

The Contrail

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Steering the Bus

- 1 **Executive Message**
Steering the Bus
- 2 **Human Resources**
Offering World-Class Benefits
- 3 **Certification Support Services**
Raising the Bar
- 3 **Maintenance Technical Services**
Upholding the Standard
- 4 **Spotlight on CSS**
Understanding ISO:
Key to Quality
- 4 **Sales Operations**
Management Office
Excellent Efforts Engage
New Clients
- 6 **Oliver Wyman in the News**
MTE Perspective:
Aviation MRO

Management expert Jim Collins says that really great companies direct a lot of time and energy into putting the right people on the “bus.” Alan Wurtzel, former chief executive officer of Circuit City, added that under his leadership, management also ensured that the people getting on the bus were sitting in the right seats. Both lessons are good ones.

With our assimilation into Oliver Wyman, our company is now managed by an executive steering committee, including:

- Peter Walsh, chairman
- Jim Sturgis, Chris Spafford, co-presidents
- Peter Feldmann, chief operating officer
- John Seeliger, Roger Lehman, Bill Tiffany, OW Partners and members

Additionally, we rely on input from the other members of the leadership team. With this depth of expertise, we’re well positioned to steer the bus *and* to make sure that the people getting on the bus are sitting in the right seats.

Our executive committee met in January and will continue to meet quarterly in 2008. The meeting centered on our 2007 performance and future growth, both in terms of personnel and physical plant expansion necessary to support additional personnel. The committee has targeted a goal this year to achieve 25 percent growth over 2007. However, we need to grow “smart” by placing qualified people in key positions that will be both effective and efficient. This will allow us to aggressively focus on business development (a key reason for adding the Sales Operations Management Office) and project delivery.

In the past, we’ve relied on your referrals to fill positions, and we will continue to do so in the future. Great employees refer great new employees! As we add open seats to the CAVOK bus, please forward suggestions to Frank Vaughan, fvaughan@cavokgroup.com. Thanks for your continued interest in helping us achieve excellence.




MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Engagements

- American Eagle
- Omniflight Helicopters, Inc.
- United Airlines

Announcements

- **Kenny Yuen** has joined the SOMO as an analyst.
- **David Nichols and William McAuliffe** have joined the CSS Division.
- **James Thompson and Thomas Wideman**, after a long association, have joined the CSS Division as part-time employees.
- **Michelle Jensen** has joined the CSS Division as an intern.
- After a long association as a consultant with CAVOK, **David Diggle** has joined the SOMO as a full-time employee.
- **Robert Davidson** has joined the MTS Division to assist with leadership.
- **Tom Baker** has assumed leadership of the CSS Division.
- **Dick Dutton**, after leading the CSS Division, has moved to the SOMO where he will be responsible for the development and delivery of CAVOK's international and government SMS programs.
- CAVOK employees are eligible for a 15 percent discount at Bear Creek Bakery.

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Please send your comments, suggestions and photos for future issues to: thecontrail@cavokgroup.com.

Human Resources

Offering World-Class Benefits

By Frank Vaughan

One of the biggest changes from being acquired by Oliver Wyman (OW) is that CAVOK employees are now eligible for world-class benefits. Here's a quick overview.

Sick Days

Each employee can use up to 10 sick days per year. The terms and conditions of this and other policies can be found on the HR section of the OW intranet.

Holidays

CAVOK recognizes nine holidays in addition to two personal holidays of your choice each year. On major holidays, the CAVOK offices will close at 3:00 p.m. the day before the holiday. On all other holidays, the offices will maintain normal hours the day before the holiday.

Medical Benefits

CAVOK now offers three health plans:

1. Preferred Provider Organization (PPO)
2. High-deductible PPO
3. Exclusive Provider Organization (EPO)

If you need assistance selecting a plan, please check the *Benefits Handbook* at the PeopleLink Web site or contact Human Resources. No matter which medical plan you choose, you will receive an (ID) identification card.

Dental Benefits

CAVOK offers employees

MetLife Dental. You will not need an ID card for these services. When you need to use your dental plan simply:

- Select a dentist.
- Make an appointment, and tell the dentist you are a MetLife Preferred Dentist Program member through Marsh & McLennan Companies, Inc. (MMC).

Generally, you should obtain an estimate for any procedure costing more than \$300, including crowns, bridges, implants, periodontal work, inlays or onlays.

Vision Plan

CAVOK employees can choose either a comprehensive vision plan through Vision Service Plan (VSP) or a no-cost vision discount plan. To verify your enrollment in VSP:

- Click on *Verify Your Coverage* at www.vsp.com to view your eligibility and coverage information. You will need to input the last four digits of your ID number and your first and last name.

When you need to use VSP, simply:

- Select a VSP network doctor.
- Make an appointment, and tell the doctor you are a VSP member through MMC.

401(k) Plan

CAVOK employees can participate in a 401(k) plan. The company matches 25 percent of the first 6 percent you contribute, and there is a discretionary match based on company financial performance. In the first year, even though you are ineligible for company matching funds, you are

still eligible to contribute to your retirement plan on both a pre- and post-tax basis.

You can find more information on the MMC PeopleLink Web site in the *Benefits Handbook* or on the *Human Resources* section of the OW intranet.

Certification Support Services

Raising the Bar

By Tom Baker

Under Dick Dutton's guidance, the Certification Support Services (CSS) Division became the premier certification team in the industry. CSS is now in a position, with assistance from the global reach of Oliver Wyman, to successfully conduct aviation services around the world.

To remain the clear leader, we must continue to improve on what we do and how we do it. Excellence is never truly achieved but instead is a constant work in progress. We must daily recognize opportunities for improvement, increase productivity and train ourselves in new standards. The saying is, "If you are not moving forward, you are moving backward."

Recently, United Airlines engaged CAVOK. However, without CAVOK making the change to establish the Sales Operations Management Office (SOMO) and then to use cross-functional teams, we may not have as successfully gained this project. Dave Diggle, representing SOMO, was tasked with oversight of financial and project items usually left for the CSS project manager. Because of this tasking, the project manager actually had more man-hours to focus on the CSS team and their tasking, scheduling

and productivity to ensure we met all deliverables on time and under budget. Simply stated, this system works and continues to work on a number of other current projects.

Congratulations to **Dave Diggle**, **Larry Brown**, **Honore Kwame**, and **Kevin Thomas** on a job well done. This group has set the bar for future engagements.

Maintenance Technical Services

Upholding the Standard

By Bill Poerstel

Quality in everything we do.

Most Maintenance Technical Service (MTS) employees come from the aircraft maintenance side of the aviation business. We have spent our careers ensuring people can safely and reliably travel by air. Today, we support our customers, so they can accomplish that same goal.

Starting with the design and manufacture of the aircraft through the development and execution of the inspection program, quality and redundancies have been built into our world.

Have you ever been frustrated by having to re-do something that you just completed because you realized you missed an important step? Have you ever had to re-do someone else's work because they were new and did not quite understand the processes and procedures to follow? I know I have. Most re-work results from a lack of training or from the failure to follow established processes and procedures.

As those of you with an A&P license understand, when you received your license, it did not mean you were trained and quali-

fied to fix every kind of aircraft. Rather, it signaled you had been trained to follow the appropriate regulations, processes and procedures within aircraft maintenance. It also signaled you understand the need for quality in everything you do.

Our work within MTS requires that same level of quality. In fact, our ISO 9001:2000 certification requires us to continuously improve our quality management system. To accomplish this, we need to continue to train our people, refine our processes and procedures, and focus on giving our customers what they are paying for: a quality product done right the first time.

HR Spotlight

CSS Gains a New Leader

Tom Baker assumed leadership of CAVOK's Certification Support Services (CSS) Division Feb. 11. Previously, Baker was a senior project manager in the CSS Division.

Baker has been in the aviation industry for more than 18 years. After obtaining an Airframe & Powerplant license from Texas Aero Tech, Baker was employed by Delta Airlines in 1990 as an aircraft maintenance technician. Baker then springboarded to an inspection analyst role, focusing on processes and procedures as well as Part 145 repair stations. From there, Baker joined Retan Aerospace in Grapevine, Texas, as their Director of Quality.

Baker takes over from Dick Dutton who is now heading up CAVOK's SMS programs.

Spotlight on Certification Support Services

Understanding ISO: Key to Quality

By John Darbo

A company desiring to meet standards outlined by the International Standardization Organization (ISO) must have a clearly-defined plan.

Most companies recognize the prestige and economic benefits of conforming to standardized processes, materials and systems that are presently adopted by ISO bodies in 157 member countries across the globe. Choosing ISO standards helps companies, regardless of size, spend less time and money on “reinventing the wheel,” so they can concentrate more resources on quality, safety, reliability and efficiency. Companies adhering to ISO requirements become globally transparent; their products can be judged alongside competing suppliers from virtually anywhere in the world. And by agreeing on international standards that govern terminology, technical compatibility and interoperability, companies can enter and compete in worldwide markets, effectively increasing their market base.

Defining ISO Basics

The ISO is a nongovernmental body that has worked since 1947 to promote industrial and commercial standards. This body, based in Geneva, Switzerland, has established two key performance measures: quality management systems, defined by management principles outlined in ISO 9001:2000 requirements; and quality environmental systems, defined by sustainable development tools outlined in ISO 14001:2004 requirements.

When a company embarks on ISO certification, it must thoroughly

document its processes for consistently delivering products and services that meet customer and applicable regulatory requirements. To ensure that a company's processes meet ISO standards, an independent body performs an audit and then recommends certification or steps that a company needs to fulfill before being certified. Once an auditor agrees that a company has the proper documentation, an ISO registrar confirms the company adheres to ISO standards and issues a registration certificate, valid for three years. To maintain registration, the company must be audited every three years thereafter to show that it continues to meet ISO standards.

At CAVOK, we refer to ISO standards as our Quality Program. This program is not a whole new set of regulations. Rather, it is our company's corporate culture, based in three core concepts:

1. We understand what the customer wants, and we deliver it.
2. We say what we do, and we do what we say.
3. We have a defined program to continuously improve our processes and procedures based on objective measurements.

CAVOK's Quality Program enables us to routinely and daily integrate quality assurance systems. CAVOK's Maintenance Technical Services (MTS) Division has enjoyed ISO 9001:2000 registration since 2004.

Realizing the CSS Journey

In September 2007, the Certification Support Services (CSS) Division began the process to achieve ISO 9001:2000 registration. Our timeline for completing these remaining steps is June 2008:

1. Finalize procedures documented in the *CSS Process and Procedures* manual.

2. Schedule an independent audit to review CSS procedures and standards.
3. Schedule an ISO registrar to certify that CSS meets necessary requirements.
4. Take required corrective actions to address any nonconforming findings by the registrar.

After successfully completing these steps, CSS should be ISO-compliant and registered as such.

Sales Operations Management Office

Excellent Efforts Engage New Clients

By Peter Feldmann

The Sales Operations Management Office (SOMO) depends on cross-functional teamwork as we work with prospective and current clients. We recognize excellence in the sense of “doing a good job.” We know we've achieved it when a prospective client engages us.

We've recently completed three engagements, all due to superlative efforts stemming from interdepartmental and intersubsidiary teamwork:

1. **American Eagle (AMR EAGLE)**
AMR EAGLE is a regional airline network owned by AMR Corporation. As regional affiliate to American Airlines, the world's largest airline, AMR EAGLE operates flights throughout the U. S., Canada, the Bahamas, Mexico and the Caribbean.

CAVOK's Pitch Team:

- Peter Feldmann – SOMO
 - DeWayne Whitaker – IT
 - Scott Lacen – MTS
 - Terry Brumbalow – MTS
- CAVOK reached a long-term



(l to r) John Darbo, Tom Baker and Mary Zobrak review CSS procedures to ensure they align with ISO requirements.

About CAVOK's Quality Management Program

In daily operations, management creates a *plan* in the form of a procedural-based manual system. Following specific procedures, employees then *do* the work and *check* the work. When an employee gives management *feedback* that the system needs improvement, management evaluates the new information and *acts* appropriately. In this way, CAVOK's procedures are constantly being improved over time. It is important to note that this process of quality assurance operates as an integral function of CAVOK's internal process, which avoids involving the client in quality control failures.



agreement to provide COMMAND software, based on the efforts of an interdepartmental team. This project also represents the single largest standalone software licensing agreement for CAVOK and the second COMMAND software award.

2. Omniflight Helicopters, Inc.

Privately-owned Omniflight Helicopters, Inc., is a leading provider of air medical services throughout the U.S. The company owns 100 aircraft nationally and operates from 72 bases in 16 states. As one of the largest providers of air medical services, Omniflight focuses on interfacility transport and on-site emergency scene response, using both rotor and fixed-wing aircraft.

CAVOK's Pitch Team:

- Jim Sturgis – co-president, CAVOK
- Glenn Leonard – CSS
- John Darbo - CSS
- Eric Fagerberg – MTS

This 6-month engagement marks the first synchronized project in CAVOK's history. Both the CSS and the MTS Divisions will work in tandem cross-functionally to provide services to this customer. We engaged Omniflight due to efforts of a cross-functional CAVOK team.

3. United Airlines (UAL)

UAL operates more than 3,300 flights a day on United, United Express and Ted to more than 200 U.S. domestic and international destinations from hubs in Los Angeles, San Francisco, Denver, Chicago and Washington, D.C. United employs 55,000 employees globally, making it one of the largest international carriers based in the U.S.

CAVOK's Pitch Team:

- Dave Diggle – SOMO
 - Tom Baker – CSS
 - Chris Spafford – co-president, CAVOK, and OW representative
- CAVOK will complete a 9-month

project for UAL, working in San Francisco, Calif. The project will primarily impact CSS Division employees and came about because of the harmonized efforts of a cross-functional team.

The common thread in these three engagements is that these individuals, from different divisions and even from different subsidiaries, worked together cohesively as a team to produce the best solution for the customer, to present a well-prepared overview of that solution, and then to problem solve for the customer, regardless of any obstacles. In other words, they refused to settle for a mediocre outcome. That's excellence.

The SOMO is in the position where we assure our customers that they will receive excellence from us, whether that is a product, a service or simply our best effort. CAVOK's drive for excellence is strong, but it's only achievable through that collective drive from each of us, contributing to the organization.

MTE Perspective: Aviation MRO

Aviation MRO: The Next Place to Land for Private Equity Investors, a newly-issued white paper, offers a new perspective from the Oliver Wyman Manufacturing, Transportation and Energy (MTE) unit. Private equity (PE) investors are showing strong interest in the aviation maintenance, repair, and overhaul (MRO) market with reciprocal strong interest from industry MRO participants. While the prospect of strong returns exists if PE investors and industry begin working together, both sides should be systematic in mapping out strategies for success.

This commentary discusses four specific strategies that PE investors can leverage to enhance the value of MRO investments: vertical integration of parts and repair; horizontal integration of maintenance scope; geographic expansion/global network; and cost and performance improvement. It concludes:

Despite the recent turmoil in the credit markets, there is still significant private equity opportunity in the MRO market. Private equity investment that effectively executes one of the fundamental strategies

has the potential to provide substantial returns, as well as to reshape the MRO industry. The MRO market is poised for transformation, in terms of both consolidation and performance improvement, and private equity investment will no doubt act as a catalyst.

PE investment may well shape the MRO industry, which is poised to undergo significant transformations as consolidation continues and the industry seeks performance improvements.

For more information, contact Birgit Andersen.



While working with CAVOK client Alaska Airlines, Mark Reichard met a local citizen who informed him about the hazards of moose on the runways in Nome, Alaska.



Sherri Duyka took time off recently to visit Santa at the North Pole. What'd she ask him? For some elves with tech pubs experience. What'd he ask her? If she'd been naughty or nice. (Hmm... anyone seen any elves lately at CAVOK?)

Pot 'o Gold

Aye, and we would be remiss if we didn't congratulate **Jim Sturgis** on the opening of the new Bear Creek Bakery, a known leprechaun hideaway. See if you have the luck 'o the Irish by guessing which bakery confection has the least amount of calories. Send in your dessert of choice to thecontrail@cavokgroup.com. The first employee who identifies the lowfat sweet wins a free blarney lunch at the Bakery.

Mystery Solved!

It's official. We had to call in Jack Bauer to find Douglas D o c k e n , C A V O K ' s



"missing" employee. Thanks to everyone who sent in a name, and thanks to Douglas for representing a lost employee.

