



Buying A Bizjet?

Thoughts for before and after signing...

by Dave Higdon

Let's assume a new business asset is in your future: After due investigation, research and inquiry, the numbers add up. The best way to improve the performance of key employees requires dialling back up the time they spend travelling between important business contacts, other company assets, suppliers and customers.

No one, least of all those travelling, wants to risk turning these folks into de facto slaves. But everyone acknowledges the need to spend more time at more places seeing more people. It's all about people. To help them work better they need a better tool for travel than the chronically time-intensive inefficiencies of going by common carrier.

It seems lately that these road warriors' trips never come off on schedule. The costs of wasted days and wasted nights, unanticipated hotel and meal expenses surpassed budget long ago. Cutting back on travel, however, is not an option.

There is a way to better time efficiency. It takes the shape of a shiny new aircraft. Selected for its abilities, this airplane is capable of trimming hours out of most trips, bringing, in turn, the ability to make multiple stops and get home again in the same time once needed to accommodate a one-stop round trip via the convenience and comfort of a hub-and-spoke round trip.

Managed properly, it may even contribute to the bottom line, either by saving travel costs or generating more revenue, but selecting the right business aircraft and

properly preparing for it hold the keys to getting the most out of this significant investment.

PAIRING AN AIRCRAFT TO YOUR NEEDS

Before launching your search, you've defined your needs: how many people take how many trips to which destinations, and with what frequency and duration. You also know how many trips involve individuals, pairs and teams; whether you periodically shuttle large numbers of personnel between company locations.

From this, with the help of a consultant, dealer/broker or marketing department of an aircraft supplier, you've gained some generic numbers that reflect your needs including average and maximum distances



travelled, and a speed range an aircraft must offer to satisfy your time parameters. You know the runway numbers the aircraft needs to fit into the closest suitable airports to those destinations. And you know, within a range, what the hourly operating and maintenance costs acceptable for your budget are.

Armed with an expected annual use profile, you may even have designs on letting the plane fly for a management firm to help reduce the costs of ownership, and even improve the bottom line because of owning the aircraft.

From here you've met with sales people from the manufacturers/dealer/broker with aircraft that fits your needs profile. You're ready to order, take a position and receive a delivery date. But this doesn't end the process; it's only the end of the beginning of the process. Much yet needs to be done before the acceptance flight comes on that happy day in the future.

WHO FLIES?

Your situation may be one of those fortunate meetings of opportunity and need: the company needs the plane and someone on staff already possesses the skills and qualifications – at least, the preliminary basics – required to fly the plane in a safe, effective

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way. If those wings on order require only a single pilot and your pilot staffer can be spared to serve as the company pilot, you've got the situation covered.

Since new aircraft purchases include a training package for at least one pilot and, generally two, the costs of qualifying the pilot/staffer is covered. And the company can operate its flights under the same Part 91 of the FAA regulations that applies to individuals and companies flying for themselves.

The skills required for insurers to cover a business jet varies according to the jet, but even the smallest jets will call for a private pilot's certificate with 1,500 hours total time logged, 500 hours of that as multiengine time and 250 hours of turbine time to transition the pilot without special training. Lower times can be accommodated, but often with the proviso that a second, more experienced

and qualified pilot fly along as a mentor/instructor pilot for a number of hours.

An instrument rating, which the vast majority of pilots with the above qualifications will possess, is a must – if not solely for weather, for operating an aircraft at 18,000 feet and higher, regardless of the weather.

Failing the on-staff-pilot serendipity, the company will have to find a pilot to fly on contract or as a part-time employee. If the pilot already holds a type rating for the jet, you're good to go. If not, that planemaker-provided training slot can go to the contract or part-timer. But this approach of self-staffing the jet's cockpit isn't the only way into the sky.

WHO WRENCHES?

For at least the first few years of ownership, your new winged business tool may qualify

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for factory-covered maintenance, either provided as part of the price, or under a fixed-rate program to keep the costs predictable. Alternatively, you may be able to turn to a nearby factory-approved service center.

But at some point you'll need either unscheduled maintenance far from your usual sources or responsibility for maintenance will come to you because you decide to manage the work within the company.

Maybe the pilot becomes the maintenance officer for the convenience of managing a single plane with a single person. Regardless of how it's structured, those turning the wrenches on your company jet must be qualified to work on aircraft with the correct airframe and/or powerplant license or avionics technician qualifications – some of which are specific to certain types of aircraft and systems.

Managing maintenance in-house doesn't mean opening a shop, buying tools and hiring mechanics. It does mean finding a qualified shop with qualified people and serving as the decision maker for the owner.

WHERE TO KEEP IT?

Needless to say, companies protect their valued assets in order to protect their utility and their residual value. Computer records, financial statements, company tools and intellectual property commonly receive special treatment to shield them from damage, and there's nothing different about a multimillion-dollar airplane.

Although using a business jet inherently exposes it to potential damage, this asset will spend less time working than other tools; when not out on the airways, it deserves a dry, comfortable hangar in which to wait for its next mission. Depending on the runway requirements of the aircraft, that hangar may be at an airport closest to the offices or a less-convenient field.

Regardless, the home field needs an FBO or service facility capable at least of providing shelter, fuel, oil, ice and water – plus the ability to safely move the jet between hangar and ramp and back again.

If size and space allow, a private hangar is ideal. Some VLJ and Light-category jets may fit into a large T-hangar. More likely, however, is a common hangar shared by several other aircraft.

In many regions, a climate-controlled hangar offers the benefits of eliminating vast temperature extremes; in summer, the aircraft can be fuelled and loaded before becoming heat soaked inside; in winter, the entire aircraft – most importantly, the engines – will be warm enough to operate comfortably without requiring an engine pre-heat or running the cabin heaters off an APU or GPU.



Assure yourself that the FBO staff know how to safely move all those aircraft around; find out the advance notice the FBO needs to guarantee the plane will be waiting on the ramp when you arrive at the airport. And make sure you know whether the hangar lease includes aircraft handling or whether the FBO charges extra for extraction and return.

Finally, it could pay to learn whether the FBO offers a fuel account and any discounts for hangar tenants. With the costs of aircraft fuels at all-time highs – and expected to stay relatively high – every little break can help.

OUTSOURCING?

There's no rule or FAR that requires the owner to fly the plane, maintain the plane or handle the plane. While there may be advantages to keeping in-house as much control as possible, handing off the whole package to another business has advantages of its own... Enter the aircraft management company.

Folks at these firms specialize in lightening the load of aircraft ownership by providing all the services and staffing needed to make the plane serve as needed.

By signing a contract with a management company you essentially authorize them to provide you with air service using your company aircraft and their personnel and qualifications. The management company provides the flight crew, cabin crew if needed, maintenance and upkeep, for a fee often calculated on the basis of a monthly contract

fee and hourly operating fees. Under some contracts, the management firm may also deploy your aircraft on flights for charter customers in an arrangement that generates revenue for the aircraft owner.

The best management deals allow the owner to limit the amount of third-party use, guarantee the aircraft's availability with a predetermined amount of advance notice, and guarantee a substitute aircraft anytime the owned aircraft is unavailable because of third-party use.

While using a management firm may seem to increase the costs of owning the aircraft, it can actually save in the long run, or possibly even add to the company coffers. And the aircraft owner gets relief from the tasks of finding and hiring a pilot, finding hangar space, securing maintenance, the whole nine yards.

HELP? LOTS OF HELP...

Find some of this daunting? What seems foreign initially becomes familiar over time. That still doesn't mean you should blindly tackle all these issues.

From finance to insurance, hangaring and crewing, you can find help through any number of consultants, or, more easily, through the marketing and sales folks you selected when you decided on a particular aircraft. Their knowledge and expertise can help you through the ground work as easily as it can be done – from guidance on finding a base and maintenance to insuring and crewing. ■