



# TIME WAITS FOR NO MAN... OR DOES IT?

Private jets save time and are more flexible - but only if you can afford them, right?  
Catherine Chetwynd explodes the myths surrounding this high-flying option



## Private jets

If there is one segment of the airline industry that is misunderstood, it is jet charter. Frequently classified as toys for the boys or flagrant abuse of company funds, the commercial imperative of hiring aircraft seems to disappear in the outraged ballyhoo attendant on the sight of an expensively suited executive leaping out of a Learjet and into a waiting car.

The industry is more mature in the US than in Europe, with around 17,000 commercial aircraft in the sector, compared to Europe's 3,000. However, according to the European Business Aviation Association (EBAA), while business aviation in Europe accounts for seven per cent of flights per year, it generates nine per cent of business-related revenues; and of the 88,800 city pairs served by business aviation in Europe in 2011, 96 per cent had no daily scheduled connections. The sector employs 164,000 people and generates manufacturing business worth €9 billion so, commercially, it packs a punch.

Not only can those travelling by private jet arrive at the airport ten minutes before take-off, enjoy speedy customs clearance (being partly pre-cleared) and take off as booked, but they can also safely discuss business with colleagues, knowing that there is no risk that the passenger in front works for a rival organisation. And if a meeting overruns, the flight waits. In short, you can go where you want, when you want and with whom you want.

The time-saving argument is irrefutable: "Money – the difference in price between →

### HIGH-FLIERS TOP JET DESTINATIONS

The top 10 business aviation airports in Europe in 2012 by number of total flight movements

1. Paris Le Bourget	47,914
2. Geneva	36,395
3. Nice Cote d'Azur	29,334
4. London Luton	25,779
5. Moscow Vnukovo	25,354
6. Zurich	21,671
7. London Farnborough	20,378
8. Milan Linate	20,279
9. Vienna Schwechat	15,434
10. Rome Ciampino	14,419

Source: PrivateFly.com/WINGX-Advance

→ flying commercial and private – is an infinite commodity. People who are flying privately have a skill and make lots of it," says sales and marketing director of broker Chapman-Freeborn, Alex Berry. "But time is finite and none of us knows how much we have got. They are swapping an infinite commodity for a finite commodity."

And private jets come into their own when flying into inhospitable areas. "They can get in and out very quickly and we can organise bodyguards on aircraft, on arrival or to guard aircraft on the ground, so that no one can tamper with it," says managing director of brokerage Vertis Aviation, Julian Burrell.

Enquiries for private aviation tend to fall into four categories, according to HRG's director of industry and fare distribution, Tony Berry: executive travellers; ad hoc requirement for small groups travelling to destinations not covered by scheduled services; regular group movement such as engineers travelling regularly between two destinations, with prices benchmarked against scheduled services; and crisis management, including movement of specialist personnel and equipment.

"If a ship costing \$150,000 a day has broken down and requires critical repair, it may take a number of days to mobilise crew, get them to a scheduled airport and from there to the vessel," says Berry. "We benchmark that against putting a charter aircraft into a convenient airport, the time elapsed to get to the ship, plus the possibility of carrying several tonnes of equipment, which may be impractical on a scheduled aircraft."

Dispelling the myth that jet charter is only for big-spending multinationals is Adam Twidell, CEO of PrivateFly.com. "The profile of the business customer is changing. In 2006-7 the archetypal business aviation user was in the finance industry. Regulation and recession has changed that

### AIRCRAFT COST GUIDELINES

How do charter costs vary by aircraft? Example prices for an overnight return from London Luton to Paris Le Bourget:

**From £900 per head in a Cessna Mustang**  
(£3,600 total charter)

Seats: 4 Flight time: 48 minutes

**From £800 per head in a Citation XLS**  
(£6,400 total charter)

Seats: 8 Flight time: 41 minutes

**From £780 per head in a Legacy 600**  
(£10,100 total charter)

Seats: 13 Flight time: 39 minutes

Source: PrivateFly.com. Prices subject to aircraft availability at time of booking.



dramatically, and now there is more of a blend of private wealth, corporates and luxury groups."

Twidell continues, "SMEs and entrepreneurs are using private jets as much as the big corporations. They have the ability to choose private aviation without adverse criticism. They are also notably time-poor so the allure of saving five hours on a return trip to Europe really resonates.

"Post-recessional cost-consciousness has accelerated customer demand for value and transparency. There is also pressure on the industry to market themselves differently, demonstrating the efficiency benefits of the private jet as a business tool, not as a luxury status symbol," adds Twidell.

Despite more widespread usage, the market is relatively flat and remains sensitive to the global economy – even for jet charter specialist Victor, which is bucking the trend with impressive growth.

"Jet charter transactions remain down from the peak in 2009 and the market projection remains flat for 2013," says Victor's founder and CEO, Clive Jackson. "Suppliers are chasing a smaller number of jet charter customers, with the exception being the BRIC countries (Brazil, Russia, India and China), where flight movements are up 12 per cent year on year."

Commercial aircraft charter makes sense for one manufacturing company with bases in the UK and in France. It charters 50-seat Embraer 145s for routes around Europe and within France, plus two Airbus 319s for a shuttle service between the UK and France.

"These are used for engineers, buyers, finance people, and the idea is to get them to France as early as possible. Given the

one-hour time difference, they have to get up extremely early," says the company's travel manager. "Sometimes, we can get them there and back in a day and still get five hours' working time. It is run on business criteria."

Chartering is the most common way to access jets and Gama Aviation provides charter, management, maintenance, TMC, manufacturing and IT services. "We can have a customer airborne within 90 minutes of their calling to request a charter and that can allow them to get ahead of the competition," says the company's commercial manager, Paul Cremer.

Choice of aircraft depends largely on length of journey, number of passengers and need for cabin crew. Helicopters are more sensitive to weather conditions and "they tend to have a low speed, a very

limited range and they can be noisy and uncomfortable in comparison to jets," says director of Hunt & Palmer, Jamie Martin. However, they are ideal for short distances and for getting in and out of tight spaces.

Departure point is another consideration and the choices are many. In and around London alone, there are London City

Airport, Luton, Stansted, Heathrow and Gatwick, Battersea heliport, plus Biggin Hill, Manston and RAF Northolt.

"The great advantage of charter in its simplest form is that you make a phone call, get a price, book, pay, fly and forget about it," says chief executive of London Executive Aviation (LEA), Patrick Margetson-Rushmore.

"The majority of people use business aircraft charter only four or five times a year, so the other options don't make financial

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sense." Other options are ownership and fractional ownership.

Typically, owners do not want to run the operations side of owning an aircraft. "An operator gives them bulk discounts on insurance and fuel, an office that operates 24/7 and areas such as fuelling, hotels and catering are dealt with," he says.

Group chairman and CEO of Ability Group, Andreas Panayiotou, is an owner of a Challenger 300 which seats nine. "It is a fantastic business tool. We have hotels in Sicily, Liverpool and Scotland. I can leave for Scotland at 8am, have a four-hour meeting and be back between 5pm and 6pm, which would otherwise take two days out of the office," says Panayiotou.

"LEA manages the aircraft for me and employs the staff, pilot and so on. I fly it 100 hours a year and LEA charts it for 400 hours, which covers the costs near enough."

There are advantages to using a broker, who picks aircraft from a worldwide pool to match clients' requirements. Included in this is impartial advice: "One of the reasons we are trusted is because we are willing to give honest feedback," says

Chapman-Freeborn's Alex Berry: the company will walk away from clients who are hell bent on doing something ill advised.

Fractional ownership is more common in the US than in Europe. It is offered by companies such as NetJets and Flexjet. With NetJets Europe, users buy a fraction of a particular type and size of aircraft, giving access to all aircraft in that category.

Contracts are a minimum of five years, fractions start at 1/16th or 50 hours for a year and customers lose any hours not used

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by the end of their contract. There is a monthly management fee to cover fixed costs such as pilots' salaries and aircraft insurance, and an occupied hourly rate

covers landing fees, fuel, handling etc.

For those who fly less often, Jetcard allows users to buy a block of hours (minimum 25) in a category of aircraft per year, also on a use it or lose it basis. Aircraft availability is guaranteed within 24 hours, against ten hours for fractional ownership – or one and a half for jet charter.

"Users get one name and one telephone number and NetJets knows your preferences and has aircraft worldwide," says LEA's Margetson-Rushmore. "But if you do a lot of day

trips it could work out quite expensive."

However, if there were any doubt as to the value of business aviation, proof is in the fact that scheduled airlines such as bmi, Lufthansa and Qatar Airways are offering jet services, and the latter two view the option as complementary to their premium services.

Given time savings, convenience and versatility of chartered jet services, it is not difficult to work out that they can quickly justify the investment. •

#### MAKING THE CASE FOR PRIVATE HIRE

Ford Motor Company used air charter to fly engineers into Craiova in Romania from January to September in 2012 to prepare a plant for the launch of the B-Max.

"We used Jet 2 and Germania and hired Boeing 737s with 148-150 seats to get groups of people there on Monday at 1pm and bring them back on Friday at 4pm, so they were back for the weekend," says travel manager EMEA for Ford Motor Company, Stephen Swift. "It would have been a three-day week if they had travelled commercially, and as soon as we filled more than 125 seats, it made commercial sense." The aviation manager for the now-defunct airline Ford Air still works for Ford and he negotiated terms that allowed the company to pay monthly, rather than upfront, which gave it more flexibility.

Swift also had to do a lot of work with the airport to ensure there was fuel, de-icing facilities and more, and this was in addition to the charter company's own recce.

"Essentially, we reinvented Ford Air over four to six months," says Swift. "We organised the airline and hotel in plenty of time, had the booking system up to speed and flew the project team from Southend to Cologne to Craiova. We refuelled at Cologne because the runway at Southend had not been lengthened, so the plane could not take off with a full tank.

"The business case has to stack up. If we had not got the numbers of engineers to make it work, we would not have done it," adds Swift.

