



COMPANY FOCUS

Growing in a Niche

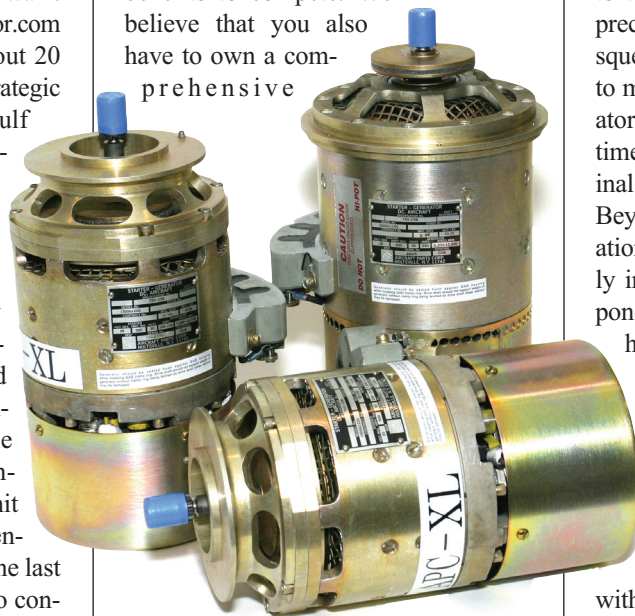
Steady Growth Comes From Specializing

StarterGenerator.com started in 2000 as a DBA with Aeroval, Inc. Its role was to identify, develop and brand the starter generator-related portion of the total business. Meanwhile, international business for this company has grown from less than 5% to about 75% of today's total revenue. "Our brand growth is evidence that a trusted global internet brand is a key element for penetrating niche markets," explains Garrett W. Schwarz. The headquarters of StarterGenerator.com is in The Woodlands, Texas, about 20 miles north of Houston, within strategic reach of that Texas-Louisiana Gulf Coast which sees such a high concentration of helicopter operations. "We continue to see international growth," continues Schwarz. "That is supported by an apparent migration of mature and legacy platforms for pre-retirement overseas duty, along with some inspired buying on the strength of many international currencies against the US dollar. We have also seen increased market penetration and unit introductions of Unison starter generators into the aftermarket over the last few years. We expect this trend to continue for the foreseeable future."

When asked what prompted him to succeed in a profitable niche for his company's products, Schwarz commented that the focus on starter generators evolved from recognition of the regular maintenance and AOG nature of this component. "Even though it's only a single component, there are thousands of turbine aircraft that rely on them, so we decided to build a business around starter generators and market them globally," says Schwarz. "Do one thing and do it well."

Our man at StarterGenerator.com explained that the website and the brand

go hand in hand and their growth and development remain the top priority in the marketing budget. Equally important are the breadth and depth of the inventory and the support programs offered with them. "If these elements are aligned in harmony," notes Schwarz, "we believe our business will continue to grow. Value pricing and outstanding customer service are a given. Everybody has to offer those benefits to compete. We believe that you also have to own a comprehensive



PHOTOS COURTESY OF STARTERGENERATOR.COM

and focused inventory and you should package it with a trusted brand to distinguish yourself among your peers. We make great efforts at this challenging task because we know that operators have plenty of choices, especially in the US, where most of the aircraft platforms we support have been around for years."

Much attention in our industry is directed toward starter generators, not only because of their cost but because you're not going anywhere if your aircraft doesn't start. Demand is steady. Even operators with only one aircraft

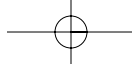
will keep a spare starter generator. "Strategically then, starter generators make a good entry product to build on and they can provide synergy for additional support offerings in the future," adds Schwarz. "Whether outright sale, exchange, overhaul, upgrade, trading, piece parts or buying cores, there always seems to be plenty of action with starter generators."

Originally, the company focused on outright sales and avoided the exchange business because of the final price mystery associated with traditional aftermarket exchange transactions. Being a dealer of exchange units which are open to the potential of "bill backs" can be precarious. The middle man may be squeezed from both sides and will have to make that unwanted call to the operator, asking for more money, sometimes as much as 60 days after the original part shipped. Then you have the Beyond Economical Repair (BER) situations. As the starter generators currently in use begin to age, major subcomponents begin to wear out and fail at a higher rate. These components will require repair or replacement.

Failure of bearings and other internal components can cause significant damage to surrounding parts. In many cases, these mature and legacy platforms are no longer supported by their OEMs with the same enthusiasm as 10 or 15 years ago. That means extended lead times and higher prices for the customer. "This situation can mean a repair cost that is BER," recalls Schwarz. "That kind of transaction, with so much uncertainty, did not appeal to us."

In late 2003, StarterGenerator.com became an Aircraft Parts Corp. authorized distributor and, about a year later, Unison Industries announced its agreement to acquire APC. Unison's resources and leadership have inspired fresh ideas which have yielded the valuable OEM-backed aftermarket support programs currently under way. Among the

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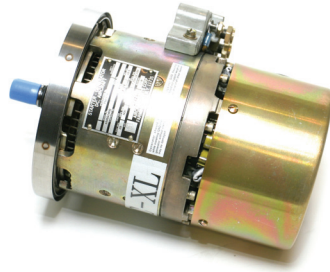


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recently launched programs are the Unison Exchange Program and the Unison Upgrade Program. “We are excited about these programs because they address all the concerns and uncertainty which kept us so uninterested in the exchange business before,” comments Schwarz. “Not only do they offer outstanding value to our customers, but they add revenue streams not previously enjoyed. They also increase inventory utilization. It’s a win-win situation. The Unison Exchange Program has virtually removed the undesirable elements common to most industry standard exchanges. Unison’s flat-rate exchange price is very competitive and it has no surprises. In the rare case of a BER core, the factory option is a pleasant surprise. There is no more uncertainty associated with bill-back charges and outrageous BER quotes. Off-the-shelf stock eliminates downtime wait-

ing for armature rewinds and expensive parts to arrive. When you consider the OEM quality and program features offered, this program represents a clear, exceptional value.”

Initial response to the Unison pro-



grams has been solid. The company has placed additional blanket orders to deepen and expand inventory (for facilitating the anticipated market expansion and future demand). The starter generator rotatable pool will approach 300 units (all manufacturers) by the end of 2007. “We believe this repre-

sents the highest concentration of Unison starter generators in the aftermarket,” says Schwarz. “We will continue to reinvest aggressively to ensure our ability to provide the best-in-class “off-the-shelf” distribution in the world for Unison starter generator solutions.

Looking ahead, StarterGenerator.com intends to elevate its marketing efforts to the helicopter industry, especially in North America, believing that they have barely scratched the surface of opportunity within the helicopter markets for law enforcement, air ambulance, and the oil/gas sector. The company will continue to purchase excess starter generator inventory and cores applicable to all manufacturers with the chosen market niches. In 2008, the company will have an upgraded website and will exhibit at HAI2008 Heli-Expo and ALEA2008, both in Houston, Texas, and NBAA Orlando, Florida. ●