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Contract Worker Services: An Inside View

Providing contract mechanics is a growing business, but it has its challenges. We look at the provider's perspective of the contract labor industry.

BY DAVID JENSEN

Although the providers of contract maintenance workers, or “contractors,” are currently enjoying a growth industry, they face challenges. Finding well-qualified mechanics who will take on temporary work can be difficult.

“We’re always looking for new talent,” said Ron Jordan, general manager of Reliance Aerotech Services Inc., Nashville, Tenn. “We’re seeing a steady number of [customer] requests,” added Simon Kennedy, operation manager-maintenance personnel for Parc Aviation, Dublin, Ireland. “The main problem is finding the personnel with the right level of experience, as training has stalled over the past eight to 10 years.”

He explained that a principal source of well-trained mechanics, the military, is drying up, as more and more maintenance of military aircraft is being outsourced to civil repair stations. “I started noticing this trend as far back as ’92 or ’93,” said Kennedy. In addition, the major maintenance, repair and overhaul firms (MROs) are cutting their in-house maintenance training, further abridging the available, trained mechanic pool.

Also complicating the recruiting of contractors in Europe is the fact that “MROs are in a hiring phase right now,” said Kennedy. “They’re really taking in people. We are seeing our customers either recruiting full-timers or offering fixed-term contracts for up to two years.”

Other challenges exist, as well.

Background checks of contractors have become more important than ever, especially since 9/11. “Security is our main concern because [the contract workers] are coming onto airport property,” said Steve Glime, product support manager at American Airlines Maintenance and Engineering. American will perform their own background checks, taking two to four weeks, on top of the checks made by the contract worker provider.

Extensive security checks has “meant that rapid requirements are nearly a thing of the past,” said Kennedy.

Background checks to assure quality workmanship also has gained increased importance, particularly in the United States since the January 2003 crash of an Air Midwest Beech 1900D (operating as US Airways Express) near the Charlotte, N.C., airport. It was a body blow to the U.S. contract maintenance provider industry. Cause of the accident, taking 21 lives, has been attributed to faulty repair by a contract mechanic hired by a West Virginia repair facility. The National Transportation Safety Board hearing in May 2003 raised the issue of whether the FAA should monitor outsourced maintenance more closely.

Regulatory change has challenged the industry in Europe. “It used to be that contract workers would work 65-hour weeks to get the job done,” said Kennedy. Getting a job done by a certain deadline “is why contract workers were brought in,” he added. Now, the European Union

requires that contractors can work no longer than 45 hours a week. This diminishes the appeal of hiring contract mechanics and reduces the revenue to the contract worker provider.



Ron Jordan, general manager of Reliance Aerotech Inc., a company in Nashville that furnishes aviation staffing, recruiting and turnkey maintenance solutions.

Transatlantic View

From Jordan and Kennedy, **Aviation Maintenance** attained a transatlantic view of how these challenges are being met and other trends in maintenance personnel service.

Parc Aviation began operations in 1975 as a fully owned subsidiary of Aer Lingus. Twenty years later, Parc management bought out the company and expanded its initial flight crew and engineering personnel leasing operations to also include



at a glance

- One source of well-trained mechanics, the military, is drying up
- Some MROs are cutting their in-house maintenance training
- Background checks of contractors have become more important

consultancy and flight crew training for type rating in the Boeing 737 and Airbus A320. Parc has more than 800 personnel on contract, operating in 25 countries.

Reliance Aerotech Services is an eight-year old company that furnishes aviation staffing, recruiting and turnkey maintenance solutions. It provides outsourced technical expertise for more than 40 customers in 20 states and nine countries. Its workforce fluctuates from 80 to 150 maintenance personnel, depending on maintenance loads. When NASA-Langley decided to have the heavy check for its Boeing 757 test and evaluation aircraft conducted in-house, the agency hired 12 B757 mechanics from Reliance to fill out its maintenance workforce.

Since 2003, Reliance Aerotech also has conducted yearly surveys from which it learns of industry trends and, more importantly, customer expectations from contracted labor. In turn, the surveys also reveal contractor attitudes toward the work they do. Analyzing its data, Reliance has been able to develop “a model on how to attract the highest quality people,” says Jordan.

One Reliance Aerotech survey was conducted with maintenance managers and another with the contract workforce. “We asked the workforce parallel questions to see how their answers and attitudes would match the customers’,” says Jordan. “We found core groups who meet or exceed our customers’ expectations, and others who don’t.”

Reliance Aerotech also surveyed the workforce to determine what attracts them to a particular customer or geographic location and what they seek in employee benefits. Jordan says the results of annual surveys, which the company plans to continue performing, are proprietary and have been invaluable in learning how to attract the best contract maintenance workers. “It’s given us a road map for hiring,” he says.

According to its summary, one survey found that “conventional screening criteria—age, experience, work sites, licensing—were not effective in identifying the high quality contractors.”

Why Use Contractors?

Maintenance facilities have at least 10 reasons for employing contractors, according to Reliance Aerotech Services Inc. They are:

1. Fill in a short-term project need;
2. Manage an unpredictable workload;
3. Prevent “bad hires;”
4. Create a mobile workforce for, say, a satellite location;
5. Fill a gap, for example, while looking for a permanent hire;
6. Meet the needs of an entirely outsourced business model, in which contractors make up the entire workforce;
7. Import talent where a lack of skilled workers exist;
8. Meet small-business partnership requirements, where a small business is able to partner with a large business to win, say, a government contract;
9. Support cash flow, because contract maintenance costs often can be paid later than employee wages; and
10. Fill in for absent employees.

“In their place,” the summary continues, “non-conventional criteria, such as values and motivation, were highly effective in selecting the best professionals among the general A&P respondent group.” Both Jordan and Kennedy say

their companies, in addition to extensive background checks, place considerable emphasis on the “face-to-face” interview of contractors seeking work.

The summary for Reliance Aerotech’s 2003 survey of maintenance managers (33 respondents, 28 of whom employ contractors) outlined a “deeper understanding” of a maintenance organization’s needs. It concluded the following:

- Most maintenance managers see outsourced maintenance personnel as a valued link in the supply chain, with 64 percent believing contractors to be high value;
- Hourly rate is not the most the most

important factor in choosing a contract maintenance provider—a company’s aviation experience and customer service are of greater importance;

- Five characteristics of contractors are extremely important: dependability,

Contractors and Customers?

Contract maintenance workers are a unique lot. Most workers seek steady employment and regular commute to work. But from his experience as general manager of Reliance Aerotech and being a contractor mechanic, himself, Ron Jordan has concluded that some workers choose the contract route for three reasons:

1. "This is all they do," says Jordan. These workers like to travel and comply with the vagabond existence.
2. The workers are between jobs and hope to have contract work turn into permanent employment with a company, while also gaining experience.
3. Some workers are financially independent; they don't have to work fulltime but are willing to take on select jobs because of a geographic location, the chance to work on a specific aircraft or for the adventure.

Why do maintenance facilities hire contract workers? Jordan offers several reasons:

1. Some want the size of the workforce to fluctuate according to workload; these often have open-ended contracts with the employment service provider.
2. Some are project driven and want contract workers for a job with a finite time line. Jordan mentions as an example a National Oceanic and Atmospheric Administration (NOAA) expedition in which a helicopter brought on board a ship required support.
3. And some want to "try before they buy," i.e., they seek new employees but will contract them first to see if the job and employee are "a good match."

technical competency, attention to detail, punctuality and personal values/attitudes; and

- Contractors seen as not meeting these five characteristics create a "fulfillment gap."

Summary of the 2004 survey found that 71 percent of the contractors queried (116 total, a 22 percent response) share the maintenance organizations' values outlined by the managers. This is especially true with experienced specialists (avionics, engines, structures, etc.). The remaining 29 percent who do not share the maintenance organizations' values indicates "the depth of the 'fulfillment gap,'" according to the summary.

Customer's Role

However, Jordan believes attracting and placing good mechanics represents only half the equation in a contract worker situation. There is much the customer should do, as well, which is why Reliance Aerotech conducts lengthy interviews with, and assessments of, their customers.

"Some maintenance facilities don't appropriately manage a contract workforce. They don't care about contractors, because they feel [the contractors] are just in and out the door," says Jordan. "These are just 'body shops' that only want to put a body in a job." He adds that these companies quickly pick up a reputation in the contractor community. "In some cases, the repair station is not well managed, so direct employees, as well as contractors, are not happy with their jobs."

"Big and small companies alike make these mistakes," Jordan says. "It's about the corporate culture."

Everyone loses when a "bad marriage" exists between a contractor and customer. "The contract worker may leave the job early; the manager's unhappy, the employee is unhappy and the service provider is unhappy," says Jordan.

Jordan admits his company has turned down business from repair stations with poor worker relations. "I have repair stations I don't call," he says. Reliance Aerotech assesses potential customers, visits their facilities, and interviews their leadership. Assessments assure the customers are well capitalized, have personnel evaluation and retention programs, an experienced management team and provide comprehensive insurance coverage. Reliance also advises companies on how to create a better environment for contractors.

Most of Reliance's contractor employees and customers reside in the United States (some in Canada), but the jobs sometimes are out of country. In addition to the NOAA contact, at sea, the company provides contract support of a U.S.-owned aircraft in Uruguay. Jordan is proud of the fact that Reliance was able to promptly assign for the customer a mechanic for a fairly rare aircraft, a BAE J-4100.

Parc Aviation's workforce and customers are geographically more diverse than Reliance Aerotech's. Most of its contractors come from the UK; however, a growing number are coming from East Europe, according to Kennedy. As for Parc's cus-



Simon Kennedy, operation manager-maintenance personnel for Parc Aviation in Dublin, Ireland

tomers, 55 percent are in Ireland, 30 percent are in other parts of the EU and the remaining 15 percent are outside the EU.

Start-up airlines are among Parc's customers. When they take in a new aircraft type, they seek contract maintenance personnel to work until they can establish their own engineering staffs. India is a big market for this service, said Kennedy, adding that such contracts usually last about six months.

Provider Responsibility

Worker providers such as Reliance and Parc pay the contractors and furnish benefits. Most European countries provide national health coverage, but when Parc sends contractors to countries that don't have health care, it affords health insurance. "We also cover all our people with personal accident insurance," Kennedy adds.

Reliance Aerotech also provides hangar keepers aviation products liability insurance. "If one of my employees does some damage to an aircraft, this policy covers that," explains Jordan. "It's the same type of insurance the repair station or airline would have."

The 2003 Reliance Aerotech survey predicts a "robust market for outsourcing in the aviation industry. But it also warns that "with so much at stake in the aviation industry today, the need for consensus among maintenance organizations, contract maintenance professionals and the contract maintenance outsourcing companies has never been greater." **AM**