

HOME RUN

As the MRO industry congregates in Atlanta in April, locally based **Tony Charaf**, senior vice president of Delta TechOps, is in an optimistic mood as he explains to **Ian Harbison** how the company is progressing

Tony Charaf, senior vice president of Delta TechOps (all photos: Delta)



Delta Air Lines filed for Chapter 11 protection in September 2005. It plans to exit in May. The intervening period has forced the maintenance arm, Delta TechOps, to make a number of fundamental changes to its business (see *MRO Management, September 2005* and *June 2006*), shutting facilities, transferring work and reducing personnel numbers. The result was a \$250 million reduction in costs while maintaining operational integrity. For Tony Charaf, senior vice president, keeping up the spirits of Delta people was a top priority.

In April 2006, a new strategy was introduced based on being 'Best In Class' in four areas: engines; base maintenance and specialised airframe work; high tech components; and line maintenance. Having introduced Six Sigma and Lean Manufacture some time ago, the organisation added Theory of Constraint to its portfolio. In the engine shop, this realised 20 to 25% reductions in turnaround times and resulted in a 50% cut in work in progress, the parts count in the system dropping from 18,000 to 8,500. For base maintenance, time in the hangar reduced by 30 to 40%. Further progress will be made with the introduction of an Enterprise Resource Planning system, due to be selected by June and fully implemented 18 to 24 months later.

Now, says Charaf, the challenge is not between insourcing or outsourcing work, it is "what can we do to have a viable business and serve Delta as best we can". He comments that the new Delta management team now takes account of every aspect of the operation when it comes to major decisions. One such decision is that aircraft heavy checks are now planned in January, February and March, releasing up to 50,000 manhours for third-party work during July, August and September, when the airline generates the most revenue ("giving Delta all their metal to work with during the busy time").

Another decision is to pull out three years early from a five-year contract with ACTS for Boeing 767 heavy maintenance in Vancouver. In the face of what were clearly some tough negotiations, Chahram Bolouri, ACTS President and CEO, said: "ACTS has worked extremely hard to make the relationship successful. Unfortunately, we are not in a position to meet Delta's cost expectations." Instead, the work will go to HAECO in Hong Kong and two US locations.

That external work amounted to \$243 million in 2005, against a target of \$210 million, and \$312 million last year, against a target of \$270 million. With TechOps now the third largest airline MRO in the world and the biggest in the US, Charaf believes the growth can be maintained and has his eyes on lucrative, long-term work to come from OEMs in the near future.



The Delta TechOps main base at Hartsfield-Jackson Atlanta International Airport

The engine shop will be the focus of much of this third-party work. He describes the CFM56 as the engine of today and the future. As it matures, more will require overhaul, with up to 1,500 shop visits required per year before the end of the decade.

Heavy maintenance has less emphasis, as Delta's increased flying, even with a reduced fleet, will increase the workload in the hangar. Nose-to-tail contracts with existing customers are

fine, but there is no great rush to expand. A recent example of the specialised airframe work has been an installation programme of Blended Winglets on six Boeing 737-800s for Caribbean Airlines, which will run until September. Delta TechOps is also providing technical assistance to the new carrier, replacing BWIA.

While all the low-tech components have been delegated to Aero Maintenance Group in Miami, the high-tech components will be the next big focus,

as it is an area that has not yet reached its full potential, he says, particularly with regard to third-party work.

Despite all the positive financial figures, Charaf returns again to people. He is proud of those who were able to stay through the difficulties and are now, he says, the fibre of the company. But there is equal pride that their efforts have also paved the way for a recall of 550 of those laid off with another 150 set to return very shortly. ■

The Regional Airline Association

RAA Annual Convention
Memphis, Tennessee | May 21-24, 2007

A network of possibilities.

RAA

www.raa.org