

## AMAC pioneers MRO mixed model

The Turkish Riviera may seem a strange place for a maintenance, repair and overhaul (MRO) operation, but AMAC Aerospace is convinced it has found the right strategy to make it pay off. Group executive chairman and CEO, Kadri Muhiddin, spoke to Chuck Grieve.



The gateway to the Turkish Riviera on what's known as the Turquoise Coast is Milas-Bodrum Airport – and AMAC Aerospace has high expectations for its new MRO facility there. Swiss-based AMAC celebrated the opening of its new 4,600sqm hangar in July. It's the first MRO facility at this growing airport on Turkey's south-western Mugla Province, which AMAC's chairman and CEO predicts will become a regional hub for aircraft maintenance. As he explained, the "whole world" descends on Bodrum in the summer. During those six months, the airport clocks up about 2,500 rotations of corporate aircraft and the same number in commercial movements.

"We're the only maintenance facility on site," he added. "We decided to start a small hangar with a single Boeing 737 bay. We've ended up with a hangar with bays for three 737s or one wide-body."

He said the AMAC strategy is a "new model in the aviation world, where a VIP MRO expands to do commercial maintenance as well".

The new Bodrum facility will allow AMAC to concentrate on business and VIP aircraft in the summer, swinging over to line and base maintenance on commercial aircraft in the quieter winter months and then back again to VIP as traffic picks up. AMAC is counting on attracting private jet owners in the Middle East, who would otherwise

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have to fly to an MRO in Europe. "We will be able to carry out the maintenance for all aircraft – from small jets to wide-body aircraft – while aircraft owners holiday," he said.

While AMAC is developing its mixed business model, the landscape for heavy and light maintenance visits on the commercial side is also changing. Muhiddin is not convinced; nor is he worried about competition.

"We're seeing bigger airlines getting more aggressive to reduce maintenance costs," he said. "They adopt their own schemes, which are approved by their authority. Where aircraft used to have a full overhaul every eight years, these checks are being integrated with the annual checks.

"Instead of 6-8 weeks on the ground with major checks, now they're reducing the time on the ground to 3-4 weeks.

"I can understand why they want to use every minute to fly – they compete on volume, not like the 'good old days' when ticket prices were high and revenues more predictable. Today, every penny they save is important to them."

But, he said, this approach to MRO has an impact on aircraft and engines. In the corporate aviation world, owners tend to take a personal interest in their aircraft and its maintenance programme. "I'm not saying commercial [owners] don't, but the route they take to maintaining the aircraft is shifting. We'll have to wait and see if it's better or not."

He was not concerned about potential competition from original equipment manufacturers (OEMs) in the aftermarket, branding it "probably just talk – in my view". Airbus, he said, had already tried offering a one-stop-shop for aftermarket services with discounts on maintenance but had been unable to entice owners and operators. "MROs have to build bridges of trust with their clients. Once that's established, why would a client want to go elsewhere?"

Muhiddin, himself, has spent the better part of 42 years building those bridges – ever since he graduated from Bristol Technical College with a degree in aeronautical engineering from Kingston University in London. He's proud to say he's still current on all his licences. After working for Iraqi Airlines from 1977-79, Kuwait Airways from 1980-90, and a UK MRO, in 1991 he set up his own consultancy, Gamit Ltd, in England. It manages heavy maintenance, freighter conversions, buying, selling and salvaging aircraft, spare parts supply worldwide, technical representation and now digital record archiving. Those experiences taught him important lessons about customer expectations: service is paramount, even if, on occasion, it costs you a little.

Though AMAC is "the world's biggest privately owned MRO", it retains many of the attributes of a smaller organisation. It has a flat management structure; the doors in its C-suite are always

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open; employees don't need an appointment; when what they need is an answer, they get one. Such an approach leads to enviable corporate agility. "While other people are still thinking about something, we've done it," said Muhiddin. "We confer and take decisions in 5-10 minutes. We're always going forward in quick steps.

"I can give approval to do something worth millions on the phone. So can my management team.

"I don't think we take better decisions; we just take them instantly to suit the occasion. Others may take months, and meanwhile the customer is waiting. "We rarely get it wrong, but when we do, we take responsibility for that decision. "If we make a decision and we lose money on it and we have to write it off, we will. The customer will come back and if we are lucky we may make it up on the next job, but what's important is our customer's satisfaction.

"The feedback we get in the market is that customers like our quality, performance, delivery on time and on budget. We're happy that our clients recommend us." Word of mouth has driven AMAC's growth over 10 years. It has branched out to six sites and seven hangars – eight if it receives permission this autumn to expand at its home base in Basel, Switzerland.

The company employs nearly 1,000 people across the group. With its affiliated companies, which include Gamit and the wholly owned Turkish airline Tailwind, the total headcount rises to about 1,500. Annual sales are reported to be in excess of \$2 billion. February was a month for awards for AMAC, and for Muhiddin personally, although he doesn't see it that way.

When Business Worldwide Magazine named him 'best CEO in the private aviation services industry' in its 2017 Global Corporate Excellence awards, he demurred. "When it comes to such an award, it is the workforce that deserves it. I just collect it on their behalf. What makes me successful is my people. I set strategy; the company follows it."

The other award announced at the 2018 European Business Aviation Convention and Exhibition (EBACE) was for the best VIP aircraft interior design of the year, awarded for AMAC's work on a Boeing Business Jet (BBJ) demonstrator.

"To have a company like Boeing leave the US market and come to AMAC for the aircraft that is used by the chairman and board of directors speaks for itself. We delivered the aircraft on time, on budget and according to design," said Muhiddin.

What do the next five years hold for AMAC?

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Muhiddin says with a laugh: "I can't tell you. It's not a secret – it just doesn't exist.

"We have a lot of requests, every month, from investors in Saudi Arabia, the UAE, Oman, the Far East, inviting us to their countries to set up AMAC facilities there. China is a growing market and hungry for such a set-up; they don't have this expertise themselves. "We will move quickly if there is a solid reason for it. We don't expand for the fun of it." If the Basel airport authority approves AMAC's application to build it, the company's fifth hangar at its home base will be used exclusively for Bombardier types following the company's receipt of authorised service facility (ASF) status.

AMAC is also weighing up the need for a third hangar in Bodrum. "We like to build hangars," said Muhiddin. "This is not crazy expansion – a new hangar every two years is not bad."

Among its business activities, AMAC acts as a marketing agent. A recent project involved managing the operation and transfer of a B747-8i from the Qatar Amiri Flight. After completing some preservation maintenance on the aircraft in Basel, AMAC facilitated its transfer to a new owner. The aircraft has since been despatched. A company spokesman said: "We are happy to have executed this service in a swift and meaningful manner."

