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Pilot/Manpower Shortage in Business Aviation

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Pilot Shortage in Business Aviation

The Future of Professional Flying

August 15, 2017

Credits

- **Sheryl Barden, President & CEO, *Aviation Personnel International***

- An aviation industry recruitment and talent identification veteran, Sheryl Barden is a frequent guest speaker and author for several aviation organizations and publications. She is particularly regarded for applying her extensive background in employee search, screening and coaching to fulfill aviation recruiting and human resource consulting needs.

- **Robert B. Hobbi, Founder, President & CEO, *Service Elements***

- Bob is the founder, president and CEO of ServiceElements™. He has more than 25 years of experience in providing industry-leading solutions in customer service, strategic and organizational excellence training, business development and leadership strategic planning.

How Did We Get Here?

Post-9/11 Era and Economic Downturn of 2008-2009

- Immediately after 9/11, there was a significant pilot furlough by all of the major airlines.
- Pilots were forced to look for other opportunities, both in and outside of aviation.
- In the period to follow, new pilot hiring for the majors had been virtually non-existent.
- In 2007, the FAA extended the mandatory retirement age from 60 to 65
- Drawdown of our U.S. military, a traditional source for trained pilots, numbers have shrunk dramatically.
 - (FACT: In 2009, the U.S. Air Force started to train more drone operators than pilots).
- Cost of civilian pilot training rivals that physician training with a much lower ROI

How Did We Get Here?

Post-9/11 Era and Economic Downturn of 2008-2009

- Business Aviation During the Same Era
 - Remained as stable as the company it supported
 - Hiring could include furloughed airline pilots and technicians
- Until TARP
 - GM Execs answering to Congress did almost irreparable damage to BA
 - Other departments closed or downsized significantly
 - Aircraft sales almost ceased and values plummeted - only now begun to recover

Airline vs Business Aviation

A Comparison of Facts and Details

Airlines vs Business Aviation

What Makes the Airlines Attractive

- Compensation –
 - Airlines offer transparency.
 - Clear picture a product of their published contracts.
- Retirement - The airlines directly fund the personal retirement accounts of their employees;
 - Pilot 401K accounts are being directly funded
 - The funds in these accounts immediately belong to the individual,
- Schedule - Airlines work schedules are concrete and predictable, allowing for pre-defined down-time (including vacation, holidays, etc.).
 - As fast as people are retiring from the airlines, pilots are getting this “seniority” perk fairly quickly.

What Makes the Airlines Attractive - Continued

- Stability - This is a twofold issue.
 - Airline pilots will most likely never need to relocate their families because they can typically commute to any base.
 - Medical Insurance – Loss of License - Different from corporate disability programs that require employees to find another job in the company, airline contracts generally pay 50-60 percent of the pilots' income until retirement.
- 2008 TARP lesson - [viability of a corporate flight department](#) (GM example)
 - Airlines are in the business of flying airplanes, while corporations generally use airplanes to create more usable time and provide greater security for their employees.

Airlines vs Business Aviation

How Does BizAv Compete With the Airlines?

- In the past, corporations were historically hesitant to hire “low time” pilots.
 - The risk was considered too high and there was an abundant source of more experienced pilots that could be employed for reasonable compensation.
- BUT - The Attitude in Business Aviation is changing.
 - Experienced pilots are less available and competition for this resource has dramatically increased compensation.
- My contemporaries raised the panic flag for both pilots and maintenance professionals in areas like;
 - Compensation - Most recently those corporate operators flying “heavy iron” have raised compensation
 - For international captains - total cash compensation levels are north of \$200,000.

How Does BizAv Compete With the Airlines?

- Schedules - In order to retain pilots, organizations are adding headcount to provide more “work life balance” to the schedule.
- Loss of License insurance should one lose his/her medical certificate
- Operators now know how critical it is to retain trained talent that fits within their culture.
 - Cost of Loss
- Salary survey data is often skewed.
 - Business aviation uses “Like” Organizations rather than broad based.
 - Need to benchmark the airlines salaries as well.
- With a limited supply of pilots and an overall recovery in the US airline industry;
 - Major airline pilot pay and benefits should move higher as the airlines compete for talent

Where Do We Go From Here?

No Silver Bullet

- Benefits of working in BizAv.
 - State-of-the-art aircraft require the same level person to both fly and maintain
 - Destinations - the places you go
 - Team camaraderie and more
 - Items unique to each department/company – offers vary by company and location and may be quite unique.
 - Opportunity to develop a specialty and be rewarded for performance, rather than seniority number.

No Silver Bullet

- Hiring in BA vs Airlines is a bit more complex
 - The airlines only have to hire a licensed pilot
 - Corporate operators need to hire a pilot that fits the company culture
 - Has a passion for Customer service.
 - Feels that he/she is part of the “Company”
- We’re getting creative with your scheduling and personal development options
- We invest heavily in high-dollar, airplane-specific training for each new pilot.
 - Training is an investment
 - Value in retention
- GOAL – Attract candidates from the Universities and Flight Schools

Thank you.