

FUELING THE BUSINESS

Given the significant contribution of fuel to direct operating cost, business aircraft owners and operators need to carefully plan their fuel supply.

Nick Klenske offers fuel options available on the market



Like it or not, if we want to fly, we have to fill the tanks. For the business aircraft operator, this is not quite as simple as taxiing up to the pumps and handing over the Visa or Mastercard. Instead, you will quickly discover that how you refuel can save you (or cost you) hundreds of dollars – particularly if you are flying a large jet with tanks capable of taking 25,000 lbs of Jet-A in one session.

One trend in the fuel sector is the effect that lower oil prices is having ‘on the pump’. With fuel representing the largest cost for air operators, any change in oil output or price has a direct effect on an operator’s profit margins. It is therefore essential that operators take stock of how they buy fuel to make sure costs are properly under control.

According to Flighworx Aviation Fuel Manager James Kossick, the first thing to do is shop around for the best prices. “Operators have become much better in this regard, but many still fail to plan ahead and thus miss out on valuable savings,” he says.



“Rather than simply taking what’s first offered at a destination, you should be scanning the market beforehand.” He says that most airports and airfields can be served by multiple vendors, and their prices can vary widely – and saving a few cents per barrel can create major economies on a large uplift. “For example, flying a Bombardier Global Express from San Francisco to New York JFK could cost \$1,200 less if you

shop around,” says Kossick. “Similarly, fueling an Embraer Legacy for a flight from Paris to Dubai could cost about \$2,800 less.”

Although price is key, Kossick is quick to note that it’s not the only thing to consider in fuel selection. “Operators are normally on the clock, expected to deliver the time-savings for which passengers and owners pay handsomely,” he says. “Consequently, there are many more things to factor in, such as quality compliance and whether the fuel will be where you need it, when you need it.” He says it’s good to pay a low price, but less so if you have to taxi for half an hour at an airport to locate it. “Ultimately, it comes down to trust, so it’s worth developing strong relationships with suppliers, teaching them your priorities, expectations and ways of working,” he adds. “In return, suppliers should always deliver the best possible fuel at the most reasonable rates, while also ensuring your fuel is delivered as smoothly as possible.”

Carefully considering how you pay is also essential if you want to buy fuel cost-effectively. Many options now exist, but some require careful

consideration as there may be a sting in the tail. “We generally advise against paying with a credit card, as the fee to the card issuer can be very large when refueling an aircraft,” says Kossick. “Furthermore, if you’re flying to various destinations and need several fuel stops, you run the risk of maxing out your credit limit.”

Larger operators tend to use fuel card schemes, where they are charged to a credit account dedicated to fuel

SERVICES

Worldwide EPIC Aviation Fueling Charge Card (left). Air BP operates in over 600 locations in 45 countries (right).

expenditure. These schemes generally work well for operators, bringing such advantages as negotiated rates, policy compliance by crews and convenience. However, there is always the possibility that your chosen card may not be accepted at a destination, with the potential for additional stress and non-negotiated prices being foisted on the crew. For this reason, many see 'fuel release' payment schemes as offering the best of all worlds: competing local fuel suppliers are contacted in advance to check pricing, availability and other practical considerations, bringing certainty; the price is agreed and paid, locking in savings; and the crew merely needs to present a voucher for the fueling to commence, giving them convenience.

Last but not least, Kossick advises to keep in mind that if something can go wrong, it likely will. "It has been known for operators to place fuel orders and arrive at the agreed location, only to discover that the fuel they ordered is contaminated, has been stored in the wrong conditions or has escaped through a hole in the barrel," he says. "Should there be an issue of any kind, whether it's technical or related to payment, having a

and Chevron. On the other hand, there are the independent fuel suppliers, who bulk-buy fuel and take margins to deliver the most competitive and ever-moving prices. Companies such as Avfuel World Fuel Services and EPIC Fuels offer contracts which, if skillfully used by flight schedulers, can yield substantial savings. Here we look at just a few of the fuel options available today:

Air BP

On the OEM side, Air BP operates a global network covering over 600 locations in 45 countries, giving it the capability to serve fuel clients in the most difficult locations around the world. Today, the company is focused on renewable energy and reducing carbon footprints for customers. "At Air BP, we've been asking ourselves one question that forms our decision-making: How can airports and operators reduce their carbon footprint?" says Air BP Sales and Marketing Excellence Project Manager Miguel Moreno. "While creating a carbon footprint is unavoidable, we can help customers reduce their footprint and offset it with carbon credits."



back-up plan will pay you dividends and protect you from paying extortionate emergency prices.

Your best bet: Always have a second option on standby should there be a problem that you weren't expecting.

Finding the Fuel for You

Competition is fierce among the many companies that offer fueling services. On the one hand, there are the OEMs, such as BP, Shell, Total

The result is the Target Neutral program. Target Neutral helps customers calculate the total emissions associated with their travel and then offset them with a carbon credit or payment that supports Target Neutral projects. "We want to make sure our customers know they're having a positive effect on the environment, as well as providing a social and economic benefit, so we only buy the best-in-class carbon credits," says

Moreno. "More so, because Target Neutral is non-profit, it's cheaper for customers and they can rest assured that all of their money goes directly to supporting low carbon development projects that actually make a difference."

Air BP continues to have its sights set on growth. "We're expanding rapidly, and not just in airports, but also with operators," says Moreno. "Our customers include commercial airlines, aircraft operators, helicopter operators, business jet operators, private pilots, the military, FBOs, aviation authorities – and more."

With this growth, Air BP continues to make deals with FBOs and flight planning companies. Most recently, the company took over the management and operation of fuel services at Cape Town International in South Africa. The operation is managed through the Cape Town Airport Fueling Services joint venture, with a team of 45 employees.

Shell Aviation

Shell Aviation traces its roots back to the 20th century, when Royal Dutch Shell was formed through the merger of Royal Dutch and Shell Transport. Given that long history, Shell Aviation has participated in many aviation milestones. "In 1909, we supplied fuel for the first cross-channel flight between England and France," says Shell Aviation Vice President Global Aviation Anne Anderson. "In 1919, we fueled the first transatlantic flight, and in 2009, the world's first commercial passenger flight powered by fuel made from natural gas by Shell was flown by Qatar Airways from London Gatwick to Doha."

This distinguished history has allowed Shell Aviation to grow and become a prominent name in the aviation fuel business. The company has products at 900 airports in approximately 40 countries around the world. Shell supplies fuel to both the business and commercial aviation markets, with its products refueling an estimated 7,000 aircraft each day. The company has regional businesses in the North and South America, Europe, the Middle East, Africa and Asia. Besides fuel, Shell Aviation also supplies lubricants, greases and fluids under the AeroShell brand.

DEMAND

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According to Anderson, Shell Aviation separates itself in a number of ways from other fuel suppliers. For example, the company has a huge laboratory and testing infrastructure to develop and improve aviation fuel products. "We have a dedicated team of aviation scientists at a specialist aviation research facility within Shell Technology Center Houston," Anderson says. "They work on fuel quality, alternative fuels and lubricants. We also have highly trained technical experts providing local support to ensure on-site safety and efficient refueling."

These services give Shell Aviation a competitive advantage in the aviation fuel business, says Anderson, who adds that the company is dedicated to providing the best products and services to its customers. "We have dedicated teams of account managers and technical support staff with the knowledge and operating experience needed to respond quickly to any situation our customers face."

Avfuel

According to Avfuel Vice President of Marketing Marci Ammerman, "fuel is fuel, plain and simple – meaning you have to be able to offer more than just fuel to provide real value to a customer." This thought encapsulates the strategy behind Avfuel's success – offer more. In Avfuel's case, that includes supplying fuel and services to FBOs, flight departments, helicopters, major and regional airlines, freight and cargo companies and military operations – as well as trip support and a robust pilot incentive program.

Ammerman says Avfuel's variety of programs and services working in

conjunction help set the company apart, not to mention its global network. The Avfuel branded FBO network includes more than 650 dealers, and the Avfuel Contract Fuel network has more than 3,000 locations around the world – with more being added every day. "We can provide customers with fuel or services no matter where they fly," she says.

Avfuel rewards loyal customers through Avfuel Contract Fuel, the company's jet fuel savings program, and the AVTRIP pilot incentive program where pilots are rewarded for purchasing fuel and services within the Avfuel branded dealer network. "At Avfuel, we continually keep our eyes and ears open to determine what it is that our customers want most and how we can either develop or adapt products and services to meet those needs," says Ammerman.

To help customers take full advantage of their network and rewards, the company launched Avplan Trip Support, which provides assistance with permits and airspace restrictions, customized weather, and established relationships with ground handlers around the world. Ammerman says Avplan is a natural evolution of the company. "We are arranging fuel all over the world, so it made sense to add flight planning to our portfolio," she explains.

Though Avfuel has expanded its services beyond just supplying fuel, it is still a strong player in the fuel market. Since its founding in 1970, the company has been a leading supplier of global aviation fuels, and continues to be involved in every step of the value chain as fuel moves from the refiner to the wing of each aircraft.

World Fuel

World Fuel Services provides aviation fuel solutions to help maximize your efficiency and bottom line. With 3,500 global service locations, including 2,900 airports, the company has established itself as an integral part of the aviation fuel supply chain.

Last year, TAG Farnborough joined the World Fuel Services Network of FBOs. As a member of the network, companies such as TAG can leverage World Fuel Services' bulk jet fuel supply and technical support of local professionals. Furthermore, as a member, companies have access to World Fuel's comprehensive business and general aviation FBO solutions designed to foster their business' success and help them better serve their customers with world class offerings. From training to credit card processing and marketing support, World Fuel Services Network FBOs are provided with customized services by World Fuel Services' team of dedicated industry professionals.

EPIC Fuels

EPIC Fuels is a global supplier of fuels and services to FBOs, commercial airlines, airports, ground fueling operators and government agencies around the world. Its largest customers include Fortune 500 flight departments, top-tier FBOs, major airlines, charter and cargo operators, as well as all branches of the US military. In addition, the company offers the EPIC Card, an aviation fuel card for retail or contract fuel purchases and ancillary services. The EPIC Card is accepted both in and out of network, at over 8,000 locations worldwide.

Closing Thoughts

Regardless of whether you go with an OEM or an independent, one needs to understand the strengths of each supplier. Some may have the upper hand in the US domestic supply, while others may be strong overseas – so it is wise to have arrangements with several companies.

Just remember, however you obtain your fuel, it is undoubtedly a buyer's market – but the buyer needs to beware!



GLOBAL
Avfuel (left) and World Fuel Services are leading fuel suppliers with over 3,000 worldwide locations each.



Expect more from your fuel supplier.

- | Global Aviation Network
- | Fuel Supply
- | Contract Fuel
- | FBO Branding

- | Trip Support
- | Training
- | Insurance
- | Loyalty Rewards

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