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As I see it

At SimCom, we have the opportunity to talk with almost 10,000 pilots a year who are receiving simulator-based training. The views and opinions of this rather large population, when carefully listened to, serve as a good leading indicator for the general aviation market as a whole. They give us a sense of trends and industry direction.

Our clients, both pilots and aircraft manufacturers, represent the heart of the business aviation industry. We cater to operators of owner-flown aircraft and professional pilots in cabin-class piston, turboprops, and the mid-size end of the jet markets. These customers are both very sensitive to changes in the economic environment and are somewhat more nimble than Fortune 100-size corporations. For these reasons, SimCom tends to more quickly experience changes in economic direction and its effect on our industry.

Given the recent feedback from our clients, I am optimistic about the prospects for GA and those of us employed in the industry. After experiencing an improvement in our business last year, albeit inconsistently, 2011 is off to a promising start. Our customers, although still cautious, are also expressing a more confident position about the future. New owners are entering the market. Flight hours are trending up. Charter companies are adding pilots. Among these positive signs there are three specific industry trends that seem to be developing.

The airlines are not making any new friends. Many of our customers own or manage businesses that have locations outside of major airline hubs. Personal visits are critical to effective management of these locations. Additionally, every dollar of revenue is important and the ability to maintain personal relationships, actually visit customers, is critical to sustaining revenue. Over the past three years many businesses have been required to cut staff, requiring the time of the remaining personnel be leveraged. Airlines have reduced flight schedules, making it increasingly difficult to travel, especially between secondary cities. And the new TSA scanning capabilities make the previous indignity of shoe removal seem almost like a pleasant, distant memory. In the economic downturn, we saw a number of our customers sell or park their airplanes, either by choice or by economic necessity. Many of these same customers are now returning with much the same complaint: “I just can’t do the airlines anymore. It’s simply too inefficient.” The bottom line remains, general aviation is not some luxury for “millionaires and billionaires,” but a necessity for running many successful, job-creating businesses.

The second trend is rightsizing of aircraft. One of the lessons we all learned in the downturn is a renewed appreciation for expense control. We hear many comments along the lines of, “Our company is now, more than ever, closely matching the airplane with the mission. Before the economic downturn, we always flew the jet—no matter how many passengers or the length of the trip. But now, we almost always opt for the more efficient turboprop for shorter trips. For the trips between 250 and 500 miles, the turboprop gets there almost as fast and its cost of operation keeps the CFO happy.” SimCom has likely been a beneficiary of this trend as we focus on the light jet and a vast majority of the turboprop fleet.

We see a significant resurgence in our Part 135 air taxi jet and turboprop activity. The last trend is likely related to the first two. Our Part 135 partner customers are telling us, “It caught us a bit by surprise. Demand is up. Our phones are ringing and our clients are asking about aircraft charter. They were previous aircraft owners but sold or grounded their airplanes in the economic downturn.” While still unwilling to buy their own airplanes until the economy demonstrates sustained strength, might these new charter customers first be returning to the benefits of general aviation through air taxi and charter service? At SimCom, we think so.

Like many of our customers, I operate a mid-size business. And I am both relieved and excited to see the economy begin to turn the corner and to see the early indications for the potential resurgence of our industry. The increase in pilots dusting off their logbooks, seeking to refresh and upgrade their piloting skills, and getting back into the cockpit are good for our industry. It seems to me that one of the things that has been lost in the magnitude of the recession—and some of the political fallout that ensued—is the importance our industry plays in the rebound and in a strong, vibrant economy. Not just for the jobs we create directly through the manufacture of new aircraft and myriad services required to keep these aircraft safely flying, but the jobs that are provided by the many, many businesses, in a wide variety of other industries, whose success is in no small part influenced by the efficiencies provided by the benefits of general aviation.

SimCom is proud of its part in this group of dedicated, passionate, and professional individuals and companies that make up the general aviation community. We’re glad to see pilots beginning to return to the sky. Certainly it’s good for SimCom. But it’s good for all of us as well.