

Perk or Necessity: The Business Case for Corporate Aviation

Corporate aircraft ownership is a business-critical solution for thousands of companies committed to increasing shareholder value.

Owning and operating a corporate aircraft has evolved far beyond a perk for company executives. It is a business-critical tool for thousands of corporations intent on increasing economic viability and shareholder value. Global economic changes, advancements in technology and changes in the aircraft market itself are all contributing to a new and potentially advantageous scenario for companies that own and operate business-use aircraft. These advantages occur in the areas of productivity, acceleration of business, customer relationships, and in the reduction of company infrastructure.

Productivity

One look at a busy commercial airport is all that is needed to see millions of dollars of lost productivity: talented, busy people standing in long lines, wasting valuable company time. Throw in the occasional security anomaly, and an entire day of productive work is wasted. When a company's leaders and senior management are stuck in those lines, or driving to and from major airports, the true cost of commercial travel begins to soar.

Picture another scenario: executives are driven to a nearby regional airport. They board quickly and securely, and can work individually or hold meetings in a private, productive airborne workspace. When they land, they are near their final destination and the effective use of their time continues.

In today's climate of stricter corporate governance and the need to improve shareholder value, corporate aviation solutions will increasingly be understood as a key to productivity. The hourly cost of several corporate executives spent in commercial travel can be much higher than the hourly cost of operating an aircraft. Furthermore, advancements in airborne telecommunications are creating a true "office in the sky" in today's business aircraft. Senior executives and their staff can quickly board their planes and begin conducting teleconferences or transacting business by phone before the aircraft even takes off.

This enhanced productivity is not just for senior executives. Technical support personnel and materials can be rushed to the necessary location, saving hundreds of thousands of dollars in downtime.

Acceleration of Business

In today's economy, new strategic partnerships are formed quickly and a personal

presence can be critical to closing a deal. In light of recent corporate ethical concerns, trust is an increasingly valuable commodity, fostered by frequent personal contact. Face-to-face meetings at the customer's location can make the difference between winning and losing important contracts. If such transactions can be accelerated by moving key people to the right places at the right time, the result will be an acceleration in revenues and increased market share.

Customer Relations and Reduction of Infrastructure

Long-term B2B relationships are most companies' main source of recurring revenue. But it can be expensive to keep a sales force deployed in all the places where customers are located. An entirely different model suggests that it is far less expensive to send people to the customer on a moment's notice than it is to maintain office leases and staffing in multiple cities. Simply stated, a company operating an aircraft can be more successful with fewer offices, saving millions of dollars each year. Rather than tying up funds in long-term office leases and personnel requirements, the funding of a corporate aircraft can be scaled to fit the amount of contact needed at any given time. Companies that utilize business aviation can be just as responsive as though they had hundreds of offices worldwide, yet at a fraction of the cost.

The recent "jobless recovery" seems to demand that fewer people get more work done than ever before. Corporate aircraft operation enables a company to utilize the talents of fewer people to accomplish the same amount of work that a larger payroll would otherwise require. For example, in the time it takes to drive to and from a major airport, wait twice in security, and fly between two cities, a company representative could meet with several clients on a multi-leg, private flight.

With all the business advantages that accrue to aircraft ownership, it is important to enlist the help of a professional to assist with the purchase of an aircraft. Professional aircraft brokers and dealers can help companies analyze the enterprise-wide advantages achievable through aircraft ownership, leasing, chartering and fractional ownership. They'll provide straightforward answers about short-range and long-range costs of operating a corporate aircraft. Brokers and dealers who specialize in the pre-owned market are especially well-suited to find aircraft offering a good return on investment. The current pre-owned turbine market is offering some outstanding values.

This column is provided by the Washington D.C. office of the National Aircraft Resale Association (NARA), aviation's largest professional organization of pre-owned aircraft brokers and dealers.

NARA's mission is to improve general aviation through the ethical, informed transactions conducted by its members as they serve buyers, sellers, owners and operators of turbine aircraft. *To learn more about NARA, visit www.nara-dealers.com or call (703) 671-8273.*