



# The Update Report

The Airline Suppliers Association

Volume 6, Issue 8

August 1998

## LAW YOU CAN USE

### Hiring A & P Mechanics

So, you've just hired a new A & P. He insisted on a little more money than your employees without certificates and now you're wondering what you can do with him. Of course he'll be a useful member of your team but will his A&P certificate give him special abilities that the other employees don't have?

#### What is an "A & P?"

The FAA issues mechanics certificates to persons with the proper training, experience and abilities. A mechanic's certificate bears a rating which describes the scope of the work that the mechanic is licensed to perform. Ratings can be for airframes or for powerplants (some older mechanics may even have "E" ratings for reciprocating engines). Although it is still possible to get only one rating, most mechanics get both ratings today: airframe and powerplant (hence the term "A & P").

When people talk about an "A & P," they may be speaking of the certificate that is issued by the FAA, or they may be referring to a mechanic to whom the certificate has been issued.

#### A & P Privileges

The primary privilege associated with an A & P certificate is the ability to perform aircraft maintenance, which is a function that may only be performed by parties with FAA certificates (the com-

plete list of parties permitted to perform maintenance is found in the aviation regulations at 14 C.F.R. § 43.3). Maintenance includes repair work and parts installation as well as inspection.

Because inspection is listed as one of the elements of maintenance, there are some people who believe that only A & P mechanics can perform a receiving inspection for a supplier. This is not the case. Despite the similarities in name, a supplier's receiving inspection is a commercial inspection. It may address the customer's requirements and it should also meet the terms of the supplier's quality system (such as ASA-100), but it is not a regulated inspection so it is not a special A & P privilege.

A & P mechanics are authorized to perform maintenance inspections. Such an inspection determines whether the part, appliance or product inspected meets certain airworthiness standards. The A & P is required to perform such an inspection according to methods, techniques and practices that are acceptable to the FAA. Often, the A & P can find acceptable methods for performing the inspection in the manufacturer's instructions for continued airworthiness (structural repair manuals, maintenance manuals, overhaul manuals, etc.). When an A & P mechanic completes an inspection on a part and finds that the part meets the applicable airworthiness

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## A Message from ASA's President

It is hard not to notice all the changes in the distributor/supplier section of the aviation industry. The economy has been good and companies are expanding. Several members have invested in new facilities and new locations; others have expanded their capabilities by purchasing repair stations; and several members can now be found on a public stock exchange.

Distributors aren't alone, it is becoming difficult to keep up with the purchases of the manufacturers. For example, just this past month Allied Signal announced the purchase of the consulting organization, The Canaan Group. Employees of The Canaan Group are regular speakers on aviation markets and trends.

Of course it would be an oversight not to mention the air carriers. AirLiance Materials is a joint-venture among Lufthansa, United and Air Canada; it will deal in those air carriers' surplus materiel.

With all this excitement in the industry, it was hard not to notice and take heed of an article in the August 3, 1998 edition of Business Week, "Our Testosterone Levels Are Pretty Low."

The article notes that airlines are resisting the usual urge to invest in new aircraft during our current economic expansion. It explains that Wall Street investors have learned from the past overspending of air carriers during economic boom times - they've begun to recognize the long-term vulnerabilities of the aviation industry.

Continental Airlines, for example, is aggressively expanding its fleet, but the article notes that the carrier has left itself "plenty of flexibility to retire planes." United has chosen to refurbish

older aircraft rather than replacing its aging fleet of 727s - once again, it is a move calculated to permit maximum flexibility for fleet retirement in the event of a downturn.

These decisions provide opportunities for ASA members who are positioned to provide the parts necessary to keep the older aircraft flying.

ASA has taken steps to assure that we're ready to do our part to support your opportunities by hiring a new full time employee, Rebecca Morrow. Rebecca has already delved into the thick-of-it by handling conference registration, membership inquiries and accreditation. We are excited to have her on board and expect her to enable ASA to better serve you.

Best regards,

Michele Schweitzer

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Corporate Treasurer

**Michele Schweitzer** 202-216-9140  
President, Corporate Secretary

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.co

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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.

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## FQA Aviation Exemption; Postponement

Some aviation safety inspectors and air carrier auditors are beginning to 'gig' distributors for failure to comply with the Fastener Quality Act [FQA]. This auditing check-list item presents a real philosopher's puzzle, because not only has the act not yet been implemented, it has also been in a constant state of change all summer long. Even if the FQA had been implemented, the constant state of change would make it impossible to know how to comply!

Next time the FAA or one of your customers asks you how you comply with the FQA, be sure to explain that the FQA is not yet in effect, and may never take effect.

Recent legislation has had a serious impact on the way the aviation community looks at the FQA. While bombing terrorists and dodging interns this month, President Clinton found time to sign a law that delays the FQA again, and exempts certain aviation fasteners from the scope of the Act.

### *FQA Delayed, Again*

This new law delayed implementation of the Act pending a report from the Commerce Department examining whether there still remains any need for the Act. As the only governmental agency that even claims to understand the focus of the FQA, the National Institute of Standards and Technology [NIST] will likely draw the duty to draft the report.

Under the terms of the postponement, the earliest that the Act could be implemented would be June 1, 1999. If Commerce fails to produce a responsive report by that date, the new law would prevent implementation of the FQA until Congress receives the report. Some are suggesting that this sounds the death knell for the FQA; however gov-

ernmental programs seldom ever die in Washington, DC - especially programs with almost a decade of tenure that have already offered a potential market to

hundreds of businesses (in this case, hundreds of accredited laboratories that will perform the FQA-required testing

*(Continued on page 88)*

### **H.R. 3824**

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### **SECTION 1. AMENDMENT.**

*Section 15 of the Fastener Quality Act (15 U.S.C. 5414) is amended--*

*(1) by inserting "(a) Transitional Rule.--" before "The requirements of this Act"; and*

*(2) by adding at the end the following new subsection:*

*"(b) Aircraft Exemption.--*

*"(1) In general.--The requirements of this Act shall not apply to fasteners specifically manufactured or altered for use on an aircraft if the quality and suitability of those fasteners for that use has been approved by the Federal Aviation Administration, except as provided in paragraph (2).*

*"(2) Exception.--Paragraph (1) shall not apply to fasteners represented by the fastener manufacturer as having been manufactured in conformance with standards or specifications established by a consensus standards organization or a Federal agency other than the Federal Aviation Administration."*

#### **SEC. 2. DELAYED IMPLEMENTATION OF REGULATIONS.**

*The regulations issued under the Fastener Quality Act by the National Institute of Standards and Technology on April 14, 1998, and any other regulations issued by the National Institute of Standards and Technology pursuant to the Fastener Quality Act, shall not take effect until after the later of June 1, 1999, or the expiration of 120 days after the Secretary of Commerce transmits to the Committee on Science and the Committee on Commerce of the House of Representatives, and to the Committee on Commerce, Science, and Transportation of the Senate, a report on--*

*(1) changes in fastener manufacturing processes that have occurred since the enactment of the Fastener Quality Act;*

*(2) a comparison of the Fastener Quality Act to other regulatory programs that regulate the various categories of fasteners, and an analysis of any duplication that among programs; and*

*(3) any changes in that Act that may be warranted because of the changes reported under paragraphs (1) and (2).*

*The report required by this section shall be transmitted to the Committee on Science and the Committee on Commerce of the House of Representatives, and to the Committee on Commerce, Science, and Transportation of the Senate, by February 1, 1999.*

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on representative fasteners).

### Aircraft Fasteners Exemption

If the government does finally implement the Act next year, the aircraft parts will enjoy a partial exemption for some of its fasteners. Fasteners manufactured under an FAA-approved production quality system will not need to be tested according to the terms of the FQA - instead they need only comply with the terms and condition of the FAA production approval.

The exemption includes fasteners manufactured under a PC, PMA, or TSOA. It does not include standard fasteners that are manufactured outside the scope of an FAA-approved fabrication inspection system; nor does it include commercial parts that are manufactured without the intent that they be installed on a aircraft. These standard and commercial fasteners would still have to be tested according to the terms of the FQA.

As the new implementation date draws nearer, expect to see further details and advice from ASA - just in case the FQA slips through and becomes effective on June 1 next year.

## INTERNATIONAL AFFAIRS

### International Business Opportunities

*Many business opportunities for ASA members lie in the aftermarket created by major international aviation transactions. Following are business opportunities with governments and entities outside the United States that may be interested in doing business with aviation suppliers. These reports are excerpted from information published by the United States Department of Commerce, International Trade Administration. Expanded and up-to-date information is available from the Office of Aerospace, Market Development Division. Their phone number is (202) 482-2835.*

A Malaysian company called Seri Aero Jaya Sdn. Bhd. is seeking sources for parts for the following types: Lockheed C-130, Pilatus PC-7, Sikorsky 61, Aeromacchi MB.339, Beech (type unknown), Cessna 402, Bell (type unknown) and Mikoyan-Gurevich MiG-29. The company has been in business for fifteen years and its main customer is the Royal Malaysian Air Force. Seri Aero is also considering expansion of its scope of supply in the Malaysian theater, and is therefore seeking new sources of supply for other types as well. Interested parties may contact the

company:

Ahmad Baharom  
Marketing Manager  
Seri Aero Jaya Sdn. Bhd.  
24A Jalan Tun Mohd Fuad  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur

Telephone: 011 (603) 718-2208  
Fax: 011 (603) 717-2363  
email: seriaero@tm.net.my

### Don't forget

The ASA Annual Conference  
is on  
October 11-13, 1998  
in  
Dana Point, California

Make your travel and accomodation arrangements as soon as possible to avoid getting closed out!

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[www.airlinesuppliers.com/conference.html](http://www.airlinesuppliers.com/conference.html)

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## Clinton Tightens Angolan Embargo

Suppliers licensed to do business with Angola may need to take a second look at their business transactions. President Clinton signed an Executive Order (EO) expanding the scope of the United States embargo against the Angolan rebel organizations known as UNITA, FALA and CEDA, and other Angolans associated with these groups.

This EO freezes Angolan assets in the United States, and expands the scope of the prohibitions. Some American companies selling aircraft parts with land or watercraft applications (like certain jet engine parts) could claim that the parts were intended for these alternative uses. The new EO closes this loophole by banning the sale of parts for motorized vehicles and watercraft - this ban is in addition to the prohibition against the sale of aircraft parts.

It is still legal to sell aircraft and aircraft parts into certain regions of Angola to which UNITA administration has not extended. Further, the United States government may establish exemptions to support medical and humanitarian needs. If either of these circumstances applies to a contemplated transaction then an export license may be available despite the general embargo against Angola.

This recent EO is available at 63 Federal Register 44769 (August 20, 1998). The earlier EO, addressing aviation parts specifically, is available at 62 Federal Register 65989 (December 16, 1997). As always, copies are available on the internet through ASA's website.

### CORRECTION

*In the agenda for ASA's annual conference, ASA misspelled Bruce Langsen's name. ASA apologizes for any inconvenience or confusion this may have caused.*

## Newly Issued Guidance

Aviation is a highly regulated industry. The regulations that do not directly apply to our businesses often apply to our customers, so it is important to understand what they say and how the FAA interprets them. The primary way the FAA interprets regulations is through FAA advisory circulars (ACs) - these generally provide one method of complying with the regulations (but not the only one). By studying how our customers must comply with the rules, we can plan strategies for supporting the customer's needs.

ACs can be obtained from the government by writing to U.S. Department of Transportation, Subsequent Distribution Office, SVC-121.23, Ardmore East Business Center, 3341Q 75th Avenue, Landover, MD 20785.

**AC 20-105B, *Reciprocating Engine Power-Loss Accident Prevention and Trend Monitoring*** (June 15, 1998). This AC updates statistical information and identifies the circumstances surrounding engine power-loss accidents with recommendations on how, through individual effort and consideration, those accidents can be prevented. The AC offers procedures on how to set up a reciprocating engine trend monitoring

program to improve both engine and related system reliability over the recommended operating life of the engine. Almost half of the accidents (49%) analyzed in the preparation of this AC are attributable to either mechanical failure or improper maintenance. Although this AC is targeted at smaller aircraft, there are a number of failure modes described in this AC that could apply to transport category aircraft as well. More importantly, there are failure modes that parts suppliers can help prevent with an adequate quality system.

**AC 43-9C, *Maintenance Records*** (June 8, 1998). This AC describes methods, techniques and practices for creating the records required by the federal aviation regulations. It does this through a regulation-by-regulation analysis of the fundamental recordkeeping rules; except where an air carrier's manual specifies other records, these are the regulations that parts installers must follow when recording the work they perform. Although the AC is not mandatory, it outlines several recordkeeping practices that may be considered acceptable methods of compliance with the regulations.

## AT 800 INDEPENDENCE - FAA HQ NEWS

### Dreikorn and Piotrowski Fly

Two FAA rising stars rose all the way out to the private sector this month.

Michael Dreikorn was the Assistant Manager of the FAA's Production and Airworthiness Certification Division. An acknowledged expert on quality systems, Dreikorn has joined Pratt and Whitney as their Vice President of Quality and Product Integrity.

The Continuous Airworthiness Maintenance Division lost its Assistant Manager, Dennis Piotrowski. Piotrowski leaves to help establish a manufacturing concern after holding FAA positions in both certification and maintenance. Carol Giles has been named to fill his position at the FAA (check this space next month for an article welcoming her to her new position).

## A&Ps Approve for Return to Service but Should Avoid the 8130-3

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standards, the A & P completes the process by creating a maintenance release tag. The tag will bear the A & P's signature and certificate number. This tag serves the documentation requirements found in 14 C.F.R. § 43.9, which requires that the maintenance performed must be described in a written form. It becomes a part of the records associated with the aircraft in which the part is installed. The tag also serves as the approval for return to service for the part, assuring that the work performed (in our case, an inspection) was done in an airworthy manner.

### *A & P Limitations*

While an A & P is generally entitled to sign an approval for return to service, the A & P usually should not sign an 8130-3 form. The reason for this is that the FAA Order explaining how to fill out the form, Order 8130.21B, reserves the return-to-service privileges associated with the 8130-3 form to only repair stations (Part 145), air operators (part 135) and air carriers (part 121). This means that the FAA does not *want* A & P mechanics completing the 8130-3 form.

Because 8130.21B is neither a regulation nor an advisory circular interpreting a regulation, it cannot be used as the basis for accusing a mechanic of violating the FARs. If an A & P mechanic completes an 8130-3 form under his or her own A & P certificate number, the FAA probably can't issue a civil penalty against the mechanic. Nonetheless, companies with 8130-3 forms signed under an A & P's certificate number are likely to find that many FAA personnel believe wrongdoing has occurred. This sort of adverse scrutiny may be so burdensome that it is not worth the potential benefits associated with a signed

8130-3 form.

It should be re-emphasized that an A & P mechanic who completes an 8130-3 form to document approval for return to service is not violating the regulations as they are written today. By using the form, the A & P is making a valid record of maintenance performed in accordance with 14 C.F.R. § 43.9.

### *The Care and Feeding of Your A&P*

In order to acquire an A & P certificate, the applicant must demonstrate to the FAA that he or she meets the minimum requirements for obtaining the certificate. These requirements include adequate experience (a degree from A & P school or 30 months of practical experience), adequate skill (demonstrated by passing an oral and practical test), and adequate knowledge (demonstrated by passing a written test).

Unlike certain types of certificates (e.g. student pilot's license, driver's license), there is no need to renew the A & P license on a periodic basis. The A & P mechanic is, however, required to meet certain requirements as a condition to performing work under the certificate. If the mechanic does not currently meet the conditions of the certificate, then he is prohibited from performing work under the certificate until he changes his situation so that he does meet the certificate requirements.

### *Recent Experience*

One of the conditions that must be met is the recent experience requirement. In order to exercise the privileges of the A & P certificate, the mechanic must have performed work under the certificate for 6 months out of the prior 24 months. A mechanic who does not meet this requirement, and is therefore not

"current," does not lose his or her certificate - the mechanic simply needs to get 6 months work under his or her belt before once again exercising the privilege of the certificate.

The recent experience rule at 14 C.F.R. § 65.83 lists three types of work that are considered adequate to count toward recent experience. They are: (1) service as a mechanic under the scope of the certificate (this means engaging in the privileges of the certificate, but remember: a non-mechanic can perform maintenance under the supervision of a mechanic), (2) technical supervision of the work performed by mechanics (this is direct oversight over the maintenance work performed), and (3) executive supervision of the work performed by mechanics (this means that the A & P is not necessarily on the shop floor).

There is some debate as to whether an A & P who performs a receiving inspection for a distributor is performing maintenance of the sort necessary to maintain currency on his certificate. A distributor's receiving inspection is not a maintenance activity that is performed under the scope of a maintenance certificate. Instead, it is generally a commercial function, governed by the Uniform Commercial Code rather than the Federal Aviation Regulations (FARs). Since the receiving inspection of a non-certificate holder is not a maintenance activity, it is legally insufficient to count toward the A & P's currency requirement. This presents a problem to an A & P mechanic who wants to maintain sufficient recent experience to be able to utilize the A & P certificate at any time.

There are ways to circumvent this problem. One way is to have the mechanic perform maintenance work that falls

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**A&P mechanics take note!**

*The FAA has issued a notice of proposed rulemaking that would radically change the rules that apply to mechanics. The new "Part 66" rule would replace the existing Part 65. See page 96 for instructions on finding out more!*

## A&Ps Must Keep Current

*(Continued from page 90)*

within the scope of the A & P certificate. This does not mean that your mechanic needs to perform repairs. The term "maintenance" includes inspection, so an inspection to assure the airworthiness of a part represents the sort of work that will be considered sufficient to meet the recent experience requirements of the regulations.

### *Maintenance Inspection as Recent Experience*

The sort of inspection that is a species of maintenance is more burdensome than a simple receiving inspection. The mechanic who performs the (maintenance) inspection is required to understand the manufacturer's current instructions, so the manufacturer's manuals, service bulletins and ADs should be available. The regulations also require that the mechanic have prior experience performing an inspection, so new inspections must be performed at least once under the supervision of a mechanic who is familiar with the process. Finally, the mechanic is required to document the maintenance performed. This means creating a written record that describes the scope of the maintenance (inspection according to appropriate parameters or instructions), the date on which it was completed, and identifying the person who performed the inspection. The record must be signed by the A & P mechanic.

Once this record is signed, it represents an approval for return-to-service with respect to the work (inspection) performed. Some distributors may find that this record provides a value-added service to the customers, assuring them of the airworthiness of the part (depending on the scope of the inspection performed). Remember, though, that the FAA frowns on A & P mechanics signing 8130-3 forms under their

own certificate number, so the A & P mechanic may wish to use a different form, like the "yellow tag" commonly used by repair stations for approval for return-to-service.

### *Receiving Inspections - Sufficient for Currency?*

There is a second strategy that requires a bit less effort but is a little riskier as well. It essentially requires the A & P to get acquiescence from the FAA, recognizing that the work performed in a receiving inspection is adequate to maintain the A & P mechanic's recent experience requirement. Some mechanics working for distributors have already been told by FAA aviation safety inspectors (ASIs) that the work they perform does not count toward the recent experience requirement. They've been told that when 24 months has passed, they will no longer be able to exercise the privileges of their A & P certificate. Their local ASIs say that to regain these privileges, the mechanic will have to work elsewhere for 6 months, performing maintenance work.

This sounds rather final, but there is an argument to be raised in favor of accepting commercial receiving inspection work at a distributor's facility as sufficient work to meet the recent experience requirement even though it is not maintenance.

It is a well-known fact that FAA aviation safety inspectors (ASIs) who possess A & P certificates generally do not exercise the privileges of their certificates on a day-to-day basis. This can be demonstrated empirically by the fact that the work they perform is not described in a maintenance record, as the FARs require (records of approval for return-to-service are required by 14 C.F.R. § 43.9). Further, ASIs do not supervise maintenance, they merely

maintain oversight.

Despite the fact that ASIs are performing governmental auditing and oversight work rather than maintenance (or maintenance supervision) work, ASIs that leave the government service to work under their A & P certificates are generally not considered to fail the recent experience requirement. They are permitted to exercise the privileges of their A & P certificates.

Examining parts through a receiving inspection in a distributor's facility is not an A & P privilege but then neither is FAA oversight performed by an ASI. If ASIs can claim that their work qualifies as recent experience for purposes of 21 C.F.R. § 65.83, then it seems illogical to say that a distributor's receiving inspector does not maintain his certificate currency. Of course, this theory is based upon common sense and is utterly untested in the law. With these two rather serious strikes against it, the theory could easily be rejected by an Administrative Law Judge.

Any A & P who works for a distributor and who does not exercise the privileges of his or her certificate on a daily basis should be concerned about the recent experience qualification of 21 C.F.R. § 65.83. It is a good idea to talk to someone at your local Flight Standards District Office (FSDO) and ask whether the work performed at the distributor's facility is sufficient to meet this requirement. Bring up the analogy to the work that the ASI performs. If the ASI says that the work done at the distributor's facility is adequate to meet the recent experience requirement, then be sure to get that opinion in writing. If the ASI leaves government service (perhaps to exercise A & P privileges in the private sector), then his or her oral opinion won't be worth the paper it's not

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## AROUND THE INDUSTRY

**Herman Schulz**, President and CEO of **Dallas Aerospace, Inc.**, died of cancer on Monday, August 3 at the age of 49. He had held the position of President since 1993. Donations in his memory may be sent to the American Cancer Society, Children's Cancer Fund, or the Susan G. Komen Breast Cancer Foundation.

**Inventory Locator Service (ILS)** has entered into an agreement with the Defense Supply Center in Columbus, OH (DSCC) to provide on-line parts information services to 600 DSCC personnel. The DSCC joins defense supply centers in Richmond, VA and Philadelphia, PA as ILS customers.

**Pratt & Whitney** announced July 30 that

## LAW YOU CAN USE

*(Continued from page 91)*  
written on.

### Conclusion

Hiring an A & P mechanic to oversee the receiving inspection or quality assurance can be a wise idea. The certificated mechanic can perform certain maintenance and inspection work that an uncertificated individual cannot. With the proper tools and data, the certificated mechanic may even be able to perform an inspection to assure airworthiness, and subsequently sign an approval for return to service. Companies that hire A & P mechanics to perform tasks that are not among the mechanic's A & P privileges should be wary, though, about the effects this can have on the mechanic's recent experience (currency) requirement.

the FAA had issued type and production certificates for the PW4098 engine. At 98,000 pounds of thrust, it is the world's most powerful commercial aircraft engine. The PW4098 will power the Boeing 777-300 and is scheduled to enter service on a **Korean Air** 777-300 in December.

**Pentagon 2000**, a manufacturer of op-

eration management systems that is well-known for their inventory management software, announced that all of their software is fully "year 2000 compliant." Although some dates are displayed in two-digit format, all dates are *stored* internally in full four digit format.

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## Boeing Seeks to Turn Over Inventory More Quickly

Like every other company, Boeing is concerned about the shareholders' return on their investment. Boeing projects a net return on sales of less than two percent in 1998; but the company is making changes to try and reach a goal of a seven percent margin. To do this, Boeing will have to improve productivity and it will also have to continue to consolidate redundant facilities in the wake of the McDonnell-Douglas merger.

One element on which Boeing is focussing is asset management. Boeing CEO Phil Condit recently announced that asset management "is a key element in managing [Boeing's] future." The first thing that most shareholders think of when they hear 'asset management' is

facilities, but inventories of parts and products - items held in warehouse facilities - figure into Boeing's asset management plan as well.

Condit explained that "inventory turnover in our operations significantly affects Boeing's overall asset utilization. Over the past several years we have been averaging inventory turns of about two times per year and have set our goal to increase that to greater than four times per year." Boeing will likely seek to rely even more heavily on its suppliers to warehouse parts and provide 'just-in-time' delivery as needed.

Condit added that successful achievement of this goal will result in improvements in cash flow and lower produc-

tion costs. "Although significant inventory build up has reduced current cash reserves, Boeing expects to be a strong generator of cash in 1999 and beyond," he said.

## Milk Runs: A New Twist on Just-In-Time

Pratt & Whitney's Assembly and Test Operations in Middletown, Connecticut, is giving just-in-time manufacturing a new twist.

The division recently established a "milk run" delivery system that provides parts at the moment they're needed. In the past, suppliers and parts centers shipped material to the assembly floor, where parts were processed and stored until they were used. Mechanics searching for engine parts then had to sift through material to find the right parts and the correct amount. The process was slow and took up valuable floor space.

The "milk run" system is now used in the military product line. By spending more time on logistics and planning, managers are finding that they save both floor space and mechanics' time.

Here's how it works: Planners closely follow the progress of each engine and monitor kit carts to determine whether specific parts are needed. A truck later leaves the site to pick up ordered parts from suppliers. The parts are brought back to Middletown, sorted out and placed onto kit carts. When a mechanic is ready for the parts at a particular station along the flow line, the kit is rolled next to the engine being assembled.

Tim Moran manages the process. "Now, at least in the military line, we've had great success in reducing inventory and cycle time and improving the flow of work," he says. Pratt & Whitney promises that it will begin using the "milk run" delivery system on other production lines.

## CONGRESSIONAL NEWS

### Senate Refuses to Abolish Taxes

Senator Hutchison (R-TX) tried to light a fire under Congress to revise the current tax code, but her measure drowned in a sea of words.

In the June issue of the Update Report (6 TUR 65), ASA reported on a House Bill that would end the current tax system by 2003. It was designed to set a "hard time" by which reform legislation would have to be in place. A Senate companion bill was introduced by Senator Kay Bailey Hutchison, and it attracted 37 co-sponsors.

After passage in the House of Representatives, the House bill was introduced into the Senate. Proponents tried to attach the language from the House Bill (as well as the Hutchison Bill) to the Treasury-Postal Appropriation Bill (amending significant legislation, like an appropriations bill, is a common means of passing smaller pieces of legislation). The amendment was brought to a vote - it would have required a 60 person (60%) supermajority - but it only mustered 49 votes.

This does not mean that Congress won't continue to investigate alternatives to the current tax system; however it does mean that business strategic planners can rely on the current tax system remaining in place for at least a few more years before any radical changes should be expected.

## Proposed Av-Laws

Several ideas for headlines come to mind when examining the aviation legislation before Congress this year:

**"Banned from the Aviation Business!"**  
**"Unmarked Parts Unapproved!"**  
**"Secret Cabal Decides Aviation Safety!"**

### *Banned for Life*

The legislative proposal with the most significant potential for upheaval would punish those who deal in counterfeit parts. In theory it represents a good idea: anyone caught dealing in counterfeit aircraft parts will be prohibited from holding any FAA certificate (e.g. mechanic, repairman, pilot), or from working for a certificate holder (e.g. repair station, manufacturer, air carrier). Unfortunately, the law is written far too broadly.

The proposed penalty would apply to anyone "convicted of a violation of any Federal or State law relating to the installation, production, repair, or sale of a counterfeit or falsely-represented aviation part or material." Under the common meaning of "law" found in Black's Law Dictionary (the lawyer's Bible), this includes regulatory violations. Unfortunately, the plain language of the proposal could easily apply to an installer who is the victim of a fraudulently-represented part. The reason for this unfortunate application is that such an installer, although innocent of any intentional wrongdoing, could be guilty of failure to return the product to an airworthy condition (and subject to).

Because otherwise innocent installers could lose their certificates because of misrepresented parts, suppliers should expect this piece of legislation to touch off a hyper-sensitivity to traceability in a special effort to avoid counterfeit or misrepresented parts. Suppliers should make sure they have a quality system in place to set the customers' minds at ease.

### *Marking Life-Limited Parts*

One proposal would require the FAA to issue a rule for the mandatory marking of all life-limited parts [LLPs] that exceed their useful life. At first glance this might seem meaningless, because LLPs are generally removed just before they reach their life limits. Nonetheless, the intent of Congress is clear - they want LLPs permanently marked when they are removed near the end of their useful lives, and it is likely that the FAA will write the rule this way.

This requirement could be a real benefit to the industry if the marking conveys useful information that the installer needs. It is important to remember, though, that life-limit extensions are available to those that make appropriate demonstrations through engineering methods. If the new rule requires that the part be marked as "scrap," or that the marking be made in such a way that it damages the part, then the part could be valueless despite the extension of the life-limit.

To help make this a useful rule that supports the needs of the industry, ASA will propose to the FAA that the required marking identify the state of the part (e.g. cycles or time-in-service) at the time of removal. Because the installer can determine the part's airworthiness from this information, this would be better than simply marking the part as scrap.

### *Whistleblower Protection*

New whistleblower protection proposed would make it illegal to fire or demote an employee in retribution for whistleblowing. This provision would apply to air carriers and to their contractors and subcontractors, so it would apply to most ASA members.

This provision is meant to protect "whistleblowing" employees providing air safety information - or perhaps we should call it "lack of air safety" information. Like most other laws in this country, though, we can expect it to be used for purposes for which it was never intended. Don't be surprised if the employee that

you plan to fire next week files a compliant with the FAA this week, and then later claims discrimination on account of the whistleblowing activity!

### *Aviation Consortium or Secret Cabal?*

Perhaps the most insidious elements of the Reauthorization Bill permits groups of government officials and industry personnel to meet in "consortia." Consortia would provide advice on matters related to aviation security and safety. When Congress changed the FAA's statutory mission to a single purpose, safety, it confirmed that everything the FAA does is related to safety. Consequently, a consortium discussing aviation safety is empowered to discuss everything that falls within the FAA's regulatory scope.

Under the Federal Advisory Committee Act, these sort of "consortium"-style meetings must be open to the public and they must be announced publicly (usually in the Federal Register). The documents associated with such meetings are also open to the public through the Freedom of Information Act. Consortia would be exempt from the existing laws that currently guide these sorts of meetings. By exempting "aviation consortia" from the formalities and requirements of the law, the FAA could conceal their decisions from the public eye.

If this consortium proposal becomes law, then keeping track of developing proposals could become a full time job. No matter what the government says, today's business environment places a premium on tracking legislative and regulatory developments and being able to plan for these changes. Under the proposal, any aviation company that does not have a Washington, DC lobbyist or trade association working for it in the regulatory arena will be at a serious disadvantage.

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### **UPCOMING EVENTS**

*\* = ASA will be speaking there*

- Sept. 23-24** **Airline Industry and Component Management Conference**, San Francisco, CA. Call Aircraft Industry Conferences in England for more information: +44 171931 7072.
- Sept. 23-25** \* **Revolutionizing Quality Management through Supplier Performance Metrics**, Chicago, IL. Call World Research Group at (800) 647-7600.
- Oct. 11-13** \* **Airline Suppliers Association (ASA) Annual Conference**, Laguna Cliffs Marriott Resort, Dana Point, CA. For more information, contact ASA by phone at (202) 216-9140, send email to [conference@airlinesuppliers.com](mailto:conference@airlinesuppliers.com) or see <http://www.airlinesuppliers.com/conference>.
- Oct. 19-21** **NBAA Annual Meeting & Convention**, Las Vegas, NV. Call NBAA at (202) 783-9000
- Oct. 25-27** **Speednews Regional & Corporate Suppliers Conference**, Rancho Mirage, CA. Fax: (310) 203-9352.
- Nov. 2-6** **ICAP Fleet Modernization Planning Workshop**; meant for government personnel, this workshop addresses topics like the contracting process and logistics support analysis. For info, email [elizabeth.allison@gsa.gov](mailto:elizabeth.allison@gsa.gov).
- Nov. 5-6** **SPEC 2000 Forum**, Adams Mark Hotel, San Antonio, TX. Contact Teresa Friend at (202) 626-4039.
- Dec. 2-3** \* **Aircraft Heavy Maintenance & Upgrades Conference**, Miami, FL. Call Aircraft Industry Conferences in England for more information: +44 171931 7072.