

Fleet Management and Capital Budgeting in the Airline Industry

a two-day Seminar

The critical role of resources

Airlines utilize exorbitantly expensive flight equipment, with costly support operations and commercial activities. This makes evaluating resource requirements particularly difficult. Slightest miscalculations result in huge cost penalties and long-lasting impacts. Yet, for airlines determined to succeed, understanding resource needs is a vital element in stepping towards future success. In today's relentlessly competitive environment, airlines must accurately determine needed resources to meet business requirements. Investments to make various resources available are the most challenging decisions faced by modern air carriers.

Planning for resources

Opportunities and risks drive fleet management and capital planning decisions. Various investments allow capitalizing on business opportunities, but also include risks. Choosing the right investments to maximize the airline's position in the ever-changing marketplace is not a trivial task. The risks associated with resource investments, coupled with market uncertainties, shift the actual project benefits away from the nominal values. The problem is compounded by limited financial resources for investments. Planning for capital expenditures is a vital element in ensuring future prosperity.

Managing Investments

Strategy-based capital budgeting and fleet management is a rational methodology to optimize the portfolio of capital projects and investments. It addresses both organizational and analytical issues. Capital decisions are then tied to the airline's long-range business direction. And, sensible economic analyses of opportunities provide realistic expectations for project benefits.

Well-designed capital budgeting processes incorporate the following key issues, missing from traditional approaches:

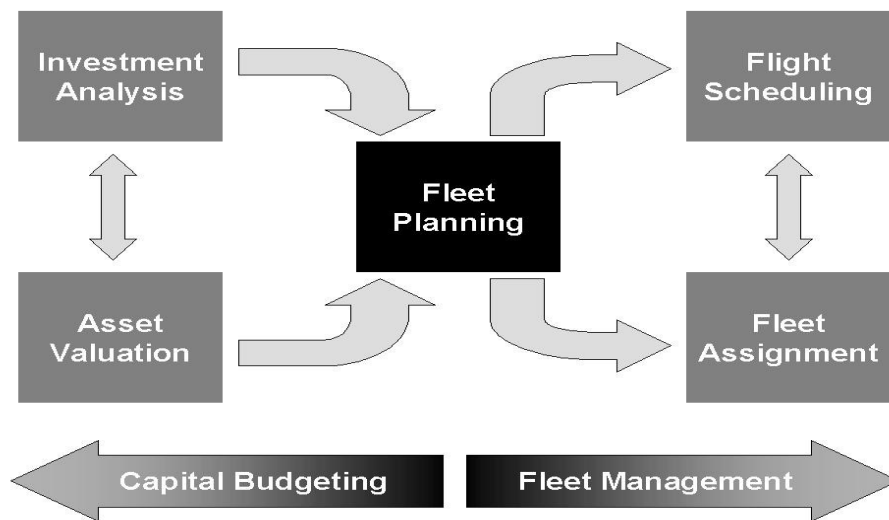
- Many interrelated projects
- Uncertain outcomes
- Multiple objectives

In addition, advanced analytical processes consider resource limitations explicitly so that the final capital project portfolio is within airline's resource constraints while presenting the maximum expected benefits.

Whether an airline is considering adding a new hub or restructuring the current ones, planning to increase the fleet size and/or aircraft types, or entering new markets with the existing fleet, it can substantially enhance the quality of capital budgeting decisions by incorporating advanced analytical methodologies and leading-edge investment decision techniques. This seminar offers a unique opportunity to learn the state-of-the-art approaches in fleet management and capital budgeting.

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Structured Approach

Seminar agenda...

Day One

- Introduction
 - resource planning overview
 - structured approach to capital budgeting
- Airline Analysis
 - business models
 - airline economics
- Resource Allocation
 - financial analysis
 - operational considerations
- Strategic Planning
 - business development
 - fleet planning and investment decisions

Day Two

- Investment Analysis
 - capital project evaluation
 - project portfolio optimization
- Real Options
 - asset valuation
 - risk management
- Fleet Financing
 - fleet economics
 - financing instruments
- Integrated Investment Management
 - sustaining financial prosperity
 - optimizing resource allocation

Who should attend...

Airline finance and planning executives, managers, and analysts directly profit from this seminar. Those responsible for fleet planning, flight equipment financing, project finance and strategic planning, corporate finance and treasury, financial analysis and business development, capital budgeting and investment analysis who directly face the challenges of managing fleet and capital investments, are the primary audience. Others in scheduling, marketing, and operations, who are impacted by capital investment decisions, are also encouraged to attend so that they can benefit from understanding the process of optimizing difficult and complex decisions that substantially impact the airline.

Lessons learned in this seminar can be quickly applied across organizational boundaries so that all functional areas can effectively contribute for efficient managing of the capital budgeting process. This learning also facilitates communication amongst the stakeholders in complex investment decision-making processes.

Benefit from experienced leader...

A leading expert who combines extensive experience in fleet management, capital budgeting, strategic planning, airline strategies, and market development with an understanding of advanced quantitative planning and management science techniques will present the seminar.

Jahan Alamzad

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Jahan Alamzad is managing principal and president of CA Advisors. He has been a professional management consultant in commercial aviation and aerospace for more than two decades. Prior to CA Advisors, he was the director of airline and aerospace practice at Applied Decision Analysis, Inc. (ADA), which was acquired by PricewaterhouseCoopers. Before that, he was the founding principal and managing director of Management Science Group, a specialized management consulting firm in the airline and aerospace industries, which merged with ADA. Before his consulting career, he worked at American Airlines and United Airlines.

Mr. Alamzad holds a masters in management science and engineering from Stanford University, as well as a masters in industrial and systems engineering from the University of Southern California, and bachelors degrees in civil engineering and electrical engineering from the University of Illinois. He has served on the faculty of the School of Business at Notre Dame de Namur University, lecturing entrepreneurship and innovation management. He was also on the faculty of the Department of Aviation at San Jose State University, and collaborated in publishing a textbook entitled *Airline Management*.

Mr. Alamzad has conducted numerous seminars and training workshops for various airlines and aviation organizations worldwide. He uniquely blends academics with industrial experience to conduct effective training sessions that optimizes the learning process and delivers immediate value.

About CA Advisors...

www.ca-advisors.com

CA Advisors is a management consulting firm dedicated to providing state-of-the-art analytical services. By applying powerful and practical tools, the firm helps its client understand their business positions, and improve their strategic and operational decisions. To ensure the success of its work, the firm is committed to collaborating closely with its clients, communicating clearly about its approach, and delivering valuable results that are logically sound. For many years, the work of the firm's professionals has spanned a wide range of projects. The firm has a focused and dedicated practice in the airline industry, with a breadth of expertise in aerospace. The experience of the firm's professionals extends from traditional applications in logistics and resources planning to more innovative applications in strategy and financial planning.

We put a substantial emphasis in designing and delivering training sessions through seminars and workshops. As a significant part of continually advancing the professional knowledge by linking the state-of-the-art developments with ongoing business practices, our training services are devised to provide a seamless flow of decision technologies for immediate implementation at various enterprise levels.