FIRST NEW 172

Cessna goes from field to factory in 14 months

BY THOMAS B. HAINES

Newfound Independence

Independence Day means a lot of different things to a lot of different people. To some, the words conjure up images of alien invaders taking over the earth in this summer's blockbuster movie. But to the folks in the quintessential small Midwestern town of Independence, Kansas, this Independence Day will be one to remember. For many of them, Independence Day 1996 began a new era, a new way of life—new jobs. The opening of Cessna Aircraft's single-engine airplane factory in that town will eventually bring some 1,000 jobs as the manufacturer ratchets up production to 2,000 aircraft per year in 1998. ■ Sharon Hauser, winner of the first Cessna 172 to roll off that new production line, will remember this Independence Day as the day she made an exciting journey to see her aircraft begin to take shape. Hauser learned last January that she had won the first new 172 in AOPA's 1995 membership sweepstakes. In preparation for taking delivery of her prize next January, she made the trip to Independence to see the opening of the factory and to hold a few of the components that will eventually become her airplane. In

PHOTOGRAPHY BY MIKE FIZER

addition, she stopped by Cessna offices in Wichita to select the exterior and interior colors. She chose the blue-and-gold scheme for her airplane with the bold "Skyhawk" emblazoning the sides of the fuselage.

During grand opening ceremonies at the factory on July 3, Sharon was recognized often before the 5,000 people who attended the events in the midst of a Midwestern heat wave. In front of the crowds, she's a shy person, but speak to her one-on-one and the excitement of winning such an enviable prize becomes obvious.

A triumphant Cessna Chairman Russ Meyer (above) greets an enthusiastic crowd at Independence. Sweepstakes winner Sharon Hauser (top, right) picks her paint and interior schemes.

Equally enthusiastic that day were the Cessna executives and production-line employees who worked so hard to bring the factory and the restart of piston-aircraft production to fruition.

"This is one of the proudest days in my lifetime," exclaimed a beaming Russ Meyer, Cessna's chairman. Meyer declared for many years after his company stopped building piston-powered aircraft in 1986 that it would not resume production until product liability relief was granted.

That relief came in August 1994 when President Clinton signed the General Aviation Revitalization Act, which set an 18-year statute of repose. The statute relieves general aviation manufacturers of liability once an aircraft or component has reached 18 years' time in service. Despite skepticism by many, Cessna officials held true to their word to restart production once the legislation was passed.

In December 1994, Cessna announced that the new factory would be built in Independence. Cessna's factories in Wichita are all full with the building of Citation business jets and Caravan single-engine turboprops. Cessna chose Independence from among four Kansas towns vying for the factory.

Cessna held a groundbreaking on the site in May 1995. As Meyer and officials from all levels of government turned over spades of the prairie along the runway at Independence Municipal Airport, he vowed that the new factory would open on Independence Day 1996.

In fact, the grand opening was held one day early.

The three-building complex and expansive ramp area at Independence are impressive in their own right, but they are particularly impressive when you consider that 14 months earlier, the site was nothing but prairie and the remnants of a World War II pipe factory.

The gleaming white, gray, and black factory encompasses 260,000 square feet on the 213-acre Cessna site. The building houses administrative, marketing, and engineering offices as well as assembly areas for the 172, 182, 206, and T206. The 172 has a dedicated production line down one side of the building. The other three models will move together down the other line. The airplanes will be built from components and subassemblies manufactured at Cessna's Pawnee facility on Wichita's east side. That facility will eventually require at least 500 additional workers to handle the piston-airplane component production. The parts will be trucked to the Independence site, which is about 125 miles southeast of Wichita.

The 90,500-square-foot paint building stands a few hundred yards south of the factory. In front of it is the 40,000-square-foot flight test and delivery center. All in all, the Independence factory is "designed to build single-engine piston aircraft better than has ever been done before," remarked Pat Boyarski,

general manager of single-engine piston aircraft.

According to Chris Addington, Cessna's director of single-engine assembly, 15 days will be required to manufacture a 172 once the factory is up and running normally. Five days after assembly begins, a completed airplane will roll off the end of the line and taxi to the paint facility. Preparation, primer, and paint will take another six days. Flight test and delivery prep will consume the remaining four days.

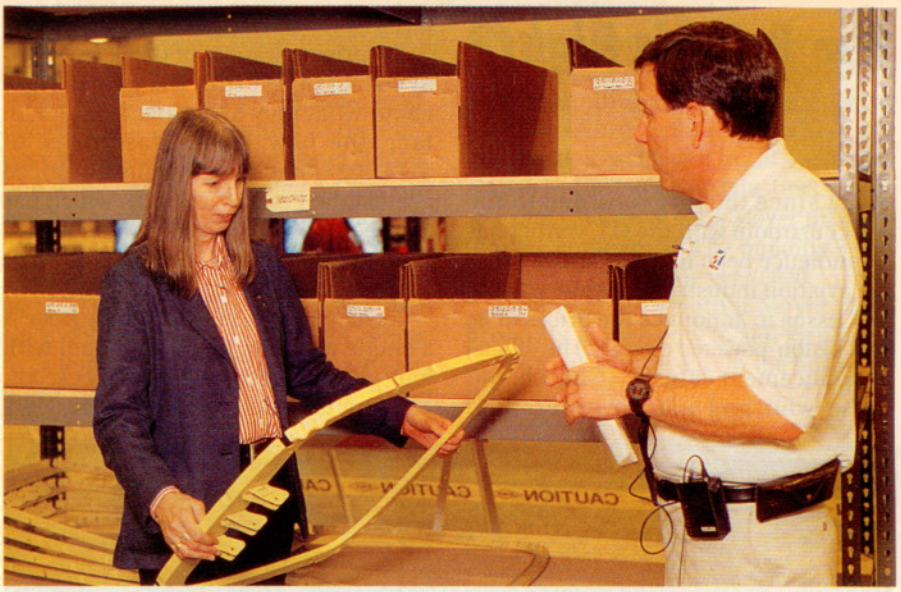
However, things will not move so quickly during the spool-up period. For example, Hauser's 172 began construction in mid July. It will be delivered in January. The first new 182, which will go to the winner of AOPA's 1996 sweepstakes, will be delivered in February. The winner of that sweepstakes will be drawn in January, about the time Hauser is receiving her prize. The first 206 is scheduled to roll out of the facility next July.

At the factory opening, Cessna officials said they had refundable deposits for 455 aircraft, including 180 172s, 150 182s, and 125 206s. The deposits bore postmarks from all 50 states and some 30 countries. In August at Oshkosh, where the prices were announced, the officials said that they were converting the 172 deposits to nonrefundable orders at the rate of about 50 percent.

Company officials will soon announce changes to the Cessna Pilot Center flight training curriculum. The company to provide the materials has not been announced, but Jeppesen has traditionally been Cessna's partner in training. And Jeppesen is seen as a leading contender in receiving the new business. Such rumors were further fueled at Oshkosh where Jepp announced that it was acquiring MentorPlus. One of Mentor's primary products is FliteSchool, a CD-ROM-based ground school program.

In addition, Cessna has still not declared how the new airplanes will be sold. Some believe that at least the 182 will be sold factory-direct, whereas the 172 may be sold through Cessna Pilot Centers or other dealers. An announcement is expected by early fall.

The details of Cessna's delivery and training programs are undoubtedly important to vendors and potential dealers, but to the folks in Independence, Kansas, the big news is out and they've already begun to get used to their town of 10,000 being called "the new light aircraft capital of the world."



Hauser inspects parts for her airplane while Cessna single-engine marketing guru Doug Smith explains the construction process (above). Smith then gives Hauser and AOPA President Phil Boyer a tour of the new Independence facility.

Smith tells Hauser and Boyer all about the prototype 172R built in Wichita for certification and flight testing and to train assembly line workers (below).

The Price is Right?

Cessna finally answers the $125,000 question

Not since the jury returned to the courtroom with the O.J. verdict has an audience been held as captivated as the aviation industry was while waiting for Cessna to announce the prices of its new piston-powered aircraft. The official announcement came at Oshkosh, but those who had placed orders had received the prices a week or two earlier.

Surprisingly, most of those surveyed at Oshkosh felt that the prices were about what they had expected. And, in fact, the new 172R's base price of $124,500 comes in competitively priced against the Piper Warrior III, which has a base price of $134,900 with about the same equipment as the 172. The 182's base price is $190,600.

Included in the new 172's base price is a single navcom, an audio panel with four-place intercom and marker beacons, and a transponder. For an extra $10,000, a customer can upgrade to include a second navcom with glideslope receiver, an ADF, and a VFR GPS. For $15,000 more than base price, enjoy everything in the $10,000 package—but substitute an IFR GPS and add a single-axis autopilot. The only other option is wheel fairings, which demand $1,200. At the Oshkosh announcement, Cessna labeled the prices "introductory," although no one at the company would say how long the prices might be in effect.

Standard avionics aboard the new 182S are a pair of navcoms (one with a glideslope receiver), a VFR GPS, transponder, audio panel with marker beacons and intercom, and a single-axis autopilot. You'll add $8,900 to the price to get an IFR GPS, an ADF, and a two-axis autopilot with electric trim.

Cessna claims that the base price of the new airplanes includes much equipment that was optional when it last produced these models back in 1986.

In justifying the prices, Cessna Vice Chairman Gary Hay noted that when comparing similarly equipped 1986 and 1997 airplanes, the new ones ought to cost some 72 percent more than they did 10 years ago when adjusted for inflation. Instead, the prices are up just 66 percent. In addition, Hay said the 66-percent increase compared well to what has happened to luxury automobiles in the last decade. For example, the manufacturers' suggested retail prices of the Cadillac de Ville and the Lincoln Town Car have increased some 83 percent and 79 percent, respectively, between 1986 and 1997, according to Cessna.

However, when compared to the average price of *all* cars over the last decade, the Skyhawk comes in above average. The average price of cars has gone up only 51 percent during the period, according to David Littmann, an economist with Comerica, Incorporated, in Detroit. The median price of new homes has increased 48 percent since 1986, Littmann reported.

Longtime pilots who remember general aviation's glory days of the late 1970s—when equipped Skyhawks sold for about $32,000—may well be frustrated by the thought of a new version costing four times as much. But adjust for inflation over the last 15 years and the prices hold up fairly well. Two things have changed since those days: disposable income and tax laws. American workers have less disposable income today than in the 1970s and tax laws no longer make it as practical or lucrative to buy airplanes for business purpos-

es—or to put them on leaseback with the local FBO or flight school.

On the other hand, finance companies have come to realize that airplanes are not as short-lived as automobiles. Whereas in the past the finance companies would only finance airplanes for a maximum of 10 years, now they recognize that airplanes have a much longer useful life. Today, it is not unusual for companies to offer 15-year financing and, in a few cases, even 20-year plans. As a result, pilots who get all choked up over the thought of paying the sticker price of a new airplane may find that they can better afford the monthly payments now than they could have in the 1970s.

Those already owning airplanes should welcome the Cessna prices, according to Howard Van Bortel, a well-known Cessna dealer in Arlington, Texas. Van Bortel and others predict that the values of mid-1970s models will increase some 10 percent over the next couple of years as the new airplanes come out.

"I thought the prices were right in line—fair and reasonable," said Van Bortel. "They will sell well." He predicts that the return of Cessna to the marketplace will increase overall demand because of the manufacturer's plan to spur the student market by jumpstarting the flight school business.

Mark E. Peters, owner of Blue Sky Aviation, a used Cessna dealer in Leesburg, Virginia, is less certain, however. "Most individuals will find [the prices] a hard pill to swallow," he said. Smaller flight schools may buy one of the new Skyhawks for bragging rights, and larger ones may buy several new airplanes, but it will be a long time before those new ones trickle out of the flight schools and into the hands of individuals, he predicted. At the same time, there are fewer and fewer good used airplanes available right now, further frustrating the aircraft shopper.

Bing Lantis, CEO of Mooney Aircraft, is pleased to see Cessna begin piston-airplane production and feels that the prices are about right. "Those of us in the business know what it costs to build a production aircraft. The prices legitimize what the rest of us have been charging." Lantis believes that component manufacturers will see a spike in business that will make them more competitive and more efficient, meaning stable prices for all of the industry.

Larry Bardon, director of marketing and sales at The New Piper Aircraft, welcomes Cessna's return for the same reason, but, like others at Piper, Bardon worries that Cessna's vow to sell 2,000 airplanes a year may force it to slash prices, causing problems for other manufacturers. "Cessna's return to the market can be good for all of general aviation if they are responsible and responsive to the market. They should build to the market and not overproduce."

David M. Franson, Cessna's vice president of public relations, dismisses such suggestions. "If Cessna Aircraft Company is going to make this kind of investment, we're going to do it to make money. We're doing this to be profitable." According to Cessna, the market needs some 2,500 to 3,000 airplanes a year; that number will be higher once industry efforts to boost student starts take hold. Cessna will build 1,000 airplanes in 1997 and 2,000 in 1998. Franson said Chairman Russ Meyer predicts that the company will be building 3,000 airplanes a year by the year 2000.

Time will tell whether Meyer, who probably knows how to sell airplanes better than anyone else in the business, is correct. —*TBH*