

Revitalized company might fly away

By Eve Samples

Palm Beach Post Staff Writer

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VERO BEACH — Persistent ringing fills the air in the Spartan trailers where Piper Aircraft Inc.'s executives work.

Phone calls from New Mexico. From North Carolina. From Arkansas. And from all over Florida.

The callers are inquiring: Where will Piper manufacture its first jet?

And: Will it consider our town?

"It's really interesting because up until the jet announcement, it was hard to take notice that we even existed," said James Bass, Piper's president and chief executive officer. "And now the phone is ringing off the hook."

After more than a year of research, Piper jumped into the growing light jet market in October, debuting its plans for the \$2.2 million PiperJet during an aviation conference in Orlando.

Though Piper has manufactured several turboprop planes, the PiperJet would be the first powered by a turbofan engine similar to those used in large commercial aircraft.

That means the PiperJet will have a combination of speed (up to 414 mph cruising), range (1,300 nautical miles without refueling) and carrying capacity (800 lbs. fueled up) never before seen in a Piper plane.

The 70-year-old company wants to deliver the jet to customers by 2010, but it must first find a place to produce it.

"We don't have an agenda to leave Vero Beach. ... We do have an agenda to find the best place to manufacture the plane," Bass said during an interview at Piper's headquarters earlier this month.

All options on the table

Piper - owned by Bethesda, Md.-based American Capital Strategies Ltd. (Nasdaq: ACAS) - plans to choose a production spot in the next year or two, and the big factors will be financial incentives, workforce, taxes and property insurance.

After the 2004 hurricane season destroyed parts of Piper's 89-acre campus at the Vero Beach Municipal Airport, the company's annual premiums jumped from \$400,000 in 2004 to about \$4.4 million this year.

"We're paying a premium for insurance that our competitors don't have to pay," Bass said.

As the company scouts sites, Bass said he's keeping all options on the table.

Possibilities include keeping the existing operations in Vero while building the jet plant elsewhere; building the jet plant alongside the existing plane-making hub in Vero; or moving all of Piper's operations out of Vero.

The only thing that's been decided, Bass said, is that all research and development, design and testing for the PiperJet will be done in Vero, where Piper has operated for 50 years.

But will Piper remain and expand there? The new jet plant must be at an airport with a 7,000-foot runway, and Vero's fits the bill.

And with another economic catalyst, the Los Angeles Dodgers, gearing up to move their spring training camp out of the city, the community isn't taking Piper's potential departure lightly.

Indian River County Commission Chairman Gary Wheeler is working on a letter to Gov.-elect Charlie Crist, asking him to help keep and expand Piper in Vero.

"We want them to not only grow here but to bring new product out in Indian River County," said Penny Chandler, executive director of the Indian River County Chamber of Commerce.

With a working incentive package in hand, the chamber plans to meet with Piper, Enterprise Florida, Wheeler and others at the end of January, said Helene Caseltine, the chamber's economic development director.

Meanwhile, other states and counties in Florida aren't backing down, though Bass wouldn't say who they were.

"They have been very aggressive in terms of wooing us," he said.

Staff at pre-storms level

Bass, former chief executive officer of Phoenix, Ariz.-based Suntron Corp., took the helm at Piper in September 2005, a little more than a month before Hurricane Wilma brushed its already-battered plant.

Then, Piper was still recovering from Hurricanes Frances and Jeanne, which temporarily crippled production and prompted the elimination of about 135 jobs in 2004.

Employment is now back to what it was before the storms, plane orders are booked for next year and all the production buildings have been repaired.

"We really feel pretty good about our facilities here," Bass said.

But he and the rest of the executive team still work from a temporary trailer.

Repairing workers' space before the executives' was a matter of principle for Bass, who wears shirtsleeves on the job and doesn't hesitate to hop into a "beer can," or a partially assembled plane, with an employee on the line.

When he replaced Piper veteran Chuck Suma as top executive, he wanted to increase the plant's efficiency and foster team spirit. By rearranging production lines, expanding training and supplying new tools and equipment, he believes he's done that.

John Mericle, a 41-year-old methods engineer and Piper employee since 1989, has stuck it out through the company's 1991 bankruptcy, layoffs and several hurricanes.

Now, he's helping develop the PiperJet, and he said the excitement is palpable.

"I really think everybody is pretty happy about everything right now," the Vero Beach resident said. "Pretty much, if we have a problem, it's taken care of."

Another big change this year at the plant: Employees' 401-to-307 vote in March to decertify the International Association of Machinists and Aerospace Workers, two years after the union was voted into the plant.

The company also shortened its name under Bass, dropping "The New" from The New Piper Aircraft this summer.

The prefix was tacked onto the original name in 1995 - four years after Piper declared bankruptcy.

"We've put behind us some difficult times," he said. "The company has grown. We're profitable. It was time to go back to who we really are, which is Piper."

Jet creates 'a lot of interest'

Piper is one of several big names in aviation making a run on a segment of the jet market known as "very light jets." Such planes typically cost between \$1.5 million and \$3 million, weigh under 10,000 pounds and seat six or seven people.

Cessna Aircraft Co. and Eclipse Corp. got a jump start on the market, but Bass said Piper's goal wasn't to be first:

"It was more about getting it right."

Though production is several years off for Piper, the firm is poised to hire 60 technical employees early next year. Bass said it's unclear how many more workers will be needed for jet production.

He estimates Piper will sell 100 to 150 PiperJets a year. At the \$2.2 million price point, that could more than triple annual sales if other plane sales remain constant.

"Generally speaking, as you move up the food chain in avionics or aviation, your margins tend to be better," Bass said. "And that's because you start to transition from personal consumer to business ... and the whole supply chain is more profitable."

The big question is whether the very light jet market will be able to sustain all the players, said Raymond Jaworowski, senior aerospace analyst with Newton, Conn.-based Forecast International Inc.

Forecast predicts 70 to 100 of the jets will sell next year, with the market growing to about 700 by 2014.

In addition to Cessna and Eclipse, Adam Aircraft Industries and Brazil's Embraer SA have established themselves as players, said Jaworowski, who predicted there might be room for another plane maker or two.

Piper "certainly has as much as shot as anyone else," though single-engine jets historically haven't sold well, he said.

But Piper has a feather in its cap as it moves its jet to market: It's partnering on sales and service with Honda Motor Co. Ltd., which is developing its own jet.

"There's certainly a lot of interest in what they're doing," Jaworowski said.

Experts believe very light jets will make jet travel more accessible to the public, especially as air taxi services such as Delray Beach-based DayJet Corp. start taking flight.

Though the HondaJet and others intend to target the air taxi market, Piper is more interested in the owner-operator who wants to upgrade from a propeller-driven plane.

Katie Pribyl, spokeswoman for the Washington, D.C.-based General Aviation Manufacturers Association, said Piper's legacy will only help the PiperJet's chances.

"Obviously, Piper is a very proven aircraft manufacturer. They have a very large and dedicated following," she said. "And GAMA expects it to continue with the PiperJet. We think this is a shot in the arm for Piper."