

# Republic Express storms Memphis

Mark Patiky

MEMPHIS TN—After only 1 month in operation, Republic Express Airlines expanded into the Memphis TN/Jackson MS market using the first of five Saab-Fairchild SF340 aircraft ordered earlier this year. The airline holds options on three more 30-seat Swedish-American commuters. The initial five are valued at \$31 million. Republic Express has also ordered 20 BAe Jetstream 31s valued at \$60 million.

Founder, President and CEO Michael J Brady (ex CEO of Eastern Metro Express and Southeastern—now Atlantic Southeast Airlines) claims his new airline was profitable from the first flight. The company inaugurated service from Memphis June 1 with the three new BAe Jetstream 31s. According to Brady load factors exceeded forecasts, averaging 60% from the start (break-even is 50% initially, reducing to 37-40% once the airline matures).

Although comment on actual passenger statistics was refused, Brady underlined his commitment to \$100 million in rolling stock in anticipation of more than 60,000 monthly passenger boardings by next spring. All aircraft are currently held on a commercial lease from an undisclosed investment banking source.

The aggressive Republic Express business plan calls for opening 20 new markets by April 1986 based on what Brady calls, "... a unique working relationship with Republic Airlines." Republic Express was formed by Brady's holding company, Phoenix Airline Services, after agreeing on a 10-yr contract with Republic Airlines for a dedicated feeder service at the major's Memphis hub.

Brady claims no financial relationship exists between the two companies. The commuter shares the Republic "RC" designator and maintains exactly the same paint scheme as the major. Although Republic holds no equity position in the commuter, within the context of "a close marketing relationship," Republic Express utilizes the larger carrier's gate space and hangar facilities and takes advantage of its lower fuel prices.

The commuter will operate five daily round trips between Memphis and Jackson. Brady claimed two more cities would be added 2 weeks after inaugurating his first revenue-carrying SF340 flight in mid July and two ad-



Republic Express leaps headlong into the commuter industry with great expectations from the Saab-Fairchild SF340. Five will be delivered within the first year of operation.

ditional cities by mid August. A 350-mile radius of operation is considered for the SF340s, which will serve Mississippi, Louisiana, Missouri, Alabama, Tennessee, Illinois and Arkansas. Frequency features as a key factor in the new airline's success strategy. At least five daily round trip flights will operate between each spoke and hub.

Republic Express anticipates very little point-to-point traffic. The upstart airline expects 90-95% of its business to feed into big Republic's nationwide network and considers its success largely tied to the major's market domination in Memphis. Republic offers 151 daily departures from Memphis with June traffic up 40% over a year ago.

Currently the 30-seat SF340 operates under FAR Part 135 with certification flexibility for Part 121 operation if additional seating is desired. Saab-Fairchild claims this is the only new generation turboprop commuter designed to meet both criteria. The aircraft can be reconfigured for 35 seats (within 2 hrs) if the market so dictates. Republic Express training, maintenance, flight operations and dispatch is also structured to Part 121 standards if this becomes an economic option.

Brady anticipates the need for 150 pilots by the end of next year. He claims no shortage of highly qualified pilots, with the average hire offering 6500 hrs of regional airline experience. Presently Jetstream training is conducted

inhouse and SF340 training at FlightSafety, San Antonio TX.

Maintenance is also inhouse with the exception of CT7 hot section inspections. The General Electric CT7 1735 shp engines are operated on an on-condition, progressive, equalized maintenance program rather than scheduled or block maintenance. One of Brady's buying criteria was the support offered by GE in responding to and correcting initial teething problems on the new engine.

Special modifications have been requested for Republic Express' SF340s, including wider, extra padded first class-type seats with greater than normal pitch (33 inches), more underseat storage and three closets for carry-ons. Overhead bin doors have been redesigned as well.

Brady claims his Republic agreement does not preclude him from working with other airlines although his ties with big brother appear cast in concrete. In a market which continues to shrink through merger, amalgamation and failure, Brady has charged headlong into the fray. Probability for success? Extremely high, according to Brady. After all, this is the third airline he has started from scratch. Brady's Eastern Metro Express was the first regional to operate under the now-commonplace (and economically necessary) joint marketing agreement between commuter and major carrier.

—Mark Patiky