pilot. A year later, Ray asked him to assume leadership of the department. Lara agreed on three conditions:

- The department had to be run as a business;
- It would be operated with financial controls;
- The department needed to broaden its base of service so the company's operations people could and would perceive it as a corporate asset rather than a drain.

This occurred just as Brunswick Corporation acquired Sea Ray. Shortly after the acquisition, Ray left the company and moved to Lexington, Ky., to be near his second love, thoroughbred horses. He took the Falcon 50 with him, sold the helicopter, and sold the Falcon 10 to Brunswick for use by Sea Ray.

Today, the flight department is integral to the company's business. It is generally perceived to be as important as any other element of the Sea Ray family. How did they come back from the brink of extinction? That journey was the subject of conversations Lara and I had not too long ago. It is a ho-to on the value of establishing and implementing a vision.

Lara started the change process at the flight department with a series of one-hour chalkboard talks with the members of the department. Why one hour? It allowed everyone to stay fresh and on track and still left time to run the business.

Lara first asked everyone to define the status quo. The rules were simple. No topics were unspeakable or untouchable. Even the most sensitive issues were to be included. Anything said would not go outside the room or be used against anyone. They defined not what was ideal, but what was really happening. The result was not something that could be put into a corporate memo, but it accurately depicted the operation. All acknowledged the department's survival was in question unless things changed. They knew they were at risk.

They also identified two key areas of concern, either of which could be hazardous to job security if they did not change: The flight department had internal problems that extended into the cockpit, and the flight department had a negative image and active detractors within the company.

Lara sought approval from Bill Barrington, the new president of the company, to expand the flight department's customer base and flight activities. Barrington agreed to



a test program. Lara offered to start the project by establishing a baseline measurement of the department's activities and results. Any changes made would be measured for their impact on the company's business. They agreed there may not always be direct lines between cause and effect, but if multiple changes are made and multiple effects are measured, there is a strong case for a general correlation. Lara made one important promise to his CEO: There would be no reduction in service to himself or the other traditional aircraft users.

FOLLOW THE LEADER

Lara asked the department's members to follow his leadership. "If you trust me, I think I can bring us forward," he argued. "I have done this successfully other places." His definition of forward meant that:

- The flight department would be a lot better place to work;
- It would be a fun place to work;
- You'll have a place to work; and
- You'll be paid well for what you do.

"I asked them to own the business, to do whatever it takes," Lara explained. "If you consider the corporation as your client, your customer, if you define part of your identity and self-worth by the quality of the product that we as a team produce, then you win. If you define yourself as working here or working for the department or company, you lose. It was a very radical concept. As a result of the operational changes we made, the workload went up and base compensation didn't. The people who resented that were the people who defined themselves as 'working for.' Those people saw themselves as being put upon by the changes the department was going through.

"The people who assumed a sense of ownership thought monetary compensation was tertiary. They were getting compensation and personal value from doing significant things. They understood the importance of that they were doing. They were part of a larger plan. They were contributing in a much bigger way than they had in the past."

The change in the flight department's business started with the establishment of their vision or mission statement. According to Hammer & Champy in *Re-Engineering the Corporation*, "A powerful vision contains three elements. First, it focuses on operation; second, it includes measurable objectives and metrics; and third, it changes the basis for competition in the industry."

Lara considers a vision statement and mission statement the same thing. He defines a vision statement as "our reason for being. If we can figure that out, state it succinctly, and keep it clearly in front of us, then the rest of the business is going to fall into line pretty well. Just don't stray from it. Don't run off the road." "I formed my vision for our flight department based on my experience as a business aviation user. I know what it did for me. I'm evangelical about the virtues of what business aviation can do for its customers and the bottom line of a company. My predisposition is for business aviation to be a tool rather than a perquisite. I described by expectation for where we were



going and why. It was all related to the future viability for the department. If we didn't do this, we were likely to fail and be out of work.

"I explained to them that a vision statement was like an Environmental Control Unit. It is just a fancy term for a working concept. The process we used for defining our vision statement was straightforward. I knew, as their leader, I was responsible for setting the vision. But I wanted the entire team to be involved in the refinement of the definition. It was the best way for them to own it. We met for another series of one-hour chalk talks. It started with everyone defining their personal vision statement for the department. Many of the initial statements were operational rather than visionary. But I urged us on. The result is the vision we strive for today: We are in business to create more useable time.

TIME IS THE ESSENCE

"Time is our only nonrenewable resource. We can create more sales, more capital, etc. But no one can create more time. If you don't use it today, that's it, you've lost it forever. That's the flight department's mission: to create more useable time. We don't take ownership of what's done with that time. All we can do is create the availability of time. The traveler has full discretion as to what he or she should do with that time. We trust people to do the very best they can."

- After they created their vision, they went back to the chalkboard and developed a set of 10 tools for implementing change and success:
- Create great communications. We'll do whatever it takes to communicate with the receptor. We're chameleon-like in our communications techniques so we can hear and be heard well.
- Develop people to their limits. We work to develop each other and every other key constituent to their greatest level of skill and knowledge so they can do business with each other and us better.
- Empower every team member. We determine our perceived barriers and move them out to our personal real limits. We consistently do it and rein force it.
- Maintain superb alignment. Everybody knows where we are going. It's like the difference between an incandescent light bulb and a laser. One gives you warm, fuzzy illumination and the other concentrates its power to reach out to get results.
- Avoid entitlement attitudes. We're not entitled to anything. We aren't tenured employees. We have to earn our place every day.
- Balance work with personal life. Business aviation is a 24-hours-a-day, 7-days-a-week job. We must balance that or burn out, or worse yet, not be at our best on the job.
- Confront poor performance. Within our group, we have an agreement that allows us to be brutally honest with each other. We realize our personal success is tied to the group's success. We confront each other without being abusive. We always provide alternative solutions.
- Coach all levels of leadership. We're 360-degree coaches. We coach each other, our customers, our vendors, our plant managers, everybody. If we can help them succeed, we will succeed.



- Develop cross-functional styles. We avoid politics or group separatism, such as declaring we are different from other functions within Sea Ray. We aren't. We are part of Sea Ray.
- Avoid programs. Band-Aids and "solution of the month" often have a kernel of good, but they are not panaceas. Success doesn't come from a sophisticated new program. It comes from doing the basics well, all the time.

They then set goals for the department and its individual members. "Personal goals must support the team's or department's goals," Lara said. "They must support and build the organization's success." These goals must meet the RUMBA test (a Peter Drucker-conceived acronym), according to Lara. Each goal must be:

- Realizable - is it doable?
- Understandable - is it gibberish or real?
- Measurable - when we're done can we count it in quantitative terms?
- Behavioral - are you acting consistent to your goals?
- Agreed upon - did we mutually decide on these goals?

FUELING THE VISION

"Every month, the member of Sea Ray's flight department share in a review of the operating statistics," Lara explained. "Every member has a responsibility to manage a specific departmental cost element. They get a report as to how their individual area of responsibility performed. Interestingly enough, no one has total personal control over his cost area. Other member is incurring costs in that area.

Take fuel, for instance. One member is responsible for managing the costs and purchasing of fuel. He is responsible, but he has to get everybody to cooperate. Conversely, those other people have responsibilities for line items they don't have control over. It's a mutual aid society.

"Since the implementation of this process seven years ago, our average total fuel cost has gone from about \$2.00 per gallon to \$1.435 last month. We still have room for a little improvement. But today, we flight department member talking about what's happening politically and economically in Nigeria and its potential impact on short- and long-term fuel prices and what opportunities we should look for in response. Our department members are taking an active role in running business.

"One of our guys has been responsible for getting the entire Brunswick Corporation's aviation assets into Signature's Signet program. Initially, it didn't work for us. As a one-aircraft operator, we didn't buy enough fuel to qualify. But because his goal was to reduce the overall cost of fuel, he saw that the other Brunswick companies had four additional airplanes out there. He proposed to Signature that all five aircraft were part of one affiliated company, Brunswick. It worked. Not only did we lower costs, but Signature does all the monitoring and reporting so we can divide up the fuel costs accurately on a monthly basis. It has worked perfectly.

"That effort alone will save Brunswick more than \$80,000 this year. That is \$80,000 in savings without one dollar of additional cost, \$80,000 of bottom-line profits. If a company has a 5 percent after-tax profit margin, it takes \$1/6 million in new sales to



create that impact. If the company is struggling in a tough market and getting a net profit of 2 percent, that is \$4.0 million in sales they don't have to worry about. Those are the kinds of wins you get when you create this kind of visionary environment." How did Lara and his team implement their vision? "We made sales calls," Lara said. "I would take another individual with me and we'd go make sales calls. We would talk to the international sales department. We would sit with them and say, 'We want to be of greater service to you.' Their response was, 'Forget it. They'll never let us use the airplane.' 'Well,' I answered, 'would you give us an hour of your time to let me put together a presentation? If you think it has some merit, just let me know and I'll go sell it.'

"We repeated this process from one part of the company to the next. In each case, we returned to our new customer and told them they had gotten what they'd asked for. Often they were concerned that they would lose access to the aircraft just prior to their trip or, worse yet, it would be yanked while they were on the road and they'd be stranded. I told them, 'It will never happen. If we have an emergency come up, I'll arrange for other transportation. You have my personal word you never be left in a lurch.' I have followed throughout on that promise. We have not missed one trip.

"To create a shift in customer perception takes a little rhetoric and a lot of performance. Like they say, one 'Aw, shucks!' wipes out 20,000 'Attaboys.' But you've got to consistently do it – one trip at a time – every time."

TEETERING ON THE BRINK

"Today, our passengers include more than 1,300 different people each year. They include various company employees, our dealers, and a few potential customers on visits to our facilities. Those retail customer trips have been very successful. Maybe too successful. During the past six months, we've picked up several potential customers who were teetering on the brink of buying a yacht. By definition, the sale was at risk. The entire trip is designed to show them the breadth and depth of Sea Ray. We underscore our commitment to making their ownership a pleasurable experience for years to come. Ninety percent of those customers chose to buy Sea Ray yachts during their visits.

"I'm concerned about that ratio of successful closed sales. It's too high. Maybe we should get up to bat more often. Maybe we and our dealers are letting some good opportunities slip through our grasp. I'd like to see us make this kind of trip often enough to have a batting average of around .600. We are now producing a brochure to send to all our dealers to explain why, when, and how to use the flight department's services."

All of this new activity is a result of Jim's visionary quest. It hasn't been all flight activity-based. Many of the improvements in the department have been flight efficiency. Lara measures this by a combination of the number of passengers on board, the number of passenger legs flown on each day, and the ratio of repositioning legs flown.



Company flights require at least three passengers, since this approximates the direct offset of the cost of airline tickets. It is not uncommon for the plane to carry three different groups of people to three different destinations on concurrent schedules on any given day. This happens partially because company employees look for opportunities to use the aircraft. In addition, the flight department, with the assistance of Commercial Travel Interface software, looks for coincidental airline route passengers to lure onto the plane. These visible results are a product of the efforts of each member of Sea Ray's flight department.

"One of the slogans in our group is, 'The sale is never made.' Today, we have a lot of support within the company for business aviation. I think it is a continual selling process. You're never 'there.' Any time you think your flight department is set forever, endowed, you are taking the first steps to a fall."

"You build the flight department's support on many different levels. But it's all done by going into the organization and analyzing what's there, what the need is, and then doing your best to fill that need. Today, Sea Ray enjoys order backlogs like we haven't seen in years. We have sold out a great deal of our production for 1995. Does the company, in general, believe the flight department is partly responsible for that backlog? I don't think so. It is a result of better times, the right products, correct pricing, and a lot of hard work by the entire Sea Ray family. The travel Group certainly didn't establish energy prices. There has been a merger of socioeconomic factors that have caused things to turn around.

"At one time-line employees had a bad impression of the flight department and its value to the company. I think now it is a lot better. We have pushed the use of business aviation down through the whole company. Anybody who has a need to travel can travel on the company airplane. Anybody.

"How do you keep the vision fresh? We do lose sight of it from time to time. Whoever notices says, 'Can we talk?' This is our attention-getting phrase for something serious. Everybody has a license to bring anyone back into focus. And we do.

"We can't succeed individually if we don't win as a group. If someone drops the ball, they've dropped it on every other member of the team. If they create a win, the whole team wins. Achieving the vision requires accepting personal responsibility for both individual and group actions and results."

Business aviation is a service. We can earn a fair shot at our customers' respect, loyalty, and continuing business. It starts with a vision.