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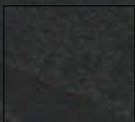


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Aviation in the Blood

At general aviation businesses like Cutter Aviation and Priester Aviation, family is as important as flying.

By Colin Bane

Imagine starting something today that your great-grandkids will still be happily working on in 82 years. It takes vision and it takes commitment, but it's not impossible, particularly in aviation where, as they say, the sky's the limit.

The family-owned and family-operated business celebrated in American mythology and mourned as an endangered species is in fact alive and well in general aviation, and family has become a core corporate value at many of the top companies in the industry. Mom-and-pop operations are still the rule in general aviation, and it's not uncommon to take over the family business from your folks or to be preparing to hand it off to your own children and grandchildren.

Curious about the future of general aviation and the next generation of business leaders, we spoke with presidents and CEOs from Cutter Aviation and Priester Aviation. These thriving businesses are each putting the F-L-Y in "family."

"Cutter Aviation, where customers are friends and employees are family."

More than 82 years ago, William P. Cutter barnstormed his way into the American Southwest, setting up shop in New Mexico as Cutter Flying Service, Inc. His son William R. Cutter took over in the 1960s (and still owns 18 percent of the business), his grandson William W. Cutter is running the show these days (he now owns 88 percent, after buying out other family members' shares), and his great-grandson William D. Cutter is now 18 years old and helping out around Cutter's operations at Phoenix Sky Harbor Airport after school three or four days a week.

"We're not real bright when it comes to picking names," said current CEO Will Cutter, the third to take up the family legacy. "Come Christmas time when they call Will or Bill, everyone comes running."

"Family" is one of Cutter Aviation's core corporate values (along with integrity, trust, health, prosperity, friendship, forgiveness, respect, personal growth, and stewardship), and it's specifically stated

in the company's vision statement: "Cutter Aviation, where customers are friends and employees are family."

For the oldest fixed-base operator network in the United States, the roots of this way of doing business go all the way to the beginning.

"These are tales that have been passed through the family lore for all these years, so make of them what you will, but as I understand it my grandfather was a pharmacist in Iowa, and one day he bought an airplane out of the blue and became a barnstormer," Will Cutter said. "We've got a lot of old pictures of him from all across the country. He'd land in a field somewhere and start giving rides for a nickel. Well, he lands in Santa Fe one day and this big black limousine pulls up, and the guy gets out and said, 'Listen, do not give that girl over there a ride under any circumstances.' So the end of the day comes along, late in the afternoon, and nobody's left but this girl who's been standing there waiting the whole time. She said, 'Please, can I have a ride?' and he ends up taking her up. It turns out the limousine guy was the governor of New Mexico, and he was furious. He detains my grandfather,

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Cutter Aviation Founder William P. Cutter accepts the 100th Beechcraft Bonanza sold by Cutter Aviation from Walter H. Beech in 1949.



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confiscates his plane, and won't allow him to leave the state while it all gets sorted out, which all backfired spectacularly on the governor. Ultimately my granddad married that girl, and they started Cutter Flying Services in 1928 and ran it together from the very start."

William P. Cutter became known as the "pilot-pioneer of the Southwest," and he and his wife, Virginia, grew the business as a flight school, military flight-training center, aircraft dealer, and FBO, developing longstanding relationships with the Beech Aircraft Corporation and other manufacturers. They knew people like Amelia Earhart and Howard Hughes ("my grandma had a lot of colorful stories," Cutter said), interacted with the great names in aviation of their day, and sold many, many airplanes.

"We became a Beech dealer around 1945, and we had the territory from West Texas to New Mexico and Arizona until 2009, when they went to factory direct," Cutter said. "In 1960, just after I was born, my grandfather said to my dad, 'Go out there and sell some planes in Phoenix.' So he came out here and braved the heat with no air conditioning and got it going, and 20 years later we moved the headquarters here and we've been expanding from Phoenix ever since. I don't mind the heat and I

Cutter Aviation Chairman Emeritus William R. "Bill" Cutter (left) and President and CEO William W. "Will" Cutter in front of a Cutter Flight Management Beechjet 400A at the Phoenix, Ariz., company headquarters.



don't care for shoveling snow, so this is where we'll stay."

Cutter Aviation now has operations at Phoenix Sky Harbor Airport (KPHX) and Deer Valley Airport (KDVT) in Phoenix, Albuquerque International Sunport (KABQ), McKinney Airport (KTKI) in Dallas, El Paso International Airport (KELP), San Antonio International Airport (KSAT), and Colorado Springs Airport (KCOS).

"We're the oldest FBO in the world, and we're also the oldest Phillips Petroleum dealer in the world, and not just for planes: cars, boats, planes, anything," Cutter said. "That's kind of what we do. We get business partners and we stick with them, we support them and they support us for the future. Some of our partnerships go all the way back to my grandfather's days, and I think he'd recognize his own contributions in the business we are today. For all the advancement in technology, the truth is that the core of the business hasn't changed a heck of a lot. It's still putting fuel in planes and flying through the air and making sure both the planes and their passengers are well taken care of. The rest is in how you do business, how you treat people, and how you manage your own team to get the job done."

Cutter said he doesn't have many memories of his grandfather beyond the family photo albums and colorful handed-down stories, but he likes to think William P. Cutter would be proud of what Cutter Aviation has become and where it's headed.

"He died around 1965, when I was about 5-years old. I've heard a lot of stories and seen a lot of pictures, and my grandma Virginia, who I knew much better, was a great aviator in her own right," Cutter said. "They lived in Albuquerque and had a big house out on the lake, and when I was a teenager I used to go out there and spend the summers working at the FBO. It's where I learned a lot of the business, mainly as a lineman and in the parts department and mopping those big old hangar floors and such. They had me start at the bottom, so now nobody can BS me and tell me, 'No, you can't wash a plane in an hour' or 'there's no way to get the floor mopped that fast' because I know you can. I appreciate it now. You start at the bottom, you learn everything, and you work your way up, and you learn how much work is involved in every facet of the business. It makes me appreciate the guys who are out there doing it for me today. Occasionally I'll go out there and take off the tie and lend them a hand."

For Cutter, "family" has come to mean much

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more than immediate blood relations, for better and for worse. In 2008, Cutter Aviation had its best year ever; in 2009, like a lot of general aviation businesses, the company had its worst year ever.

“We had to do some tough layoffs last year, and I’ll tell you, that was the hardest thing I’ve ever had to do in my life, to look these guys in the eye and say, ‘You’re great. You’re perfect. But I just can’t pay you anymore, and I have to let you go.’ How do you show someone who is family to the door? Fortunately we’ve been able to hire a number of them back now that sales are climbing back up. I think we let go 40 or 50 people, and we’ve been able to bring about 15 back so far.”

Sales are indeed back up in 2010, and Cutter said the investment in the people who work for him has been his key to success, in the best of times and the worst of times. The company’s recent marketing campaigns have emphasized both its long history and its family ties, messages that resonate with Cutter’s loyal customers in the Southwest market.

“I think it’s important to our customers to know that we’ve been here a long time and we’ll be here for a long time to come,” Cutter said. “The family thing, I think it’s real important, and obviously we’re spending money advertising that it’s important, with old photos of my grandfather at the center of that campaign. I think it’s something that gets people’s attention, and family is certainly one of our core values. Does it bring more people to me than to the competition? Probably not. But it represents something we have that our competitors don’t. Whether it’s customers or business partners or our own team members, we tend to keep good people around forever. You can come in here and see these people day after day and year after year, and they’re going to know your name and treat you like family.”

Cutter’s not exaggerating. Some of his top employees have been with the company for 10, 20, even 30 years or more, longer than some of his competitors have been in business. It’s no coincidence that many of his customers have been with the company just as long.

“In September I saw my own anniversary card come up. I’ve been full-time with Cutter Aviation since 1979, so I’ve definitely put in my hours,” Cutter said. “But we’ve got people who have been here even longer than that. Our general manager in Albuquerque has been here for 35 years, and he’s got a custodian and a mechanic who’ve been with him for more than 30. You see these people every day, and you get involved in their lives and their families’ lives. You see their kids growing up,

and many of their kids have come to work for us over the years. We’ve also prioritized taking people from inside our company and growing them up through the business. We want to move good people up through the chain, just as I was given the opportunity to move up, and I’m proud to say we’re doing it. Half of our charter pilots used to work on the line, and a number of people in the main office today started here answering phones in entry-level positions. I tell people every day, ‘Look at me. If you stay here long enough some day you’ll be the president!’ And I’m not kidding, either. I know that the next leader of Cutter Aviation will come up from within, and I’m trying to encourage that.”

True to family tradition, the next leader of Cutter Aviation may very well be one of William P. Cutter’s great-grandchildren, but Will Cutter said it’s not something he wants to force on his son or his three daughters.

“My son’s down here a few days a week working three or four hours a day to get some gas money and spending cash to take his girlfriend out, and I’m giving him the same opportunity my father and I were each given: ‘Here’s a chance to have a job and learn the business, but your name’s on the side of the building so you can’t slack off. You’ve got to work your butt off harder than everybody. If you want respect than you’ve got to earn it.’ He’s got a ways to go, and he’s starting college next year. If he wants to come back and be part of the business some day, I’d love to have him. And the truth is he might have some competition. My youngest daughter, Anna, tells people all the time she’s going to be running Cutter Aviation when she grows up, and she’s quite a fighter and a go-getter so I imagine she probably will be!”

“At Priester Aviation we have a statement that we use frequently: ‘This is an us thing.’ In a very real sense, everyone here is family.”

Today Priester Aviation, founded as a flight training school by George Priester in 1945, is run by his son Charlie (Chairman and CEO) and his grandson Andy (President and COO). A fourth generation, including one of George Priester’s great-grandchildren, is already working for the company. Andy’s children (now 10 and 13) have grown up around the business at Chicago’s Palwaukee Airport (NPWK) and could be next in line.

“My dad was a real visionary in this business, and back in late 1944, early ’45, World War II was over and there was a need for instrument flight



George Priester and his family alongside a Beech Staggerwing in 1947 or 48.

training, you know, for guys to learn how to fly through the clouds,” Charlie Priester said. “So my dad, seeing that need, went into business with three airplanes in 1945 as an instrument flight training school, primarily focused on WWII veteran pilots who wanted to go on to the commercial airlines and needed instrument ratings and so forth. Well that business had a somewhat limited potential, so along about 1950 he decided that the airplane was going to become a business vehicle, and that business would begin in a very real way to use airplanes for the transportation needs of their executives and so forth, which at the time was a fairly original idea. He really anticipated that entire market. And he made another major decision that was different from many of his colleagues: Dad felt that the long-term prosperity in the business was not going to be in aircraft sales, like most people thought, but in the servicing of airplanes. He said if we were really going to be in that service business, and selling fuel and storage and other services that were needed by the user, we should go ahead and own an airport while we were at it.”

Priester purchased Palwaukee airport in 1953 (in the 1920s it was known as Gauthier’s Flying Field; it’s now best known as Chicago Executive Airport), expanding and developing the facility until 1986, when the family sold it to the neighboring communities of Wheeling and Prospect Heights. Priester then continued on through a service and management agreement until 2001, when Charlie and Andy Priester decided to sell the FBO to Signature so

that they could focus on their aircraft charter, fleet, sales, and management businesses.

“Palwaukee had about 140 acres when he bought it and not an inch of blacktop anywhere to be seen at the time,” Charlie said. “He set out to develop the airport, and in between then and 1986 he managed to grow it to about 400 acres with 12 or 13 large hangars and five paved runways. He’d hit it on the head: The airplane did in fact become a business tool, and he’d positioned us perfectly to provide all of the services that were needed.”

Charlie grew up around the FBO and went to work there as a teenager, where his father put him through his paces. “My father was a big believer that nobody starts at the top,” Charlie remembered. “I can honestly tell you that I’ve done everything that could be done in a fixed-base operation, from stripping paint off airplanes and working in the shop to working as an instructor and an examiner. It was just the work ethic of the time, you know, the family business was there so you went and worked for the family business.”

Charlie gave his own son a bit more leeway, encouraging him to pursue his own vocation and a career outside of the family business. After working for Priester Aviation as a teenager, Andy went off to college for an education degree, worked for five years as an 8th grade science teacher, picked up a master’s degree, and had started on his PhD when he decided to take a sabbatical to go help out back at Palwaukee.

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"I always had that tug, that aviation bug," Andy said. "Although I didn't feel any obligation—Dad was always real good at telling us we should follow our own dreams—it never stopped tugging at me. I came back to the family business at a time, in the late '80s and early '90s, when business was booming. My dad's given me a long enough leash to figure out exactly how to get to the next dog bone but not long enough that we get either ourselves or the company put in a position that's more challenging than we want it to be, and it's been a tremendous learning experience. Besides the business itself, it's the people who hook you. I probably don't have to tell you this, but the people in aviation are the greatest people you'll ever meet."

"The one thing that's been a cornerstone to everything we've done and that's never changed through all the years is that people deal with people," said Charlie, building on his son's comment. "And all successful business interaction, or much of it anyway, is face-to-face and person-to-person, even in this age of email, smartphones, and whatever else. People are always going to need to travel, and there

Three generations of Priesters: (from left) company President and COO Andy, Founder George, and Chairman and CEO Charlie.



will always be built-in demand as business increases. There's going to be a need for our services well into the foreseeable future, and those services are going to have to be high quality to stay competitive."

To the Priesters, family is about going beyond blood relations, beyond the job descriptions locked in a box in HR, and beyond all expectations from their employees, business partners, and clientele.

"We have a statement around here that we use frequently: 'This is an *us* thing.' In a very real sense everyone here is a family," Charlie said.

"We can count on the first two hours on Monday morning being extremely unproductive," Andy chimed in. "We wander the hangars and wind up hearing about the weekend's golf, basketball, and football games, the band competition, what everybody's kids are up to.... We feel close to everybody who works here, and it's an important element that I think sets us apart from a lot of companies."

Priester Aviation is now one of the largest jet charter companies in the United States, with a fleet of business-class jets positioned at bases in Austin, Boston, Chattanooga, Chicago, Dallas, Green Bay, Jacksonville, Milwaukee, Minneapolis, New York, St. Augustine, St. Louis, Tulsa, and Washington, D.C., as well as charter service throughout the U.S., an aircraft sales department, and a full array of aircraft administration services.

"The company is more today than my father ever imagined, and that's saying a lot," Charlie said. "But the one thing that I think needs to be said, whether it's the aviation business or any other, is that family businesses can be extremely difficult. The players all have to understand the rules and have thought the rules through, because the one constant in business is change, and you have to have a framework for adapting to change that isn't going to tear your family apart. You can have agreements and disagreements and you can make mistakes—my dad and I certainly did, and my son and I certainly do—but you have to be always moving forward. You have to be able to anticipate and recognize change, and you have to be able to compensate for the changing environment as it's changing."

Andy's now been in the business himself for 20 years, plenty of time to experience tremendous change in the business jet business.

"I just did a presentation out in California about the evolution of corporate aviation, starting with the early flight departments and evolving into charters from a regional perspective. And then with the growth of business, of course, we wound up having the demands exceed regional capacity from

charter operations, which wound up giving birth to the fractionals, and then the fractionals really hung their hat on the concept of using other people's airplanes, which gave birth to the brokers," Andy said. "And that's all in just 15 years. I don't know if I'm smart enough to know where business aviation is going to be in the next 15 years, but I can tell you that to be successful we're going to have to be thoughtful about adapting and evolving along with it, and we have to take the lead in that evolution. You can't afford to be a mere observer in this industry. If my own son or daughter wants to get into the business, I'm not necessarily as concerned about teaching them specifically about aviation, which I think comes easier, as I am about teaching them to be creative thinkers and communicators who can maintain their integrity and make good relationships in the midst of seemingly overwhelming change."

Will Priester Aviation stay in the family for another generation? At least one of George Priester's

great-grandchildren (Andy's nephew) is already working for the company, and Andy can't help but wonder if either of his own children will take up the tradition.

"I have a 10-year old and a 13-year old, so my kids are still pretty little," Andy said. "But if they wanted to come into the family business some day and they're willing to work hard enough to earn themselves a spot, then I imagine we'll be willing to take them in. And if their calling is something different than aviation, as parents I think we'll end up supporting whatever it is that they want to do. My oldest nephew, who is in college, he's very interested in joining the family business and he's spent a lot of time just like we did, cleaning airplanes, scrubbing bathrooms, sweeping hangars. Just last summer he got started in some projects with the marketing department. He's going to wind up being a fourth generation leader in this company; it's one of those things that a family business affords you the ability to do." 

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