



# BCC 101

## Course helps explain airplane financing

By John Kvasnosky

If home refinancing in today's tumultuous economic environment is challenging, imagine what it's like to borrow tens of millions of dollars to purchase new Boeing airplanes. Since a customer's ability to pay at delivery is key to Boeing's business cycle, it helps when employees know more about the inner workings of aircraft financing.

Welcome to the adventurous world of BCC 101. This three-hour overview course is a journey into the fundamentals of the airplane financing business. Some of the travelers are new employees at Boeing Capital Corp., the company's financing unit. But increasingly, many are from other functions that touch airplane sales and production as well as from business units looking to better understand how financing happens.

Since BCC launched the program in 2002, the primary guide has been Doug Hadley. He is a BCC financing director responsible for customer accounts in several European countries and Turkey and, before joining the company 12 years ago, a longtime commercial banker.

"We started as primarily a new-employee orientation program. We thought it would be worthwhile to help people who normally wouldn't have access to the customer contact parts of the job to understand what we do," Hadley said.

Today, a typical BCC 101 session is a full house comprising BCC employees; sales, contracts and marketing staff from Commercial Airplanes; Finance employees from across the enterprise; rotational employees; and, increasingly, non-finance employees wanting a better understanding of the financing process.

"We start with the basic tools in our aircraft financing kit. We talk about operating leases, bank loans, and senior debt and junior debt. We discuss export credit support for financing, and the capital markets. From there, we go into more detail based on the interest of the group," Hadley said. Often he is joined by BCC subject-matter experts who share in the presentations.

The banker turned teacher said the current economic disruption has a lot to do with employees' interest in the subjects covered in BCC 101.



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— Doug Hadley, Boeing Capital Corp. finance director

"People have a lot of uncertainty about what's going on in the current financial environment. So we talk about the world of aircraft finance—the players and who's active and who's not. I work to help people understand it's a cyclical business, and hopefully we're in the bottom of the cycle," Hadley said.

He also works to help overcome the quizzical looks that can accompany the non-finance employees' introduction to the realm of aircraft financing.

"I try to equate what we do to what's involved in getting a home mortgage. There are a lot of similarities to what we do day to day in our personal financing and how airplanes get financed," he said.

And like any dedicated teacher, Hadley revels when he connects with his students. "All of a sudden, you can see the

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Judging from comments of employees taking the financing class, those “aha” moments are appreciated.

“I stayed engaged through the whole class. It was fascinating to learn about aircraft financing, especially in the current economic environment, and how BCC fits into The Boeing Company. The knowledge I gained will definitely contribute to my career development,” said Anna Kriyajeva, a Finance employee who served a BCC rotation.

Cheryl Hart, an analyst in Commercial Airplanes Group Finance, was another who saw the pieces come together. “I left with an understanding of how we work together with internal and external customers, what market indicators to watch, such as air cargo, how various leases are structured, and the importance of beginning the Export-Import Bank application as early as possible.”

BCC employees often take the class more than once. “Doug’s class always contains the latest information, so even for BCC veterans it keeps you up to date on what’s happening,” said Hank Koster, a BCC credit analyst.

For Hadley and his BCC colleagues, the return on investment comes when employees make the connection to what they do every day.

“It brought me a whole new perspective of how Boeing operates,” said Kaifu “Denis” Lam, an industrial engineer in 787 Final Assembly. “I thought the complicated factory operation that builds planes and flies them out of the factory is all that Boeing is about, right? This

class stretched my mind and made me appreciate how much effort is actually required behind the scenes.”

“It’s one thing to sell an airplane. It’s another to make sure the money’s there on the day of delivery,” Hadley said. “I want people to understand that we don’t sit back and let things happen. We take a very active position in getting airplanes financed.”

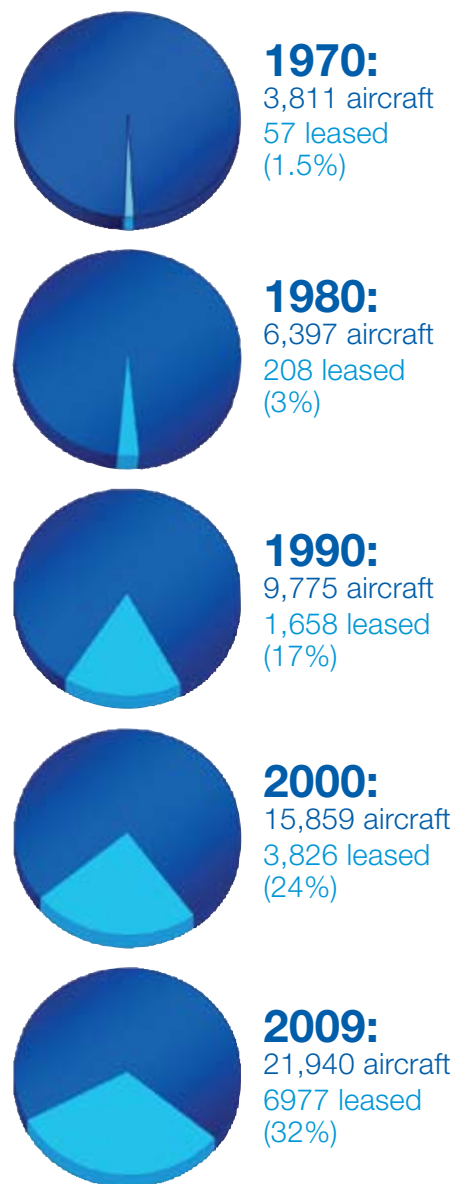
Employees who are interested in participating in “BCC 101: Aircraft Financing Overview” (TR 067874) must have management approval and contact the instructor directly. It is only offered as a live course at this time. ■

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**PHOTO: (LEFT)** Boeing Capital Corp. Aircraft Financial Services Finance Director Doug Hadley walks attendees through aircraft financing at a recent BCC 101 session. The three-hour overview is held at the financing unit’s Renton, Wash., headquarters. **MARIAN LOCKHART/BOEING**

**GRAPHIC: (RIGHT)** Among topics explored in BCC 101 is the growing trend among airlines to lease a greater portion of their fleets as opposed to owning the aircraft. **BOEING**

## World Airline Fleet: 1970 to 2009\*



\*Airclaims through 7/14/09