

## Broadening their horizons — President Kristen Schloemer has Neptune Aviation flying high again after a near miss with government regulations

By TYLER CHRISTENSEN



**Kristen Schloemer**, Neptune Aviation president, stands inside one of her company's five hangars. The business focuses on maintenance, repair and fabrication of airplanes.

Photo by DEAN BAKER/InBusiness

Kristen Schloemer, 37, is president of Missoula-based Neptune Aviation Services, founded in 1993 by CEO Mark Timmons.

The company contracts primarily with the U.S. Forest Service to fight fires throughout the United States. It also rebuilds and services aircraft at its Federal Aviation Administration-approved maintenance repair facilities in Missoula and Alamogordo, N.M. Neptune, which takes its name from the Lockheed P2V Neptunes it operates, modifies its own aircraft for firefighting operations; its FAA repair facility in Missoula is the largest in Montana.

Schloemer was born in Hamilton and went to school in Darby until her freshman year, when she began attending Hellgate High School in Missoula.

"I've always loved aviation, ever since I was a kid," Schloemer said. "One of the best days of my life was soloing in an airplane."

She took a degree in English with a minor in political science from the University of New Mexico. After she graduated from college she started working for Northstar Air Express, Neptune's affiliate, as a receptionist. That was in 1991, when there were a total of 10 employees working at the company. The company grew as it won new contracts, and in 1993 the assets of Black Hills Aviation and Neptune were incorporated.

"I was fortunate and moved up as the company grew," Schloemer said.

Her immediate family includes her husband, Scott Nicolarsen, a yellow Lab and a tabby cat.

## Five keys to success:



- **Trust.** There's no room for doubt in the firefighting business, Schloemer said..
- **Be willing to let go of control.** "I don't make decisions in isolation. I always respect feedback and welcome criticisms."
- **Encourage teamwork.** Each employee has his own strengths, and when crises strike it's best to face them as a cohesive unit.
- **Have integrity.** This means you should be deserving of respect by being honest and real with employees and customers. "A good friend of mine defines integrity as 'Doing the right thing when nobody's looking.' "
- **Create a cheerful work environment.**

Neptune Aviation is busy these days. The Missoula-based company, which primarily contracts with the U.S. Forest Service to provide aerial wildfire suppression, is actively working to broaden the base of its business. It's seeking - and getting - other major government contracts as well as contracts with private organizations.

In August, Neptune's affiliate, Northstar Air Express, was awarded a \$480,000 contract by the U.S. Department of Agriculture to rebuild one Super Cub plane every 180 days, for a total of five Super Cubs. Neptune also nabbed a contract to perform maintenance on several Beechcraft airplanes leased to the Forest Service.

The company is running seven days a week, noted Neptune's president, Kristen Schloemer.

"We're here on demand for maintenance, any support for airplanes, fueling," she said, listing some of the many services the company provides.

It's hard to believe the busy business was nearly grounded for good last year.

"We faced a business crisis of unprecedented proportions," Schloemer said.

## Contracts terminated

In essence, the company's contracts with the U.S. Forest Service for seven air tankers were terminated following a National Transportation Safety Board investigation into the heavy air-tanker industry. The investigation came in response to three fatal slurry bomber accidents that occurred in previous wildfire seasons, and recommended that Neptune's contracts - and 25 others in the West - not be renewed.

This despite the fact that Neptune had met every recommendation outlined in a 2003 report by Sandia Laboratories detailing ways in which companies could maintain the airworthiness of their heavy air tankers. In fact, Neptune spent more than \$1 million modernizing its fleet.

Once the contract was terminated she was in shock, Schloemer said. With a stroke of the pen, her airplanes were deemed worthless and the business was almost certainly going to die.

"I had to be resolved to the fact that our P2Vs would never fly again," she said.

With no money coming in, Neptune buckled down for a long fight, Schloemer said. It kept as many of its employees as it could but quickly used up its savings while it fought to substantiate the airworthiness of its Lockheed P2V Neptunes. While the Forest Service scraped together existing data on the tankers' performance, Neptune and

others took part in a battery of tests designed to prove their worth.

"We had to substantiate what everybody already knew," Schloemer said.

In May the Forest Service renewed its contracts with Neptune and several other companies. Neptune is also among those receiving compensation for its forced ground time, but the money - so far, about \$800,000 - isn't going to rescue the company from its financial woes.

Rather, the company is set to save itself, Schloemer said. That painful period actually brought about a few positive changes at Neptune, she said.

For one, communication between the company and its supporting agencies has never been better.

"We have succeeded in opening the lines of communication with D.C.," Schloemer said. "I think everybody's learned from this."

Also, the experience taught company executives the importance of diversification, she said.

"We're constantly researching new avenues," Schloemer said.

Forest Service contracts are still the company's lifeblood, but it is increasingly less dependent on a single source of income. A week after it learned its contracts would be terminated last year, Neptune contacted Teri Wellings, director of the Missoula branch of the Montana Procurement Technical Assistance Center. She helped Neptune put itself under review and guided the company through its diversification process, she said.

And Neptune is well-suited to the task, Schloemer said.

"In order to not be so vulnerable to one customer we did, and still are, looking to bid on other contracts," she said.

The company's owner and CEO, Mark Timmons, has always practiced progressive leadership, and that approach has kept Neptune flexible enough to handle even the most devastating blows, she added.

"We use the latest, greatest technologies and philosophies," said Greg Jones, vice president of operations at Neptune.

The company constantly works to keep ahead of the curve, he said. Its mechanics are sent to specialized schools and can work on any plane. Neptune employees can also repair avionics systems, or radios. Fueling is another niche.

"With our experience with aircraft, the service sector is one area where we can provide the technology and the skilled mechanics," Schloemer said.

## **Preparing for fire season**

Incorporated in 1993 after buying the assets of Black Hills Aviation in New Mexico, Neptune now employs 94 workers and has facilities in both New Mexico and Missoula, though Missoula houses its corporate headquarters.

Northstar and Neptune's combined gross revenues hover between

\$10 million and \$13 million depending on the year; its annual payroll is about \$2.5 million.

Forest Service contracts with private enterprises help the local economy, giving many companies the boost they need to diversify, said the agency's regional aviation officer, Rick Hafenfeld.

Over the past 25 years the Forest Service has found that contracting with private enterprises is the most efficient, cost-effective way to go for certain services, he said.

"Approximately 50 percent of the money we spend in fire suppression is paid to federal contractors, and that's because we've evolved from do-it-yourself to rely more on contractors," Hafenfeld said.

While government officials are hashing out next season's budget, private companies are already at work preparing for the next year's fire season. And private contractors are able to offer more stable financing from year to year than government budgets can provide, he said.

"The government's budgetary process has wide swings," said Hafenfeld.

The Forest Service's relationships with private air tanker companies are critical to its success in wildfire suppression, he added.

At any given time Neptune's airplanes are dispatched to any part of the country, even Alaska. The company keeps track of its planes with computers at its headquarters near Missoula International Airport. Its P2V planes were bought from the Navy surplus. Though the cost varies according to a plane's age and condition - and whether it came equipped for firefighting - the average cost of each plane, after testing, is about \$1.5 million, Schloemer estimated.

Neptune submits each of its tankers to extensive testing. Its mechanics use high-tech equipment to detect flaws in their infancy so they can be caught right away, said Nick Lynn, one of the company's shop supervisors.

A typical P2V inspection takes 4,500 man-hours of labor, he said.

"Each airplane will take a little over a month to test," Lynn said.

The goal, as always, is to have air-worthy tankers available at all times, because wildfires can break out at any time in certain parts of the United States. For Neptune, this year's wildfire season isn't over quite yet - and the 2006 season is fast approaching.

"Neptune will be here for a long time," Schloemer said. "Our goal is to always provide a viable service in Montana."

*Tyler Christensen is the staff writer for Western Montana InBusiness Monthly. She can be reached at 523-5215 or through e-mail at [tchristensen@missoulian.com](mailto:tchristensen@missoulian.com).*