

**Key elements to ensure smooth aircraft transitions, on time and within budget, to maximise the return on your asset.**

Transitioning aircraft between Leases can be a highly complex process for all parties involved. Within this paper we hope to examine some of the key considerations involved in the transitions process and to ensure that the aircraft is redelivered on time, within budget and as smoothly as possible.

Lessors are increasingly challenged with reducing margin levels and increased costs. Driving efficiencies from all aspects of the process are critical to ensure you are maintaining current margin for each asset within the business. More often than not the final margin achieved on a lease is driven by the “metal” side of the business and within this, it’s the transition of the aircraft and the unknowns within this process that drive this.

Achieving a smooth transition between the current and next lessee is the ultimate aim of every Lessor however in order to achieve this, owners need to examine the following critical factors to deliver a smooth process:

1. Early Lease review:

Generally, the three major stakeholders involved in the aircraft transition process; the current Lessee, the Lessor, and the next Lessee, need to have a common understanding and alignment of the ultimate goal of the project. Best practice would be to carry out a detailed lease review one year from the redelivery target date.

Within this lease review the stakeholders need to gather all the redelivery requirements at this early stage. This detailed examination will often produce conflicting goals among the parties around the table, therefore this is best done at this early stage. At this point the Lessor should develop a detailed project plan outlining the process, the key milestones and obtain buy-in from its transaction counterparties. This project plan will be further refined as the transition date nears. Due to the high number of variables and ‘known unknowns’ an additional and useful part of the planning process for the Lessor is contingency planning and risk management.

An additional critical element at this stage is to ensure planning for redelivery is done in accordance with the original contract/lease and not the airlines own procedures and operational needs. This will ensure that the aircraft will transition as per the original agreement. Furthermore, ensuring there are clauses within the lease that do not cause previous operators technical records mistakes to be applied to you.

2. Experienced team management, with control:

Aircraft transitions are a highly complicated and resource intensive process, a series of mirrored but measurable tasks, within a detailed project plan. Any issues encountered throughout the process, will most definitely cause delays to the redelivery timeframe, and consequently, increased costs and/or penalties. Driving and delivering the project tasks through experienced aviation engineers, managing the process end to end, is critical in order to manage the overall cost base of the project. Resourcing the project with the most appropriate and qualified engineers can be a challenge but vital to a successful redelivery.

Alongside with having skilled personal driving the redelivery process, having control over the MRO is vital. The contract with the MRO needs to be tightly negotiated to ensure it is detailed and the

management of the contract can be run tightly as a result. In parallel, the maintenance events need to be carried out in a location where the aircraft can be redelivered from a tax efficiency perspective. Failure to do so, could again have a significant financial impact on the redelivery and eat directly into the return & margin of the asset.

### 3. Aircraft physical inspections:

Once the initial lease review process has been completed and a detailed project plan put in place, the next critical step in the process is to carry out an aircraft physical inspection. This should be initiated approximately nine months before the redelivery target date with the lessors. The key purpose of the physical inspection at this point is to understand what actions need to be taken.

It is essential that all maintenance events and definition of each part that needs to be ordered are clearly defined and documented at this stage. The reality is that there is high potential for delays on delivery of parts, therefore impacting the ability to meet the redelivery timing. Ensuring that planning is done correctly at this stage is critical to a final positive result of a smooth transition.

### 4. Aircraft records audit and gap analysis

Gaining access to the aircraft records at an early stage is critical to the process. Dependent on the length of the lease and management of the records by the Lessee this process may take months. In many cases the records will be digitised by the Lessee but the majority of records are still physical documents. A full audit and gap analysis of these records is required to ensure that final delivery bible is in order.

### 5. Software system solution

The deployment of a document management system solution will allow the redelivery team to digitise all the records for the asset and will further ensure that there is minimal error within the redelivery process. Likewise, having access to a full project management technical asset view, aircraft physical and records audit, it is proven to boost efficiencies resulting in significant savings in both cost and time. Overall, having this system in place will give you the power to make more informed decisions for your asset.

The use of an asset management system on an ongoing basis across your fleet, will allow you to make more informed decisions on a daily basis. All the essential asset data is stored in one location, and the team will have the ability to run detailed customised reporting easily. All of which feed directly into on-going aircraft management and the preparation for aircraft redelivery.

### 6. Relationship management:

Keeping a good working relationship with the lessors and/or the next operator of the aircraft is an additional critical success factor in the process. With detailed planning, open communication and experienced professionals driving the process, lessors can turn this historically complex process into a smooth path for redelivery. There is always the opportunity for adding value and building relationships.

Through following these guidelines, you can ensure a smooth transition and reinforcement of best practice will significantly help to drive competitive advantage in the market place.

Note: cloudcards aviation software, provides software to the aviation industry, it's the only product on the market that digitalises the entire aircraft transition process. For more information [www.cloudcards.ie](http://www.cloudcards.ie)