

1947

## The Aviation Consultant

Charles A. Rheinstrom

---

### Recommended Citation

Charles A. Rheinstrom, *The Aviation Consultant*, 14 J. AIR L. & COM. 24 (1947)  
<https://scholar.smu.edu/jalc/vol14/iss1/3>

This Article is brought to you for free and open access by the Law Journals at SMU Scholar. It has been accepted for inclusion in Journal of Air Law and Commerce by an authorized administrator of SMU Scholar. For more information, please visit <http://digitalrepository.smu.edu>.

# THE AVIATION CONSULTANT

By CHARLES A. RHEINSTROM

Aviation Consultant with offices in New York City, Mr. Rheinstrom, trained in engineering at the University of Minnesota, entered aviation in 1928 as General Traffic Manager of Thompson Aeronautical Corporation's budding airline, which later became Transamerican Airlines Corporation, and was later absorbed by American Airways in 1932, at which time he became Traffic Manager of the Eastern Division of that company. He later became General Sales and Traffic Manager, and in 1937 was made Vice-President Traffic and Sales and a Director of American Airlines, Inc., in which capacities he served until his resignation in May, 1946, to establish his own aviation consultant service. Active in domestic and international industry affairs, he was first President of the Air Traffic Conference of America and first Chairman of the IATA Traffic Committee.

THE aviation consultant has come of age. His late arrival upon the American scene was not the result of any lack of need for his services. Since the infancy of commercial aviation, the industry has sought the advice and assistance of consulting engineers in the solving of its many and accumulating problems, but of necessity these consulting firms had achieved their recognition in fields outside aviation. They were specialists in management, or traffic, or personnel, and good ones, too, but their experience came from work on the ground. Aviation was still too young to have produced its own specialists.

Aviation is the newest industry to attain the status of "big business." It is likewise among the most complex. Many of its problems are peculiar to itself, with parallels to be found in no other form of business. Hence counsel based upon solid practices in other forms of business might not apply to aviation at all. Under these circumstances the need for consultants qualified by broad experience within aviation itself becomes at once apparent.

But there is more to it than that.

## POST-WAR PROBLEMS OF AIR TRANSPORT

Prior to the war air transportation was growing rapidly. Competition was keen, and some airlines had difficulties as a result, but the over-all picture was bright and the future even more enticing. It was easy to credit the troubles to "hard luck." During the war, when all the transportation facilities of the nation were not sufficient to meet the demand, the airlines enjoyed tremendous success. In spite of rising costs, the high load factors of all the airlines made it relatively easy for them to show a profit. Differences in the quality of management in the various companies, and the effectiveness of counsel they accepted, were not readily apparent.

Also not so apparent was the fact that while the airlines were showing profits in their ledgers, the stage was being set for tremendous losses later, the extent of which is just materializing. At the very time management should have been planning for the future, it was completely engaged in meeting the war-created problems of the present. Shortages of equipment, priorities and restrictions kept harried executives occupied on a 24-hour-a-day basis. That they did a tremendous job will be to the everlasting credit of aviation. In the meantime there were accumulating all of the post-war problems, the rate of accumulation being accelerated by tremendous advances in aircraft and technical developments plus an entirely new concept of aviation and greater public acceptance induced by the war.

These problems have now reached the acute stage. Costs have continued to rise. The delivery of new, high-speed aircraft to the airlines has rendered some of the old operating methods obsolete. New flight schedules and the expansion of service to many communities, neglected of necessity during the war, has involved the employment and training of thousands of new people. The existing airports and ground facilities have proved inadequate to handle the increased traffic. Service has deteriorated to the point where it has been given wide attention in the magazines and press. The problems of flight operations, particularly those of approach and landing procedures under instrument conditions have been increased by the augmented flight schedules and the varying types and speeds of the aircraft. The general public has lost some of its faith in the dependability and comfort of air travel. All of the complications of trans-oceanic flight and international regulations have been brought vividly to the foreground.

Air transportation in the United States has always been a competitive enterprise, but competition now is keener than ever before. Air freight, an entirely new industry within aviation, is struggling desperately to make its place. Its development, with its accompanying individual problems, has just begun, but already competition promises to be severe. In the field of international flight, both passenger and cargo, competition is not limited to our own airlines, but includes the foreign lines as well, many of which are heavily subsidized or entirely government owned.

As a result of all this, recent months have seen several airlines in financial difficulties. Even with continuing high load factors, many companies have been unable to make income equal expenses, and the resulting losses have ranged from small to disastrous. Some difficulties were experienced with new aircraft, and a pilot strike was harmful, but the underlying causes in most cases have been more basic.

The financial difficulties and assorted airline ailments all reached the public at the very time the industry needs many millions of dollars of new capital to open new routes, install improved ground facilities and purchase new aircraft. The public, as could be expected, has not been too responsive to the call for fresh capital.

## CONSULTANT'S SERVICE TO MANAGEMENT

The situation is a challenge to management. Perhaps at no time in the history of aviation has the need for good management been more real. Yet management, through no fault of its own, just does not have enough trained, well-founded executives to go around. Experience gained over a period of years in aviation must go into the making of an airline executive, and he must have achieved a high record of performance during those years. The process cannot be speeded up, the creative nature of the executive's work removing him from assembly line techniques. Nor can his talents be spread thin by efforts to patch weak spots created by sudden expansion. Here again, the services of an aviation consultant become invaluable, possessing as he does, either in himself or within his staff, the very experience that is most necessary.

The value of the consultant becomes even more apparent in the case of the newly formed airline. Such a concern can no longer excuse a poor performance on the grounds that it is "new to the business," as happened in some cases during the formative period of aviation. It must be in a position to step in at once and meet competition at existing levels, and this can be done only by taking advantage of the best assistance available. The same applies to an individual or group contemplating the establishment of a new aviation enterprise. Here the consultant is in a position to supply economic surveys to determine route values, advise on the selection of aircraft and ground facilities, and forecast future revenues. His findings may completely alter the plans of the group, either heading them away from possible ruin, or suggesting an alternative course that will lead to even better results. Or, if his findings confirm their own opinions, his unbiased professional report creates the confidence that will support them in going ahead with their plans.

Aviation manufacturers have sought to engage the consultant for aid in the development of new aircraft, accessories, navigational devices and numerous other things because his experience and independent status have given him an expert knowledge of what the industry wants and needs.

Aside from airlines and manufacturers directly engaged in aviation, the aviation consultant is filling a need long felt by other interested persons including some outside the industry. Bankers, investment houses, insurance companies and stockholders, either concerned with their holdings or interested in new investments, are coming to rely upon his intelligent advice based upon solid experience. The aviation consultant has made contributions to airline associations and international aviation organizations. Architects and engineers engaged in airport and airport building design or construction consult him as do oil companies and others who supply the airports and the airlines. States, counties and municipalities seeking airline facilities call upon him for advice in the construction of their airports, terminal

facilities and the countless other details, with most of which few public officials are familiar, and particularly so where this is their first venture into aviation.

#### OBJECTIVE VIEWPOINT OF THE CONSULTANT

So far the aviation consultant has been presented as a sort of a doctor called in to aid in the cure of acute, complicated expansion, and that once the cure is effected his services will no longer be needed. This is not the case. The acuteness of the situation has only served to emphasize the need for his abilities which will always continue to be felt. The competitive situation among aviation enterprises in this country will continue, and the fight for greater efficiency, more business and greater profits will become more intense. Capable management will be at a premium, and just as all other industries employ and will continue to employ competent and intelligent management counsel, so will aviation.

There are many reasons why this should be so. The consultant, to remain such for any length of time, must keep up to and well ahead of current developments and trends year in and year out, yet the company that engages his services for a specific task pays only for the immediate services rendered, and need not employ an expensive staff on a year round basis to duplicate the specialist's work. In this respect the consultant speaks to management at management level, and indeed, during the time he is engaged upon his task he is a part of management. As a result, his findings carry more authority than if they were the products of the company's own staff working in a position subordinate to management.

The consultant, through his familiarity with all phases of aviation, and the specific problems of many firms, is in a better position to analyze a difficult situation than the man whose experiences are limited to his own firm. In addition, the consultant, as an outside expert, has greater freedom from channels while working within a company, and can find his way directly to the crux of the matter without creating friction between men of the company, many of whom are touchy about letting other members of the organization "meddle" in their departments.

In many ways the retention of an aviation consultant is more advisable than the establishment of a company research staff, since all opinions will be presented objectively and free of company politics. This further relieves the pressure on company executives who are normally fully occupied with current operating problems, and have not the time to direct the activities of a research staff. For instance, in the matter of preparing and presenting cases of all kinds before the Civil Aeronautics Board alone, the consultant can, through his experience, save his clients hundreds of hours of work as well as expense.

In general, the foregoing paragraphs apply to both the large and small airlines, but whereas the large airline often has enough work in

some lines to keep a staff of specialists occupied full time, the small or medium sized airline would find the cost of such a staff prohibitive. On the other hand, the smaller airline cannot afford to let its efficiency be impaired for lack of the services of such specialists. Here the aviation consultant, by placing his whole staff at the disposal of the airline when needed, can help it to compete on an equal basis with its wealthier rivals.

#### QUALIFICATIONS AND ETHICS

The wide scope of aviation offers considerable latitude in the determination of what constitutes an aviation consultant. Services now being offered include flight engineering, maintenance engineering, organization, personnel, flight operations, station operations, budgeting and cost accounting, traffic, sales, advertising, public relations, route and market surveys, economic research, and management.

Some aviation consultants furnish only one of these services, some furnish several, and a few furnish all. Some are one-man concerns originated by a qualified pilot, engineer, operations executive, or economist. Some are the creation of a man with broad experience in aviation who has drawn around him a strong staff of specialists.

Generally it is the consultant who is supported by specialists who is the most effective, not only because of the variety of the services he can offer, but also because of the teamwork and group judgment that goes into making the resulting counsel more valuable. Facilities for research are greater and more inclusive, thus enabling the consultant to provide thorough work quickly. Furthermore, a group of specialists working in complementary fields provide the balance needed for broad service, and at the same time strengthening the reasoning brought to bear upon a specific problem.

Though the aviation consultant is still too new to have his own professional traditions to follow, such is not the case with his ethics. He finds himself bound by the same ethics that apply to any consulting service, be it legal, medical, or financial. The affairs of a client never leave the confines of his office nor can he find himself in the position of serving two competing firms in the same capacity. He works in almost complete anonymity, passing credit for his achievements on to the members of the firm with which he is engaged and never claiming them for himself.

There are certain basic requirements that should be met by everyone who proposes to become an aviation consultant, if one can use the limited data available as an index. Experience has shown that a consultant is better qualified if he has grown up in the business. He should possess the long experience necessary to give him a thorough practical grasp of the problems on which he proposes to give professional advice. While training, university or otherwise, is important, experience based on actual participation in the operation and management of an aviation enterprise is the priceless ingredient. In ac-

quiring this experience he should have left a record of proven ability which contributed to some marked extent to the success of his firm.

An aviation consultant must be a man whose sense of professional responsibility is of the highest, and who is so constituted that he can place the interests of his client first. He must be so deeply interested in the business that he can give unsparingly of his time and energy to the resulting benefit of his client and the industry in general. He must be able to work quietly backstage, fitting harmoniously into his client's organization while preserving an objective approach. He must be able to accept suggestions with an open mind. He must be in a position to finance his establishment without the necessity of advance payments from his clients, and he should have the moral courage to carry him through the initial period during which he is establishing his business reputation. Last but not least, he must be able to tell the truth as he sees it, even though it may cost him a client.

If the above requirements are met, the consultant is in a position to begin the selection of his staff and the materials with which they must work. He must build information files, acquire published material, and assign his staff to the development of special studies of various phases of aviation. He must cultivate relationships with government and industrial officials, locate sources of information, and set up within his own organization the efficiency he intends to bring to his clients. If he is successful in this, his organization will show a picture of constantly increasing resourcefulness, with each new client contributing to his fund of know-how. And thus he becomes indispensable.