Manufacturing Distributors Distributors Maintenance Operations Distributors

The Update Report

The Airline Suppliers Association

Volume 7, Issue 4 April 1999

LAW YOU CAN USE

PMA Parts, and "PMA Pending" Parts

Part one of this article [7 The Update Report 25 (March 1999)] explained what the PMA rules are, and discussed the history behind a special FAA program that encouraged manufacturers to obtain PMA. This FAA policy was known as the Enhanced Enforcement Program (EEP). This second half completes the description and analysis of the EEP, and discusses the documentation that should be sought by a distributor who receives a "PMA Pending" part.

At the time the EEP was published, there were many manufacturers who produced replacement and modification aircraft parts for sale to the aviation aftermarket. The law required these companies to obtain permission from the FAA to produce the parts. Commonly, aircraft parts production authority was granted through a parts manufacturer approval (PMA). Unfortunately, the law had been laxly enforced, so many of these companies did not have the formal approval from the FAA that the law required.

This became a problem as the FAA began to enforce the laws. Companies that did not have PMA were loathe to draw attention to themselves, because it could mean submitting information that could also be used as evidence against the manufacturer in the event of an FAA civil penalty action for prior violation of the PMA rules.

Companies that applied for the EEP were permitted to seek PMA without threat of a FAA civil penalty action for failure to previously comply with the PMA rules. The initial EEP application deadline was May 27, 1995 (note: some extensions to this May 27 deadline were granted on a case-by-case basis), and applicants were required to submit their initial PMA applications by July 27 of that year (once again, the FAA did grant extensions). Although the actual legal protection was limited to an evidentiary exclusion for information filed as a part of the application (and only for violation of the specific PMA rule), the EEP became a *de facto* amnesty program for those companies that participated in it. This practice supported the FAA policy of encouraging manufacturers to obtain PMAs when they were legally required to do so - the FAA was more interested in aiding compliance and supporting safety than in prosecuting companies that were making good parts.

Permission to Continue Shipping

The FAA divided the EEP participants into four categories: groups 'A' through 'D'. Group 'A' participants were companies that were currently supplying the parts in question to a production approval holder (PAH)

(Continued on page 42)

Inside this Issue:

Congratulations to:

H & B Aircraft Parts, Inc.
Santa Clarita, CA

for being reaccredited under the Airline Suppliers Association's Accreditation Program.

Keep monitoring,
http://www.airlinesuppliers.com
for a growing list of
FAA accredited distributors.

ASA
AIRLINE SUPPLIERS ASSOCIATION

A Message from ASA's President

By now you should have received the registration packet for the 1999 ASA Annual Conference in Marco Island, FL. The agenda is jam-packed with issues requested by members; I only wish we had the time to discuss more!

The first day of the meeting, July 19, is our general session day with speakers from the FAA as well as industry leaders. Workshops will be held all day July 20. The workshops address technical quality control issues, FAR training, commercial law, business issues and more. There are 10 workshops with an opportunity for each attendee to attend up to four.

By popular request the members-only meeting will not be held at 7 am on Tuesday morning, but rather will be held late Monday afternoon. While every year's members-only meeting is important, this one is of special interest because in addition to the discussion of the health and goals of the Association, there will be a member vote on at least one item.

Many of you have met Roy Resto, ASA's contact person at QMS LP. Roy is in the U.S. Air Force Reserves and this past week his unit was called to duty. Roy was not sure when his assignment will end nor when he will be back at QMS LP headquarters, but as I expressed to him, hopefully it will be soon.

During Roy's assignment, Allyson Cate will be handling the Accreditation Division at QMS LP. Ally is an ASA veteran: she has spoken at three ASA Annual Conferences and has handled accreditation in the past. Roy's attention to detail and work flow process documentation has made this transition a smooth one. Meanwhile, Tom Willis, President of QMS LP, will be filling-in for Roy at this year's Conference. If you are interested in Roy's military address, please give me a call.

Best regards,

Michele Schweitzer

NOTICE

The Airline Suppliers Association, Inc., a Delaware not-for-profit corporation, will hold its annual membership meeting on July 19, 1999, 5:15 p.m. at the Marco Island Marriott in Marco Island, FL.

The agenda will include a vote on adoption of Bylaws for the Airline Suppliers Association, as well as an opportunity for members to communicate with the Board of Directors.

The Update Report
is a monthly newsletter of the Airline Suppliers Association. Questions/comments should be addressed to the Editor:

Jason Dickstein, Vice President
Airline Suppliers Association
636 Eye Street, NW, Suite 301
Washington, DC 20001
voice: 202-216-9142
fax: 202-216-9227
email:jason@airlinesuppliers.com

The Update Report
provides timely information to help Association members and readers keep abreast of the changes within the aviation supply industry.

The Update Report
is just one of the many benefits that the Airline Suppliers Association offers members. For information on ASA-100, the ASA Accreditation Program, Conferences, Workshops, FAA guidance like Advisory Circulars, Industry Memos, or services and benefits, contact the Association.

The Update Report
For information on special package rates for advertising, contact the Association at 202-216-9140. Subscription cost is $120.00 US per year.

AT 800 INDEPENDENCE

Mims Promoted to AFS Deputy Director

ASA's Keynote Speaker for this year's Annual Conference, Ava Mims, has been promoted within the FAA. She will assume the role of Deputy Director of the Flight Standards Service.

The FAA announced that Mims would become Manager of the Maintenance Division (AFS-300) less than two years ago, in September, 1997 [5 The Update Report 67 (September/October 1997)]. During her short tenure she changed the name of the office to the Continuous Airworthiness Maintenance Division to reflect the broad range of tasks that the Division performs. At first, some laughed at this change, calling it the most significant thing the AFS-300 Division had done in years. Laughter turned to admiration, though when Mims began to improve the way that AFS-300 performed its work. It was not long before even the FAA's biggest detractors had to admit that Ava Mims was changing the way the FAA conducts business.

AFS 300 has long suffered from an inability to issue their completed projects. This was often not the fault of the employees at AFS-300; rather, the bottlenecks occurred in other offices that had to review and approve work done in AFS-300. These other offices included legal and economic offices as well as reviewing offices in the Department of Transportation. Mims has been able to break some of the bottlenecks by working effectively with her peers in other departments and helping them to establish priority lists that include her Division's projects.

More important, though, is the effect that she's had on her department. The people who work for her (and who set national aviation airworthiness policies) seem happy. They are more productive because she has made their work more meaningful.

Mims has supported programs that will have a particular effect on distributors. She is a strong proponent of AC 00-56, and has helped to publicize this program. Her office is also responsible for the military parts AC and the receiving inspection AC that are expected to be released this summer. Each of these was written specifically to be useful to distributors, as well as air carriers and repair stations.

ASA is proud to announce that the FAA is promoting a new breed of manager - managers that get the work done. Ava Mims is just the latest in a string of well-qualified promotions that show that the FAA is focussing on effective management, which will lead to better oversight of aviation safety.

FAA Aging Aircraft Guidance

The FAA has proposed new guidance and rules that could have a significant impact on older aircraft. These rules are important because substantial changes to the rules that apply to older aircraft can have a major impact on the parts aftermarket.

The FAA has proposed a new set of rules that would apply to most multi-engine aircraft flown for hire (121, 129, and some 135 U.S. registered aircraft). It would require a records reviews and inspection by the FAA after an aircraft's 14th year in service. The purpose of these new 'review and inspection' requirements would be to ensure that the maintenance of these airplanes' age-sensitive parts and components has been adequate and timely. The inspections would most likely be conducted by DARs. The rule anticipates about 2,850 aircraft inspections in the next five years, which could be a real drain on DAR resources unless the FAA significantly increases the number of DARs. Distributors who are relying on DARs to issue airworthiness approvals should watch out for this!

The proposed rule also would prohibit the operation of some older airplanes after specified deadlines unless the operator included damage tolerance based inspections and procedures in the maintenance / inspection program. A damage tolerance based inspection system is developed by using engineering evaluations of likely sites where damage could occur, and using this data to develop inspection procedures. Although this data may be supported by service experience, service experience alone would not be considered adequate to modify the maintenance scheme (e.g., to extend life limits on parts subject to potential fatigue cracking). Unlike a supplemental inspection program that is based on service experience alone, the damage-tolerance analysis should yield an inspection program based upon contemplated failures that have not yet happened, thus preventing these issues from arising rather than waiting to address them after they have arisen.

Check out this proposal on ASA's website soon: public comments are due by August 2, 1999.

The FAA has also issued guidance on establishing a damage tolerance based inspection system for small transport and commuter aircraft. This guidance has been proposed as AC 91-MA. A copy of this is also available through ASA's website, and comments on this proposed AC are also due by August 2, 1999. Although specific to smaller models, the AC provides some insight into the expected analysis.

In the short term, these proposals both have the potential to increase sales of parts for installation in older aircraft, because they are likely to require some parts on older aircraft to be replaced more frequently. In the long term, though, these proposals could increase maintenance costs on older aircraft to the point where it is more economical for U.S. operators to purchase newer aircraft rather than continuing the analysis required on the older aircraft. This makes these proposals particularly noteworthy for those distributors that maintain inventories of parts for older models of aircraft.

HAZARDOUS MATERIALS HAZARDS

Hazardous Materials Violations Cost $$

Want to know just how much a hazardous materials violation could cost you and your company? Check out the FAA's new hazardous materials (haz mat) guidelines, which were recently issued to the FAA offices that have responsibility for establishing penalties for haz mat violations.

The new policy on enforcement of hazardous materials regulations was issued on April 21 - it establishes guidelines for determining appropriate fines for haz mat violations.

Hazardous materials violations yield fines ranging from $250 to $27,500 (per occurrence) based upon the severity of the transgression. The guidelines propose ranges for fines, depending upon the party who is being fined (air carrier will usually be fined more than individuals for the same violation). These ranges are much more narrow than the statutory minimum-maximum range. To determine where in that range the fine will fall, the prosecutor must assess factors defined in this new policy.

Most fines assessed against a distributor will be $250-$1,000 for problems associated with declared haz mat shipments, and $1,500-$15,000 for problems associated with an undeclared shipment. For example, if a distributor obtains aircraft parts, and the lot happens to include hazardous materials (for example, oxygen generators installed in overhead bins or seat backs), the distributor could be liable for a fine of $1,500-$15,000 *per occurrence*. Under the guidelines, multiple packages in the same shipment can be considered as multipliers (5 packages = 5 violations at the ordinary fine level), or as aggravating circumstances (5 packages = one violation at a higher fine level), at the prosecutor's discretion.

The fine per occurrence is determined based upon a variety of aggravating and mitigating factors. The guidelines look at the haz mat transaction to help define the nature, circumstances, extent, and gravity of the violation, to assess the violator's degree of culpability, and to determine the final weight of the case. All of the information developed is used to determine where in the specified range the 'per occurrence' fine will fall.

A primary reason for issuing this guidance was to establish a uniform method of applying penalties, so that violators in different parts of the country would pay the same fines for the same transgressions. This new guidance follows a pattern already established in FAA Order 2150.3A, which applies to enforcement actions for Federal Aviation Regulation violations. Past history with 2150.3A shows that fines for civil penalties are anything but uniform. Nonetheless, the guidelines give lawyers a reasonable basis for arguing that a proposed fine is too high, and provide them with ammunition to use against the FAA in penalty negotiations.

REGULATORY AFFAIRS

Airworthiness Directive: Oxygen Mask Alert

Although Airworthiness Directives (ADs) apply against aircraft owner / operators and not against those who hold inventory, most distributors like to track ADs in order to provide a value-added service to the customers that need to comply with the ADs. Most ADs are issued against products (aircraft, engines, and propellers); however, some ADs are issued against parts. Because of the way ADs are catalogued, ADs that are issued against parts (as opposed to products) may be overlooked by the customer, so ASA publishes notice about such ADs when possible.

The FAA has issued a final AD against Puritan-Bennett Aero Systems C351-2000 series passenger and portable oxygen masks [see proposal at 6 The Update Report 118 (October 1998)]. These masks are commonly installed on a wide variety of aircraft. The AD applies against masks with elastomer cure dates between September 1993 and March 1997.

The AD requires inspection of the oxygen masks for tears around the face cushion, and replacement or repair of any torn masks. Some distributors may wish to obtain instructions for this inspection, to pass on to a repair station or other maintenance provider. These instructions, SB C351-2000-35-1, are published by Puritan-Bennett; directions for obtaining them are published in the AD.

Suppliers with inventories of these masks should review the AD to determine whether their inventory may be adversely affected (the AD includes a list of affected part numbers). Although a supplier is not required to comply with an AD, many companies do perform AD research and remediation to support the end user's requirements, so this could affect some inventories.

(Continued from page 37)
(and therefore at least part of their production run was subject to an FAA-approved quality system through the PAH) or that had PMA or TSOA on other parts (and therefore the company was familiar with FAA-approved quality systems).

Because the FAA was confident that the Group 'A' participants were familiar with appropriate aviation quality systems, Group A applicants were permitted to continue to ship their parts to the aftermarket. One of the conditions imposed was that the manufacturer had to attach a notice to each part explaining the status of the part, and explaining that the installer should confirm installation eligibility through other sources, like a PAH's illustrated parts catalog. This became known as the "PMA Pending" notice.

Group 'B' and 'C' applicants were companies that did not supply their parts to a PAH at the time of application. Group 'B' companies were those that formerly supplied their parts to a PAH and Group 'C' companies never had a supply relationship with a PAH. The FAA could permit the Group 'B' and 'C' companies to continue to ship parts to the aftermarket pending completion of the PMA process, but that decision was not automatic, and was based upon a compliance verification or even a facility evaluation by the FAA.

In each of these first three categories, the applicants were required to pursue their PMA applications, cooperate with the FAA in the approval process, and provide adequate notice of part status to the customers. Also, the applicant company was required to discontinue shipment in the event the PMA application was rejected.

Group 'D'

The fourth EEP category was Group 'D.' Group 'D' applicants were companies whose parts fell within the gray area of standard parts so that it was uncertain whether the parts were exempt from the PMA rule. The problem here was that the industry had developed a different understanding of what was a "standard" part than the definition used by the government. In particular, the industry had come to accept proprietary standards, like BAC, ABS and ARINC part numbers, as standard parts.

Federal government policies states that standards may be issued by either the government or by an industry standard setting body. Federal government standards include AN (Air Force - Navy Aeronautical Standard) and MS (Military Standard) standards. There is an OMB circular that encourages agencies to support the work of industry standard-setting bodies (like AS and NAS standards). Industry standard setting bodies are supposed to be open forums that feature representation of all affected parties.

FAA Efforts to Close-Out "PMA Pending" Categories are Exanding 'Approved Parts' Categories

Unfortunately, there is no room in this definition for an industry leader (like the Boeing Company, for example) to establish standards that are accorded the same privileges by the FAA as other standard parts. The federal government has foreclosed this option because of the anti-competitive potential of standards set by only one company; the FAA has followed this policy because it has not yet developed a way to distinguish a 'good' standard, like most BAC parts, from a 'bad' standard, which could be established for the sole purpose of circumventing the PMA rules or other important safety rules.

Recognizing that Group 'D' reflected a wide range of parts that were necessary to the industry even if they did not neatly fit into current notions of what was considered acceptable under FAA rules, the FAA agreed to put the Group 'D' applicants "on hold" until further guidance could be issued.

FAA Efforts at Closing-Out the EEP

Many people have asked whether there is a foreseeable close to the EEP. Although there is no definite deadline beyond which the EEP will sunset, the FAA has taken a number of steps designed to close out some the categories of parts associated with the EEP.

At about the same time as the EEP, the FAA issued two procedures for obtaining PMAs through "fast-track" processes. The "Phase One" process permitted the applicant to use a licensing agreement with a type/production certificate holder to support the design approval portion of the process. The "Phase Two" process permitted an applicant who did not have a licensing agreement with the type certificate holder to obtain instead a technical assistance letter indicating that the proposed PMA design was equivalent to the approval holder's existing approved design. Each of these fast track processes relied on a prior FAA approval and a certificate holder's assurance that the applicant's design was equivalent to demonstrate that the PMA design was approvable. This shortened the review process and permitted PMAs to be issued more quickly.

Group 'D' represented a large gray area of parts that might or might not have been standard parts that were exempt from the PMA rules. Obviously, the first step toward a solution was to clearly define the term "standard parts." The FAA published a policy notice that discussed standard parts.

Another way the FAA has tried to disposition Group 'D' has been to issue

(Continued on page 43)

(Continued from page 42)
generic TSOs for fasteners bearings and seals. In many cases, fasteners, bearings and seals were placed in Group 'D' because they in particular were most likely to be considered standard parts. Issuance of the FAA standard part policy made it clear that many standards issued by single companies did not fit into the FAA's current definition of standard parts. Using the generic TSOs, manufacturers of fasteners, bearings and seals can obtain FAA production approval (TSOA) without demonstrating a particular installation eligibility.

There is a FAA policy memo that authorizes manufacturing inspection district offices (MIDOs) to issue letters permitting continued shipping out of EEP participants who abandon their PMA application in favor of TSOA applications. Although the policy memo only addresses the fastener TSO because of the timing, it is likely to reflect a policy that applies to TSOA applications for bearings and seals as well.

The "PMA Pending" Notice

The 'PMA Pending' notice was required on all parts shipped under the EEP. The manufacturer was required to attach a notice indicating that the part was shipped in conformity with the EEP. The notice was supposed to explain that the installer remained responsible for confirming installation eligibility.

Over the few years that the EEP has been in place, the description of status required by the FAA has been replaced by a simple statement, indicating that approval of a PMA is pending. This simple statement, though, has lead to some misunderstandings.

The Modern Misunderstanding

It is now more than four years after the EEP went into effect, and there are still companies that appear to be waiting for their PMAs. This means that distributors are still receiving parts that bear the "PMA Pending" notice.

Unfortunately, it appears that a small number of manufacturers are unaware of the history of the EEP, and were under the mistaken belief that they could ship parts with the phrase "PMA Pending" when the PMA application was filed but the PMA had not yet been issued. A PMA application that is not part of the FAA's Enhanced Enforcement Program is insufficient approval for shipping prior to PMA issuance. Companies that ship their replacement or modification aircraft parts prior to PMA approval, and without some other permission to ship, are violating the existing aircraft part production rules. There is no rule that allows a PMA applicant to "preposition " parts!

Parts that are made and shipped before the issuance of a PMA may be shipped under a direct ship authority from a production certificate holder. They may be shipped in accordance with any written agreement with the FAA (the FAA is permitted to approve parts in any manner acceptable to the Administrator, under FAR 21.305(d)). But they may not be shipped with no formal approval if they are offered for sale for installation on an aircraft.

Ask Your Business Partners for Documentation on their "PMA Pending" Parts

Although installation of such a part is technically legal, as long as there is evidence to confirm that the part returns the aircraft to an airworthiness condition at least equal to the FAA-approved configuration, the FAA has taken steps to discourage installers from using parts that do not have a clear approval status. In particular, recent guidance from the FAA defines the term "unapproved parts" to include parts that are manufactured and sold to the aftermarket without either FAA approval or direct ship authority from the production certificate holder.

How can we protect our inventories?

Replacement and modification parts that are manufactured with the intention that they be sold for installation on an aircraft are regulated by the FAA. Generally, the FAA requires that the manufacturer first obtain a form of production approval, like a PMA, before producing and shipping such parts.

The EEP represented an exception to this rule because it permitted companies with out PMAs to produce and ship parts. Every EEP participant got a letter from the FAA describing the scope of the company's authority to produce and ship parts. It usually included an appendix listing the part numbers that were part of the program. These letters did not include any proprietary data, so they could be shared freely without risking disclosure of any proprietary data.

If you receive parts that include a "PMA Pending" notice, then it is important to know whether they are really part of the EEP. Contact the manufacturer and be sure that the company actually had permission from the FAA to fabricate and ship these parts. It is a good idea to ask for and obtain a copy of the letter that authorizes the company to manufacture and ship the parts during the FAA review of the PMA application. Keep the letter on file in your own records.

While a PMA confers installation eligibility, the EEP does not. In fact, the EEP specifically advises installers to determine installation eligibility through other sources, like an illustrated parts catalog (IPC). For this reason, any information we can pro-

(Continued on page 46)

GUEST COLUMN

All Hazard Risk Management - Beyond Safety to the Bottom Line

A decade ago, the hot topic in management circles was Quality with a capital Q. Quality programs touted improving customer satisfaction by setting appropriate standards, empowering workers and measuring results. Sound management practices with a modern spin.

This year, the Airline Supplier's Association has invited PFA Consulting to give a program on risk management at their Annual Conference. This program will be given during the workshop sessions on July 20, and is a part of the regular Conference program (no additional fee is required to attend). *All Hazard Risk Management, Beyond Safety to the Bottom Line* is a program designed to get your employees to care as much about cost control as you do. When that happens, you will have the satisfaction - and profit – that comes from putting forth your most competitive effort.

In today's competitive environment, cost control and productivity increases are critical to success. Getting a handle on recurring cost is relatively easy; there is history to guide your efforts. But managing risk - and the associated costs of unusual events - can be much more challenging. Successful risk management requires a team effort driven by a culture of cost consciousness.

In the course of our work we have frequently found organizations and businesses facing hazards that they were either unaware of, or ill prepared to deal with. These hazards often posed significant risk, sometimes to the very viability of the enterprise. What was lacking was a management process to focus appropriate attention on the threat to success that these hazards posed. Impressed by the success of safety programs in reducing physical hazards during the past two decades, we decided to apply safety methodology to all hazards, expressing the results in terms of the "bottom line."

Did you ever wish that everyone in your organization were as concerned about cost as you are? Here's an idea – if you want your employees to be more cost conscious, make them your partners in risk management. Risk management is all about controlling avoidable costs. Risk management partners help you identify and control the costs associated with hazards to your success. More importantly, the process of risk management helps build a culture of thorough, cost conscious decision-making that will improve the performance of any organization.

Since risk management begins with the identification of all those hazards that place your objectives at risk, including your entire organization significantly multiplies the power of this process. Comprehensive identification of as many "stumbling blocks" as possible gets your whole team involved and cost conscious. An increased sense of ownership and accountability are important byproducts of this process. The goal is for everyone to realize that they can directly affect your bottom line by controlling avoidable costs. When employees assume cost-ownership of their responsibilities, organizational performance increases.

We begin with the development of a resource protection plan. This document is customized to complement your existing management programs and is designed to help you comprehensively identify, prioritize and manage the hazards that threaten your organization. We emphasize workforce involvement in this process and recognize that risk management is the responsibility of each employee and vendor. Everyone is accountable for this team effort.

The plan works like this. First, using our process to identify a list of hazards, we assess their relative importance. The logic here is familiar, because you use it every day to assess personal risk: whenever the walkway is slippery or there is thunder in the distance; every time you drive in bad weather or eat a strange food. It's become so automatic that you may not do it consciously, but the process is there. It is why you have survived in a hostile world. You ask yourself: What is the chance that this hazard will result in an unwelcome event and if it does, what will my consequences be? Based on your assessment, you choose to avoid, eliminate, mitigate or insure against the risk that the hazard represents. Your intent is to choose a strategy that lowers the chance or cost of a problematic outcome. When you formalize and extend this same process to the workplace, the result is the same. Decision-making improves and costs are better controlled.

The **R**isk **A**ssessment **C**ode, or RAC, is a simple way to prioritize risk. We recommend it as a tool to help you focus on hazards that are really important. While the principle is simple, the process can be as complex as you prefer. It can be integrated with your existing management systems. We present this technique to illustrate an important aspect of our all hazard risk management program.

When the hazards threatening your success have been identified, they need to be assessed. We do this by considering two factors. The first is likelihood of occurrence. This value can be intuitively estimated, reasoned

By Mike Hall, PFA Consulting

through experience or derived using a number of analytical techniques. While a full range of determinations is possible, we normally categorize them into four groups - ranging from "unlikely" to "probable" - based on thresholds that you set.

Once the likelihood of occurrence has been estimated, the severity of the unwanted event must be determined. We recommend that severity be expressed in monetary terms. This focuses on cost and normalizes all hazards to a common denominator for basis of comparison. It also provides an interface between this process and your budget. We usually recommend four levels of impact. You have to carefully choose the category thresholds to make them meaningful to your business. A severe impact for a small business may be only a minor impact for a large corporation.

The results of this exercise are related using a matrix to assign a risk assessment code. To accomplish this, the probability categories are matched with the corresponding levels of severity. They are arranged so that a high probability combined with a severe impact gives the highest priority risk assessment code, RAC 1. A four by four matrix produces five RAC outcomes. While you can vary the number of outcomes by changing the number of categories, thereby changing the size of the matrix, we think that five priorities is a reasonable number to work with. Each hazard that you assess will be assigned a RAC. The RAC will then be used to prioritize the risk each hazard presents to help you decide on appropriate management attention and strategy.

Risk management logic prioritizes attention on the most serious hazards. This is where the formal process can be most helpful. We all suffer to some degree from placing inappropriate attention on the latest crisis. The idea that "when surrounded by alligators, it's hard to remember that you set out to drain the swamp," is well grounded in fact. The challenge is to clearly compare hazards that seem to be "apples and oranges" in the workplace, set management priorities and stick to them.

All Hazard Risk Management - Beyond Safety to the Bottom Line helps organizations and businesses look at areas that may not have previously had full risk management attention. Subjects such as protecting office equipment and supplies, safeguarding information systems and company data now receive the same rigorous treatment as traditional safety hazards. And since no business runs without healthy, productive employees, there are losses associated with human factors to consider. After all, what good does it do to have a safe manufacturing operation but lose the business to a sexual harassment judgement?

Is all hazard risk management worth your commitment? Competition and a slowing economy are pressuring profit margins, making controllable losses increasingly difficult to absorb. Beyond the direct dollar costs of a mishap, there may be a myriad of additional ancillary costs including overtime, lost productivity, replacements, customer dissatisfaction and increased insurance premiums. When you consider the total cost, it's easy to see how a comprehensive loss control program can quickly pay for itself.

All Hazard Risk Management - Beyond Safety to the Bottom Line brings leadership, employees and vendors together in a powerful process to help control avoidable cost. Learn about it at this year's ASA Annual Conference. Use it to advantage your organization in an increasingly competitive market, control cost and improve your bottom line.

After retiring as an Air Force Major General, Mike Hall used his experience with leadership and quality in a variety of positions, including the New York State Disaster Preparedness Commission. He recognized that a combination of 'all hazard emergency management' with the business reality of cost control represented an ideal tool for developing effective quality systems. Hall and his partner, Debra Scullary, Esq., developed these ideas into a copyrighted program and founded a company, PFA Consulting, dedicated to sharing these techniques with industry. They will present their "All Hazard Risk Management - Beyond Safety to the Bottom Line" program as one of the workshops offered to those who attend this year's ASA Annual Conference.

U.S. Transportation Secretary Rodney E. Slater announced that the nation's air carriers, braced by "one of the strongest economies on record," have experienced seven straight years of traffic growth, with a record 643.3 million people traveling on U.S. commercial airlines in 1998.

(Continued from page 43)
vide to our customers that supports installation eligibility will represent an important service. Such information should be sought from the manufacturer, who may have copies of IPCs and other documents from the type certificate holder.

Parts that are subject to a valid EEP agreement may be shipped by the manufacturer until the manufacturer's applications are terminated for some reason (obviously, when the PMA is issued the manufacturer continues to have permission to ship according to the terms of the PMA).

In some cases, a manufacturer may have written permission to ship non-PMA parts based upon some other arrangements with the FAA. These relationships are often similar in structure to the EEP. In such cases, you should obtain a copy of the written proof of this arrangement.

If the manufacturing company tells you that they have oral FAA permission to ship, rather than written permission, and does not yet have any form of approval for manufacturing, then your receiving inspection system should flag these as potential problems. Even if the airworthiness of the parts can be demonstrated, these parts may be considered "unapproved" under current FAA guidelines. This means that some of your customers may be unwilling to purchase the parts, even if they are airworthy.

Unless the Manufacturer has Direct Ship Authority or Permission from the FAA to Ship, a Part Shipped Prior to PMA Issuance May be an Unapproved Part

As the FAA continues to apply pressure on installers to use only "approved parts," it is important to consider what our customers will be able to purchase from us, not only today, but in the reasonably near future. Sometimes the law permits transactions that commercial practice will not permit. Don't get caught in this trap. Insist that your suppliers provide you with the documentation that you will need to sell their inventory!

INDUSTRY UPDATES

The **FAA** announced that it has signed **Maintenance Implementation Procedures** (MIPs) with the civil aviation authorities of **Ireland** and **Germany**. These MIPs facilitate oversight of repair stations doing work under another country's standards. Under the German MIP, for example, a United States repair station can apply to the FAA for JAA acceptance. The FAA will process the paperwork, and if the FAA decides that the repair station is qualified, then the FAA will forward a recommendation to the German civil aviation authority. Based on the FAA recommendation, the U.S. repair station would be eligible for a JAA acceptance certificate through the German CAA. Similarly, a German repair station would be eligible for a FAR 145 certificate based upon endorsement and recommendation by the German CAA. Furthermore, the FAA has agreed to share technical data with Germany and Ireland, and all three nations have agreed to perform surveillance within their own borders of the others' foreign certificate holders (so the FAA will monitor domestic repair stations with JAA certificates for both FAR and JAR compliance).

The **United States** is completing an agreement with **China** that would allow US carriers to fly to two more cities in China, and would allow them to originate from any city in the United States.

Baron International Aircraft announced the opening of their newly constructed main office in Eagan, MN. The new facility is near their old location, so they remain close to Northwest Airlines and NATCO.

Ray Connors retired from **East Air Corp.** [EAC] on May 14. Connors worked in the aerspace industry for 49 years, the last 16 of which he spent as Vice President of Operations at EAC.

Boeing has signed an agreement granting exclusive surplus part distribution rights to **The AGES Group**. The agreement covers approximately 230,000 individual part numbers, primarily for out-of-production aircraft. In other news, **AGES** bought ASA Member **Jet Support,** in Kent, WA.

*Late News: The FAA has released a **SUPs notice** on certain fuel cells. Full details will be published in next month's issue, but the text can be found now through ASA's web site.*

AIRPAX

Software Solutions

For Aviation Parts Sales & F.A.A. Repair Stations

Using AIRPAX is like using a *reliable* tool. Below are some satisfied clients who can tell you what AIRPAX means to them.

Avteam, Inc.

Avatar Alliance, L.P.

Aeronautical Support, Inc.

Certified Aircraft Parts, Inc.

M & M Aircraft Services, Inc.

Lockheed Martin Aeronautical Support

Professional Aircraft Accessories

Corporate Rotable & Supply, Inc.

Flight Turbine Services, Inc.

Corporate Jet Support, Inc.

Falcon Aero, Inc.

Int'l Airline Support Group

Intertrade, Ltd.

Danbee Aerospace, Inc.

Flight Director, Inc.

World Air Lease, Inc.

Kellstrom Industries

PTS Aviation, Inc.

Windward Air

Tradewinds Engine Services

Source One Spares, Inc.

Aero Support, Inc.

Spectrum Aerospace, Inc.

S. R. Aerospace, Inc.

Jet Support Corporation

Mitchell Aircraft Spares

ACCESS SOFTWARE

For information on how ***AIRPAX*** can help your business, please call:

Access Software, Inc. (561) 747-1217

880 Jupiter Park Drive · Suite 15 · Jupiter, FL 33458
Web Page: http://www.airpax.com · E-mail: sales@airpax.com

Find Source Documents on the Internet

Interested in one of the subjects addressed in this issue? Want to find out more? The source documents underlying many of the articles in this issue are available on the internet. Just set your browser for http://www.airlinesuppliers.com/7tur.html#4. This address features an index to the articles which will bring you to the original documents on the world wide web just by clicking on the description.

UPCOMING EVENTS

**** = ASA will be speaking there***

May 12	*** ASA One-Day Workshop**, Atlanta, GA. Call (202) 216-9140 for last minute registration details.
May 12-15	*** Aircraft Electronics Ass'n Annual Meeting**, Atlanta, GA. Call (818) 373-6565 for details.
May 24	**Greater Washington Aviation Open**. Aviation industry golf and tennis tournament for a good cause (airflight for cancer victims). Silver Spring, MD. Contact Paul Bollinger at (215) 656-2703.
June 3-4	**Aircraft Leasing and Finance Conference**, Omni Parker Hotel, Boston, MA. Contact Carol Everest in the United Kingdom at 44 1892 65 5006 for more details.
June 16	*** Miami Maintenance Council** - more information TBA
July 18-20	*** ASA Annual Conference**, Marco Island, FL. More details will be available in future issues.
August 14-17	**Air Carrier Purchasing Conference**, San Antonio, TX. Call (561) 434-1512 for details.
Sept. 12-14	**Aircraft Valuation and Asset Management**, Washington, DC. Contact Carol Everest in the United Kingdom at 44 1892 65 5006 for more details.
Sept. 19-22	**CQCA/Int'l Maintenance Symposium**, Dallas, TX. Contact information available soon.
Oct. 24-26	**Speednews Regional & Corporate Suppliers Conference**, Rancho Mirage, CA. Call (310) 203-9603.

The ASA Annual Conference Will Be Held July 18-20 in Marco Island Florida.
See Page 39 of this newsletter and ASA's website for details.

Airline Suppliers Association
636 Eye Street, NW, Suite 301
Washington, DC 20001-3736
Telephone: (202) 216-9140
Facsimile: (202) 216-9227