Innovation is the key to success

By James B Taylor

I DON'T have to tell this audience that the business aviation market has been in the doldrums these past few years. Still, I don't think we can blame it all on the cost of liability insurance or taxes. Business aviation has always been tied to the economy. When corporate profits are up, so are the purchases of aircraft and other capital equipment designed to increase productivity.

Unfortunately, when a business aircraft manufacturer's sales take a tumble, among the first things to be cut are budgets for advertising and R&D. And they are the two things needed the most in periods of recession.

Because of the long lead times involved in bringing an all-new product to market, the business aircraft manufacturer today should be investing resources in developing new products for tomorrow – regardless of the company's current level of revenues.

Granted, we've seen a number of new aircraft enter the market in recent months. But with few exceptions, they are not all new products. They are derivatives of existing models. As good as they might be, they offer users little more in performance or capability than what's already available in other aircraft in the same model series.

While I hate to say this, perhaps it's time we take another cue from Japan. Japanese manufacturers in automotive, electronic and aerospace industries believe that he who controls the "brain power" will win all the marbles in a competitive world economy. They intend to lead the world not only in technology, but in the art of management and marketing as well.

Japanese industries are working hard to make their existing products obsolete. They are looking far into the future, planning products now that haven't been even clearly defined or configured yet. In contrast, most US manufacturers are looking at the next quarter, rather than five or 10 years hence.

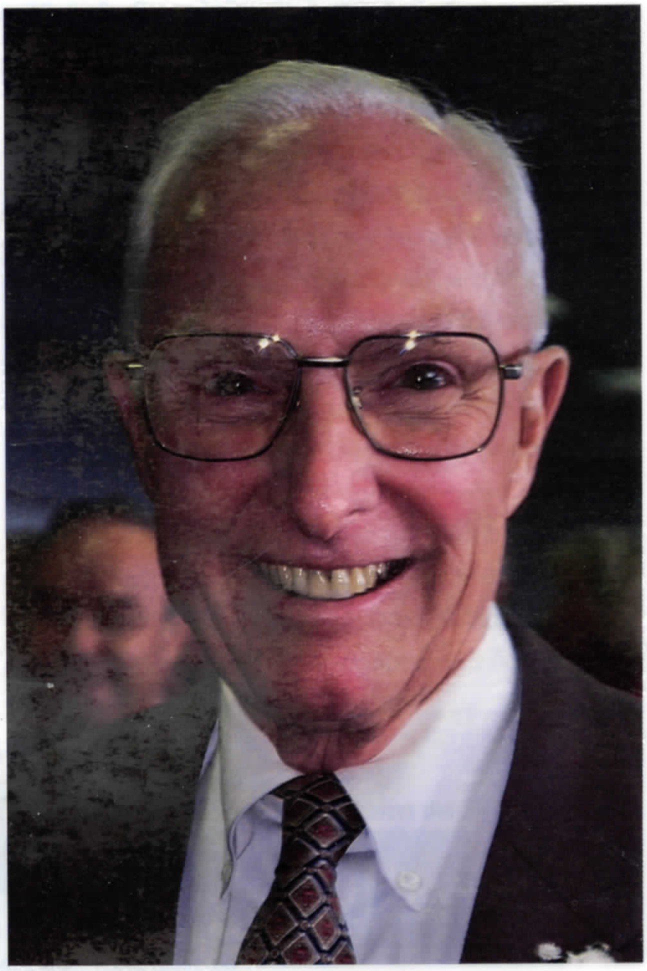
I've always operated on the philosophy that marketing was the mainstay of management. It is as critical to a company's bottom line, if not more so, as engineering, manufacturing, even finance. And in any organization, all these divisions or elements must work together as a team. As Frank Hedrick often said, "Nothing ever happens until somebody sells something."

Next to a company business plan, a sound marketing plan is a corporation's most important document. The Pan Am-Dassault Falcon, Cessna Citation and Canadair Challenger programs achieved success because a well-conceived marketing plan was put into place long before the first aircraft ever flew.

Canadair has just announced its new business jet. I was especially delighted to learn that the company's marketeers were an integral part of the development team, which underscores my point.

Historically, however, most business aircraft makers build their new models without benefit of marketing input at the time of product conception. Consequently, they are often forced to make costly product changes, if it isn't too late, just to meet market requirements. Such requirements would be obvious to the marketing professional whenever a new model is first proposed.

That's why I cannot stress too strongly the importance of having management's marketing arm heavily involved with any new product from early concept to the end of its life – long after it may have gone out of production. The best salesman for present and future products, as we all know, is the happy satisfied customer, whether he be commercial or military.



JIM TAYLOR *was honored by a select group of his peers at last year's NBAA convention in Houston for his many enduring and outstanding contributions to business aviation. The father of modern business aviation marketing, Taylor has held senior management positions with Pan Am, Cessna, Canadair and Learjet and now runs his own aviation consulting firm—James B Taylor Associates. He also serves as vice chairman and advisor to Flight Services Group and Air Trade International. The text of Taylor's comments at the NBAA celebration is reproduced here so that a larger audience may benefit from his wisdom.*

I'll say it again – company management should develop its marketing strategies well in advance of building a prototype. No matter how good the product, it won't sell itself. Moreover, the buyer today is more sophisticated than ever – especially for new products requiring large, long-term capital commitments.

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In my view, marketing must be so persuasive that it not only shapes perceptions, it creates them. That's why marketing pros in our industry think of themselves as being in the transportation business, not the airplane business. This helps them connect the product to the people they are marketing the aircraft to.

I think we are seeing positive signs of economic recovery. In talking with operators I find that there's a general feeling of optimism. Also, there is a new trend in our business – more and more companies that don't own their own airplanes are now buying time on others. This in turn should bode well for producers and users alike.

Indeed, worldwide markets for business and utility aircraft are expanding. If anything, the business need for fast, private air travel is greater than ever. For the company that must get to out-of-the-way places quickly and conveniently, there's simply no suitable alternative.

Even one of the major airlines now realizes the opportunities that are open to those providing on-demand, random-access service. The carrier controls a large fleet of air taxis, only a few of which it owns, as a supplement to its scheduled operations. I'm sure you would agree that this kind of competition is healthy and cannot help but stimulate additional growth for all aviation interests.

I hope the US business aircraft and engine manufacturers will be ready to meet future demands for advanced technology products. And I include the as yet untapped, but promising, market for all new single engine business jets in various shapes and sizes. With the right engines, such jets could be economically viable, more productive and far more reliable than the piston types – both single engine and twin – that they would be designed to replace.

Our industry has a long way to go to reach its full potential. But in the days ahead it will take a lot of smart marketing to beat the competition. And smart marketing, in a word, is innovation. That's the key.

James B. Taylor