

ICS(A) Manufacturing 2024 AGM Report

Overview

Interest in both Stab Horns and Trunnions has remained constant and ICS(A) has delivered 120 Stab Horns and 20 Trunnions to JAS this year as well as several sales to Australian and non US based owners. The latter have been primarily European based Comanche owners mostly with N registered aircraft although one owner (Clive Shipley) is currently applying to the UK CAA for one off acceptance of the CASA or FAA STC for fitment of a Stab Horn kit to his G registered SE Comanche. The outcome will be interesting. The Stab Horn kits remain a popular retrofit. Availability of serviceable salvage MLG housings appears to be limited and many have had previous weld repairs completed. Previous weld repairs are often the source of new cracks and also disqualifies the component from a second weld repair. On the latter, I understand K & K Precision Welding are no longer carrying out weld repairs to Comanche MLG housings due the high rate of failures following the repair operation. This is the second engineering organisation to cease weld repairs of Comanche MLG Housings and leaves ICS(A) the only supplier world wide of replacement Comanche Trunnions.

Johnston Aircraft Service

Johnston Aircraft Service has been sold to Valley Air Crafts, also based at Mefford Airfield, Tulare, CA. At this stage, JAS appears to be operating autonomously and apart from some personnel changes, there has been no change in the structure or relationship between ICS(A) and JAS.

Aircraft Composites Australia (Russell Kerr) and Helimods

The relationship with ACA remains strong however, I have sensed a minor loss of interest or perhaps distraction from Russell over the past 6 months or so. Key dates, specifically delivery dates have been missed without unsolicited explanation and there has been a slow response to emails and phone calls. To be fair, there have been substantial supply chain delays affecting raw materials which has led to loss of slots in the machine shop however, communications in relation to these events has been substandard. In all other respects, ACA have been helpful – particularly with support and shipping. Alan Kerr appears to have little involvement in the day to day operations of ACA but remains helpful in relation to continuing airworthiness issues with Stab Horns and Trunnions.

Strengths

- Excellent product reputation
- Strong relationship with JAS
- Strong relationship with ACA (engineering support)
- Only reliable solution to cracked MLG housings worldwide
- Unlikely any other entity would attempt to manufacture either Stab Horns or Trunnions due to regulatory hurdles involved and liability issues in the USA.
- ICS(A) has exclusive sales rights

- Rumours of various parties proposing to manufacture (copy) ICS(A) trunnions under an 'Owner Produced Part' scheme appear to have ceased. The liability issues are a serious limitation.

Weaknesses

- Entirely reliant on ACA as the STC owner
- Reliant on a single manufacturer via ACA (Helimods)
- No visibility of the manufacturing process
- Rudimentary and clunky sales/inventory control system
- No established shipping support. All shipping is ad hoc at the moment.

Opportunities

- Direct market Stab Horns and Trunnions from Australia thereby retaining the profits with ICS(A)
- Reinvigorate the relationship with ACA. I believe we would benefit from more face to face meetings with Russell Kerr. The lack of meetings is probably a hangover from Covid.
- Negotiate ownership of the STC with ACA. This would come with a considerable burden, particularly in relation to continuing airworthiness support.
- Encourage ACA to diversify manufacturing sources
- Purchase/subscribe to an efficient sales/inventory control system ie MYOB, Zero etc. I believe this is essential. See commentary.
- Larger presence on Comanche related social media sites. For example, there are multiple Comanche Facebook sites that are not affiliated with any particular interest group. Some of these sites have in excess of 4000 members. No associated costs.

Threats

- Breakdown of relationship with ACA. ICS(A) is entirely reliant on ACA for production management and ongoing support. The minor lack of interest by ACA that we have experienced over the past months has demonstrated the importance of a strong relationship with ACA.
- Single source manufacturing. ICS(A) via ACA is dependent on Helimods to prioritise our manufacturing requirements. The manufacturing process involves obtaining raw materials and allocating machine time. ICS(A) has no direct visibility over this process despite payment of a substantial deposit when the order is placed.

Commentary

For some time, we have discussed the possibility of selling Australian produced components direct to the customer worldwide. If we were to progress this proposal, I believe we are in an excellent position to proceed. The change of ownership at JAS has created a 'fork in the road', insofar as any perceived commercial obligation to Johnstons may have existed following the recommencement of manufacturing on 2020. Additionally, ICS(A) is becoming increasingly well known as the source of Stab Horns and Trunnions, as opposed to JAS or Webco. This is evidenced through the number of enquiries we receive from individuals wishing to purchase components direct from ICS(A), generally at a discounted price to JAS/Webco.

Financial Management

I strongly recommend ICS(A) investigate the use of a sales management system such as MYOB, Zero etc, particularly if we are to commence direct sales. Such systems could be used to monitor and control inventory, generate invoices, receive payments etc. Recurring financial activities such as annual membership, flyins, ICS(A) merchandise etc could all be included in inventory thus automating these processes and providing greater visibility of our position in relation to these activities. The implementation of an ICS(A) owned business management system would also guarantee business continuity as responsibility for various activities passes from one member to another. ICS(A) should also consider establishing an account with a recognised Domestic and International Courier. Currently, every shipment is individually managed, generally through Australia Post which is time consuming and very inefficient.

I have included a PDF of the email trail with ACA in relation to their discussions with Helimods and the production delays experienced over the past 10 months.

Ossie Miller