



Executive Summary

Strategic Planning Meeting of the Aviation Distributors and Manufacturers Association

January 13-14, 2005

ADMA Headquarters

Philadelphia, Pennsylvania

Participants:

George Maxwell, President
Mark Morrow, Vice President
Peter Wilkinson, Vice President
Bill Rathbun, Immediate Past President
Dick Brown, Director
Charlie Elkins, Director

Phil L'Heureux, Director
Bill Rehkop, Director
Marcia Holston, Facilitator
Talbot Gee, Executive Director, ADMA Staff
Vaughn Wurst, Membership Director, ADMA Staff
Patricia Lilly, Management Liaison, ADMA Staff

Purpose of Meeting:

At the beginning of the 122nd Semi-Annual Meeting in Orlando, Florida, the ADMA Board of Directors and selected guests met for a full day of Strategic Discussion. The outcome of this meeting was two-fold. First, ADMA needed to evaluate its relevance within the current marketplace. Second, if it was agreed that ADMA had a role in today's marketplace, it must identify and articulate its core purpose and mission in both the near and long term. Pursuant to these questions was the underlying issue of what specifically was an "ADMA Distributor". The outcome of this meeting was agreement that ADMA did still fulfill a need in the marketplace and that the association needed to decide its future course to best meet those needs identified. The Board agreed to set a special meeting at ADMA Headquarters in Philadelphia in January of 2005 to take these discussions to their conclusion. In the meantime, the Membership Committee was charged with the task of proposing revised Membership Eligibility Requirements for distributors that would be discussed and possibly ratified at this special Board Meeting.

Key Conclusions for the Aviation Industry:

In January, participants in this special Board Meeting, agreed upon these conclusions about the industry's future:

1. The need/demand for the distributor function within the supply channel will remain though the market will be increasingly served by a few larger, more diverse distributors.
2. The traditional distribution function and business model will be re-defined.
3. The number of FBO's will most likely continue to decrease as they experience greater competition from retail distributors and independent mechanics.
4. Service plans such as Power by the Hour will erode distributors' business in the long run.
5. While demand for products in this industry will likely remain stable or grow, the market will continue to exert greater price pressures on suppliers.
6. There will be more customers of distributors who will function like competitors.



ADMA's Course of Action:

Four possible courses of action were identified for ADMA's future:

1. ADMA Scale down, focusing only on networking and Private Conferences
 - a. ADMA is currently regarded as a networking organization. In this scenario, ADMA would discontinue any activity unrelated to networking or Private Conferences and would divert resources to increasing ADMA's networking and Private Conferences value.
2. ADMA Expansion, broadening scope of services to member companies beyond Private Conferences
 - a. ADMA would evaluate the general needs in the industry that are not being met by other organizations then develop programs and services to fit those needs and increase the value of ADMA membership for its members.
3. Merge or partner with other aviation organization(s)
 - a. If there were an organization that was strong in some offerings while weaker in networking, ADMA could combine efforts. Size and scale issues are a concern here as well as identifying another organization that would be of interest to the ADMA membership as a whole.
4. Restructure and redefine ADMA as a distributor advocacy organization
 - a. ADMA's mission and purpose has traditionally been to facilitate the relationship between distributors and manufacturers with equal leadership representation. ADMA could become a distributors' organization with associate manufacturer (and possibly customer) members governed by distributor leadership with the primary mission of promoting distribution within the aviation channel.
5. Disband as an organization due to lack of relevance
 - a. This option was unanimously rejected because it was agreed that ADMA continued to have some value within the marketplace.

The Board deliberated on these various contingencies and came to a conclusion that ADMA would remain committed to promoting and supporting the distributor/manufacturer relationship but would seek new ways to benefit its members and promote specifically wholesale distribution. As a result, the Board adopted the following new mission statement and core purpose for ADMA:

ADMA Mission Statement

The Aviation Distributors and Manufacturers Association will provide continuous opportunities to its members which improve their contribution to the industry and promote the benefits of the manufacturer and wholesaler distributor relationship.

ADMA Core Purpose

The core purpose of ADMA is to help wholesale distributor and manufacturer members operate more prosperous, profitable, and growing businesses.

To more specifically focus the efforts of the association over the next five to 10 years, the Board developed the following long-term visionary goal:

ADMA Long-Term Visionary Goal

ADMA will be the association of choice for aviation wholesale distributors and manufacturers. It will be internationally recognized as the most effective forum for developing and strengthening business-to-business relationships in the market, and for member exchange of industry information and ideas.



To achieve this long-term goal, the Board identified two primary objectives:

1. Establishment of a self-perpetuating process or venue for decision-makers to build relationships that help their businesses flourish.
2. Maintenance of a healthy role for distributors and a mutually beneficial relationship between wholesale distributors and manufacturers in the channel.

Action Items:

The Board revised the Distributor Membership Eligibility Requirements and the process that distributor applications go through. Most significantly, distributor applications must now be certified by five active ADMA members, at least two of which must be distributor members. The new Membership Eligibility Requirements will be made available once they have been approved by ADMA's legal counsel.

The Board outlined a list of eight major objectives for 2006 in this order of preference:

1. Identify and communicate ADMA value to members
2. Maintain/retain all current members
3. Attract at least two international companies and two domestic companies who are either new or former members to join ADMA
4. Add value for CEO's and senior executives to generate greater participation and satisfaction in ADMA
5. Offer one additional networking opportunity for members and/or CEO's besides the Annual Meeting
6. Hold a successful Annual Meeting that gains high participation and satisfaction
7. Gather information about other industry organizations and explore potential alliances and cooperative efforts
8. Collect and provide access to important industry benchmarking data that is not available elsewhere

The new committee chairs for 2005 will be brought together for a teleconference to review and divvy up these objectives among the active committees. Each committee will then be left to devise its own plan of action and required resources to achieve its selected objectives. Committees can choose to work together to achieve objectives as well. Each committee must report to the Board this spring and outline their plan towards achieving their objectives and then again in the fall to summarize their progress.

In the meantime, a task force was appointed to specifically identify and articulate the membership value ADMA offers to its members. This task force will give a brief presentation to those in attendance at the 123rd Semi-Annual Meeting in Fort Lauderdale as well as over the web later in the year to the rest of the membership. This presentation will also be used in recruitment and retention efforts.

Prepared by

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