

## Price to Win – Exercise 2

1. Derive baseline cost per flight hour (fixed and variable costs – break them out) and taxes
2. As a subset – derive hourly labor rates, **Mechanic, Pilot, and Program Management**, include fringe (about 27%)
3. G&A (about 13%), OH (about 90%), Fee on top of that. 15%-18% fee.

1. Determine aircraft used by Draken for the contract

Check the aircraft inventory <http://www.drakenintl.com/catalog/aircraft-inventory> and see which airplane fits the characteristics from the RFP:

- Air-to-air and air-to-ground
- Provide aircraft that are capable of attack speeds of 350 knots indicated and be able to sustain maximum +5G and -2G turns. Aircraft shall have the capability to reach an elevation of 25,000 MSL.

Compare to Aero Vodochody:

[https://en.wikipedia.org/wiki/Aero\\_L-159\\_Alca](https://en.wikipedia.org/wiki/Aero_L-159_Alca)

DOUGLAS A-4 SKYHAWK: [https://en.wikipedia.org/wiki/Douglas\\_A-4\\_Skyhawk](https://en.wikipedia.org/wiki/Douglas_A-4_Skyhawk)

Cost per flight hour about \$7,000 – not on the Internet – would have to consult a SME

F-16 operating cost: \$23,000 <https://www.quora.com/How-much-does-it-cost-to-set-up-a-F-16-for-an-hour-flight#> with labor included, or it could be as low as \$8,200 without labor; F-5 could be \$15K for reference.

[https://en.wikipedia.org/wiki/General\\_Dynamics\\_F-16\\_Fighting\\_Falcon](https://en.wikipedia.org/wiki/General_Dynamics_F-16_Fighting_Falcon)

Strategy: Come up with a different airplane or r change the evaluation criteria to supersonic

Pick each location in the RFP for labor or one where most labor will be located

Look up salaries on Google for “fighter pilot salaries”, Indeed, Payscale (more competitive); BLS.gov – BLS and Salary search on Google, By State, by Metropolitan Area, Select All Occupations, search text by **Aircraft Mechanics and Service Technicians, Pilot**

**Also onetonline.org – Occupation Keyword Search (link from Google search)**

Chief instructor pilot

Aircraft Mechanic

Should be about \$123-\$157K (look up on Zip Recruiter – Aircraft Flight Instructor, Chief Flight Instructor, Airplane flight instructor)

Or try SCA wage determination – senior instructor pilot

1. Go to Sam.gov – Wage Determinations
2. SCA
3. SCA wage determination is by location. Select State, County (look up on Google which County is the city is in) – Example – Huntsville is in Limestone, Madison county in Alabama.
4. Search through the WD by keyword.

Mechanic, Flight Instructor (Pilot)

SCA rates are minimum. Add 20-25% (compensating for military uplifts/desirability) for military jet pilot

Full time and part time – 15 days fly per airlines and fly for Draken for 15 days

Augments their salary

#### **Calculating Cost of Labor per Flight Hour:**

- 12 mechanic hours of labor per flight hour.
- 25% PM factor for maintenance
- 3 additional PM labor hours per flight hour
- An average of 4 pilot hours per flight hour (covers time to brief, fly, and debrief).
- Add labor rates together for cost per flight hour

Commercial fuel prices (posted on [www.airnav.com](http://www.airnav.com))

#### **Cost of Aircraft Flight Hour (Engine, parts, reserve, etc.)**

##### **Fuel**