



Cessna Citation X Interior

# What Are My Options?

By David Macdonald

The private jet industry has been experiencing significant growth over the last 18 months, and it is clear that, for an increasing number of affluent users, the new experience of flying by business jet is the solution to today's traumatic scheduled service alternatives. As airlines become ever more price-focused, with ever lower fares being chased by ever lower service, those who want to escape airport nightmares have switched to business jets, and probably will never return to using scheduled services.

As with all fast-growing industries, the established industry names are soon copied by a plethora of look-alikes, some young and professional, others weaker and vulnerable. New users keen to join the private jet club are now being seduced by a multitude of companies offering numerous different schemes that make direct comparison difficult.

The spider's web is spun and the trap laid.

The simple buyer beware rule of 'caveat emptor' (if diligently followed) will provide a first level of protection, but buyers must know what they want and must quickly gain a thorough understanding of the subject before they sign on any dotted lines.

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At this stage there are four fundamentals to be established:

- Try to strike a perfect match of your precise requirements with each possible solution.
- Weigh up the advantages and drawbacks of each scheme, to understand the significance of any compromise you may need to make.
- Investigate and fully appraise yourself of the contract terms and conditions.
- Be confident in the service and support levels being promised.

There are also four principal categories where your ideal solution might lie:

#### **Ad hoc charter**

Using on-demand 'ad hoc' charter is one of the most economical and flexible methods of flying privately in the most appropriate aircraft for a given need, from a private jet to a commercial airliner. Quite simply, the outlay is limited to a one-off flight payment according to the size and type of aircraft used, distance involved, and duration of trip. A good analogy is that of a chauffeur-driven car service: the route is fixed, the rate is fixed, a uniformed driver presents an immaculate car, and the commitment ends at the destination. Prices and availability are guaranteed once a booking has been made.

The number of aircraft charter companies is growing in line with globalisation and demand for private flying, but beware that levels of service and experience can vary tremendously. Charter providers are either aircraft operators or brokers; in both cases, look for long-term and well-established names as potential suppliers, and avoid being seduced by web-page promises that lack substance. If you fully understand the market, successful direct buying is

possible. However, many choose to use a reliable broker, given the ever-changing nature of the market week on week. Some brokers use a selected network of operators with whom they have a close business relationship; others use a greater pool of aircraft and judge safety capabilities and fleet quality on certification assurances or ratings from third parties. The fact that anyone can easily and quickly set up a brokerage is in itself a warning sign, and it is wise to make sure the broker being used is independent, has a proven track record of success and safety, and has widespread global experience.

Ad hoc charter is ideal for those who wish to avoid commitment beyond the short term, or for those who have ever-changing needs.

#### **Jetcard membership programmes**

Jetcards are an extremely popular, recent addition to the private aviation mix and particularly appeal to those who make several short trips during the year. Jetcard clients prepay for a set number of flight hours (typically between 25 and 50) in their chosen category of aircraft, which can range from light and midsize cabin jets capable of carrying six or seven passengers to large cabin and global cabin jets with capacity for 10 to 14 people. Another option is a card specific to one aircraft model. Additional hours can be purchased if required, and the upgrading or downgrading of aircraft types is usually an option. Only occupied flight hours are deducted from card balances; charges are not levied for aircraft positioning. While availability and access to aircraft are guaranteed, an important factor when choosing a jetcard provider is to read the small print very carefully for hidden extras and conditions.

What to look out for? Clear transparent pricing, no peak-time supplements or restrictions, no fuel surcharges,

discounts for return trips and the option to cancel with a full refund of unused hours. For the environmentally conscious, some programmes now offer carbon-neutral offset options. Jetcards offer a simple solution for those people who wish to negotiate the cost of their private jet flying annually and strike a deal with one single supplier which affords a consistent level of service and support.

#### **Fractional ownership**

Having originated in the US, fractional ownership is now also popular with some European jet users, although the appeal has diminished somewhat since the arrival of jetcards. Fractional schemes require a high degree of commitment. Customers buy an up-front ownership share in an aircraft pro-rated according to its market price and then pay monthly management fees for maintenance and crew. Additional charges are made for the flight hours flown and 'extras' could include fuel surcharges. Shares tend to start at 1/16 of the aircraft for about 50 flight hours a year and are purchased for a fixed term (usually five years) before being sold back at market value, less a remarketing fee. Upgrades or downgrades are sometimes permitted across a participating company's fractional fleet, and short-notice aircraft availability is guaranteed. Selecting an aircraft usually depends on two factors – passenger capacity and aircraft range; the larger the capacity and the longer the range, the higher the capital fee and ongoing charges. Share costs are split in a linear fashion and can range from a few hundred thousand dollars to several million. Be mindful of the true exposure to depreciation of the capital cost and a long-term contract without exit options. Talk to satisfied clients or visit websites like [www.fractionalinsider.com](http://www.fractionalinsider.com) for an independent view. >>

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**Jetcards are a popular addition to private aviation**

## Outright ownership

High-net-worth individuals, corporations and senior executives often purchase their own jet for the total flexibility this affords. Whereas a minimum investment of \$2.5 million is needed to acquire even a light cabin jet, those with long-range capabilities can cost as much as \$50 million, before the annual cost of employing crew, undertaking maintenance and the actual operating costs incurred in flight. Such fixed costs of operation can be significantly reduced by contracting out spare hours through a private aircraft management company with a proven track record. If the aircraft is undergoing maintenance or is inappropriate for a flight due to range or charter passenger capacity, then a good management company will provide alternative options for owners to meet their varied needs.

Be in no doubt, this industry is providing the ultimate flight experience for the discerning new clients pouring into it. Satisfaction levels are very high, and new users soon become addicted to the lifestyle.

Underneath that success lie the wrecks of undelivered promises, lost capital, and nightmare stories of the few who ventured in without care. Such victims paid a very high price.

So, in summary, three further rules should apply when considering buying into private flying:

- Deal with a supplier that has been fully researched and that inspires your confidence.
- Fully understand the financial implications of any commitment you make.
- Read the small print – thoroughly.

All private flying options are viable and some frequent flyers use more than one approach. Of the four categories on offer, there is no easy ready reckoner giving instant answers as to which is best. Every situation and every scenario is different. There is more to flying by private jet than simply calculating the hourly usage involved and any indications to the contrary are grossly oversimplifying the issue. ■

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David Macdonald is Director of Air Partner Private Jets, a division of the global private aviation company Air Partner plc. Air Partner Private Jets is a leading specialist supplier of a wide range of private jet products – JetCards, ad hoc charter and private jet management, maintenance and sales – and operates Europe's largest fleet of modern Learjets out of London Biggin Hill airport. The London Gatwick-based Air Partner Group has 23 offices worldwide, 14 of which are in Europe, and holds the aviation industry's only Royal Warrant as Supplier of Aircraft Charter to Her Majesty Queen Elizabeth II. The company has been trading for almost 50 years, operates 24/7 every day of the year, is listed on the London Stock Exchange and provides aviation solutions for corporates, governments and individuals. [www.airpartner.com](http://www.airpartner.com).