

# LEADERS

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# LEADERS

*Someday is not a day of the week.*

— Anon.



#### On The Cover

*His Excellency Li Peng of the People's Republic of China has been leading his country as premier of the State Council since 1988. In an exclusive interview on page 52 that opens our special report on China, Li Peng discusses several key issues of importance to his country and its relationship with the rest of the world.*

*Providing leadership to the most populous country in the world is no easy task, a challenge to which Li Peng readily ad-*

*mits. "Indeed, I must work hard as the premier of a country with 1.2 billion people to serve them well," he says in the interview.*

*Li Peng also describes China's vast potential and the reasons he believes the country is poised to provide a better life for his people in the 21st century. He sees a bountiful future, but one with the ideals of his country intact. "Eventually, in our effort to build socialism with Chinese characteristics, we will achieve prosperity for all our people," he says.*

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# Sky Doctor

An Interview with Kevin Saunders, President and Chief Executive Officer, Aero Innovations, Inc., Little Rock, Arkansas



Kevin Saunders

## EDITORS' NOTE

Aero Innovations plans eventually to make full medical capability "standard equipment" on all long-range business jets. In fact, according to Kevin Saunders, president and chief executive officer of Aero Innovations, "that is our mission." He continues, "The reason I'm so enthusiastic about our company is we recognize the critical lack of service in our industry." As Aero Innovations fills the need for that service, Saunders, a graduate of Westminster College with a B.A. in biology, who formerly had a career in the insurance and investment banking industries, says his company will continue to strive for "absolute top quality."

Offering top quality also means using

## COMPANY BRIEF

Founded in 1991 and based in Little Rock, Arkansas, privately held Aero Innovations, Inc., designs and builds medical systems for the interior of airplanes and helicopters used by the military, corporate executives and governments. The company offers complete medical packages for incorporation into VIP/corporate aircraft, without compromising the aircraft's original VIP mission.

new technology as it develops. "Part of our responsibility is really to make sure that we keep our customers upgraded with the best equipment available," Saunders says. "We're saving lives here."

A regionally ranked cyclist and nationally ranked sailboat racer, Saunders even bid to represent the United States at the 1992 Olympics in Barcelona. Saunders is an accomplished trombonist as well, and plays with the Arkansas Symphony Orchestra.

**Aero Innovations is said to focus on "leadership preservation." What does this mean?**

We focus on the leverage aspect of individuals, businesses and governments that own business and VIP jets. These entities, for lack of a better term, purchase aircraft to leverage their expertise, resources and influence around the world. That produces enough positive results to justify these assets. We minimize the associated risks involved with this leverage. Aero Innovations forms partnerships with the customers, who are the owners and operators of these jets, to educate them and assist them in all aspects of a medical mission regarding their airplanes.

**You talk almost as if these partnerships you work with are a part of your company.**

Actually, we view our responsibility to the customers as if we were part of their company. If a company owns a business jet, it has a flight department that's responsible for the maintenance and operation of that airplane. If it adds a medical mission to that flight department, there is a long checklist of tasks and procedures that needs to be followed to keep that medical mission viable – everything from the design, purchase and installation of a medical bed to the procurement of medical accessories and equipment, logistical support, certification of new products in the aircraft environment and maintenance protocol. It's a long list. What separates Aero Innovations from every other company in the air-medical equip-

ment business is we have made the commitment to identify all of these issues and help the customers address them. We recognize that they're going to have to do it themselves, and that means finding somebody in their company who knows a little bit about it and training him or her. We have been in business six years, so we know a lot more about this aspect of the medical mission than most companies do, and we're committed to become, ostensibly, their aviation medical department.

**What made you get into the business six years ago? Did you see something lacking in the marketplace?**

What happened was in April of 1991, I had started the business with another individual, an aircraft mechanic who had worked on a number of air ambulances, and he saw a potential to make money in this industry. We were going to build inexpensive medical beds for small airplanes, so we formed the business together and after one year, I bought him out. We had done FAA studies and market studies, and we had a fundamental philosophical difference – he wanted to sell an inexpensive product, and I wanted to sell the best product, regardless of the price, that ultimately represents the best value.

**Do you sometimes see your job as a process of educating business jet owners on the need for these types of products because there's a feeling that they will never need them or they have a "that will never happen to me" mentality?**

There are a number of people who conduct business and travel internationally who have had these problems, so we don't need to educate them. In fact, we've talked to people who have had a significant situation and asked the question, "Why isn't somebody solving this problem?" Of course, other people think, "It'll never happen to me," and we can do a very good job of educating them. Our mission is adding the medical capability to a business jet to allow it to become a mobile command center where one can be

self-contained going into a foreign country that may or may not have adequate medical care in the first place. This really has not been done outside of the military.

**At this stage, do you work strictly commercially?**

No, our manufacturing system is capable of selling to commercial, military or government customers. By design, we build to the highest standard, so it doesn't matter who the customers are. We're able to fulfill and certify their requirements.

**Will you always sell to the owner, or will you link and sell to the actual manufacturers, the Challengers and Gulfstreams of the world?**

We have a relationship with Gulfstream Aerospace at this point where we have proprietary agreements in place and they know us and respect us. We also are introducing ourselves to Falcon Jet and Bombardier Challenger and the other companies. We have found, however, that the decision for adding a medical mission to the airplane resides with the owner of the aircraft.

**Aero Innovations is a small company. How do you compare yourself to your customers?**

That's part of our flexibility. We recognize that the owners of the aircraft are typically multinational corporations, governments or individuals of significant wealth. The manufacturers of the aircraft are huge corporations, and the completion centers that put the interiors in the aircraft are also very large organizations. Aero Innovations is an information-based company and is able to flexibly integrate all of these large entities because we can move more flexibly and efficiently than a large, hierarchical organization.

**There's often much criticism aimed at CEOs about the expense of having their own business jet or at corporations for keeping a corporate jet. Is that correct criticism? Does it really save money for the corporation?**

Of the top-performing companies worldwide, those that return the highest yield on investments and/or dividends to their stockholders, 90 percent have business jets. Having full medical capability when traveling to third-world countries or even to developed countries where there is a language barrier minimizes the risk of even a relatively minor medical problem potentially affecting the bottom line. We do know, for example, that in a significant negotiation involving hundreds of millions of dollars, if an individual from the corporation falls ill and is able to be treated through this mobile command center for a certain kind of medical condition – we're not talking medevac here – and is then able to actually resume the negotiations, it could have multimillion-dollar ramifications on that business. Who knows? It could have taken months to get to that negotiating position. The costs of re-scheduling or losing effectiveness in that event could be astronomical.

**Many CEOs are concerned about the look of the interior of the aircraft. Do these medical additions change the design much?**

The products we build are designed to work around the existing business jet or VIP jet interior. We build a medical couch called our Medivan® and we also build a self-leveling full bed for larger aircraft, which, when it is not in the medical configuration, is completely, aesthetically a part of the VIP aircraft; it is 100-percent hidden. The medical equipment and accessories are placed in custom-designed, carry-on luggage or in lockers that we build into the aircraft.

**Do you see a time when all business jets being sold will have this medical capability?**

Yes, in fact, that is our mission. We want to make full-medical capability standard equipment on all long-range business jets.

**How do you go about doing that?**

Well, we do it a step at a time. First, we recognize the trend. For example, if you look at automobiles, airplanes, microwave ovens and now business jets, at the first introduction, they were considered luxuries only suitable for the very rich or heads of state. Heads of state at this point do have medical capability on their aircraft, and we have discreet custom programs that we're building with some head of state customers. More new aircraft have been designed for the business-jet customer in the last two years than have been designed in the last 20. So, the business jet is experiencing a trend, where it is moving from being a toy of the very rich to an essential business tool, and that is not something that we've come up with – those trends are now accepted in the industry. What we want to do is follow that trend with medical equipment, which is now, through technology, small enough for the airplane environment. Our goal is to make what was formerly available only to heads of state available to regular businessmen.

**As new technology becomes available, will the products you have now change significantly over the next five to 10 years?**

Yes, they will. And that's the reason we have what we call our "long-term partnership" with the customer. We have a Continuing Customer-Care program in which we monitor technology advances in the medical environment and we have a significant R&D program in-house where we improve the aircraft equipment that we build in order to have the program evolve along with technology. It's most important that we do so because the doctors who are going to be treating our customers are technology conscious and they are working toward the new leading-edge products that can make their job easier. So part of our responsibility is to make sure that we keep our customers upgraded with the best equipment available. We're saving lives here.

**Where do you see the most opportunities for growth for the company over the next five years? Is it in the commercial area with the major airlines, or is it more business within the business jets combination?**

We see the most significant growth for our company being through retrofits of existing business aircraft and then installation of our product into new business aircraft. Because they combine medical and aviation fields, our products tend to be rather expensive. We have found, however, that the risk reduction, increasing PR capabilities and the ability to track and retain key employees far outweigh the product cost for a corporation or a government. In fact, we had one individual tell us that the benefits of this medical capability could outweigh the cost of the entire aircraft for his company.

The airline industry is a low-margin, high-volume industry, so it's impossible to predict exactly whether the airline industry will accept or reject the ideas that we're promoting.

**You must have a lot of enthusiasm for the future with all of the opportunities presenting themselves in the industry.**

The reason I'm so enthusiastic about our company is we recognize the critical lack of real service in our industry. We have competitors that make medical beds for air ambulances, and their mission is to provide a medical platform that works in the airplane. Our purpose is to assist the customer in a medical mission. That means we will sell medical equipment, medical beds and accessories, but more importantly we offer a service that has never been provided before to a corporation that, quite frankly, might be daunted by the number of details and the level of commitment and focus needed for a medical mission.

**What is your primary function within the company? What do you see as your most important duty?**

I do three things – first, as the CEO of the company, I'm responsible for making sure that we develop a good financial foundation. That means team building, which includes finding and assembling a team of professionals that works seamlessly together. Examples of this team approach include the group of individuals that worked to develop the Macintosh computer and the founders of Intuit – people who are committed to carving out an industry-defining niche where none existed before. Secondary to that team-building responsibility, I am involved in making sure that our products and services are the absolute top quality. Then, thirdly, because of my many years of empirical experience in structural engineering, I'm responsible for leading the design team and making sure that the products we manufacture are innovative and live up to our name. ●