

BUSINESS JETS - OVERVIEW

One of a series of papers for business jet owners

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On Your Side of the Table

Gary sold his first business jet, a Learjet 36A, in 1983 and bought his first VIP Boeing 727 in 1986, having throughout remained actively engaged in the specialist field of aircraft transactional management, performance and economic evaluation, acquisitions, disposals, finance and leasing, and personally having handled over 300 jet aircraft transactions in this period of which over 150 have been business jets. This has included the evaluation and purchase negotiation of fleets of new Airbus and Boeing airliners, including the Boeing 787 Dreamliner as Head of Aircraft Acquisitions & Leasing at a major airline, and all principal business jet models.

He has somewhat uniquely overseen aircraft transactions for airlines, governments, multinational corporations and private individuals, encompassing most principal airline, regional and private/corporate aircraft types, and has contributed to a number of industry journals on the subject of aircraft selection, operations and related economics.

Gary's extensive experience and expertise helps clients achieve an optimum, hassle-free transaction for the acquisition of their aircraft at a fair price and as expeditiously as possible. His experience of the corporate jet sector in particular dates back to the very early 'eighties, when he operated Citations and Hawkers, but, since which, he has transacted most models of VIP Airbus and Boeing *biz-liners*, Challenger, Citation, Falcon, Global, Gulfstream, Hawker, Lear and others, with a detailed and personal understanding of the operation and maintenance of these types in daily use around the world.

Every jet aircraft in the marketplace is tracked daily, with detailed knowledge of aircraft offered on the global pre-owned market, also new-build aircraft offered by the original contract purchaser pre-delivery from the manufacturers and those pre-owned that are offered discreetly not wishing to cause ripples in the market.

Buying on your behalf, he can provide a comprehensive overview of competing aircraft, help evaluate true lifetime ownership and likely maintenance costs, and only present aircraft for your consideration that represent best value.

On your side of an acquisition, he can aid in a controlled, discreet transaction at an optimum price. You pay only a pre-agreed fixed fee. No conflict of interest is permitted, and surprises are eliminated.

As a long-time operator and auditor, Gary holds particularly strong views on safety management, often considered excessive. However, as also an individual with high personal ethics, he is committed to serving his clients' interests to the best of his ability and not those of parties that may have conflicting interests.

Airlines & the Business Traveller

Scheduled airline services fail to provide on-demand, secure, private, comfortable, direct point-to-point air transportation, hence an increasingly large number of corporate travellers and private individuals elect to use private jet aircraft operating to their own precise schedule and routing.

Less than 5% of the World's airports are served by major airlines, and almost every journey involves flying through one or more congested airline hubs.

Airline passengers are no strangers to over-bookings and to repeated delays caused by late-incoming aircraft, missing passengers and the need to find and off-load baggage, late connecting passengers, lack of available stands, and by repeated slot, crewing and security problems. The constantly changing environment is inevitably impacting on quality and reliability, with scheduled airline services increasingly

seen to be failing in their attempt to deliver an adequate and appropriate service to the regular business passenger.

Airline travel has changed significantly over the years, to many minds considerably for the worse. Scheduled flights are subject to increasing delays. Published schedules are stretched out so that trip times become longer to disguise such delays and limit liability. Jet airliners are flying much slower at more economical speeds. Aircraft take less fresh air through their cabins to save even more fuel. More baggage is reported lost or broken into. Check-in and security procedures take longer. Terminals, check-in areas, security zones and priority service lounges are ever more crowded and less appealing. Cabin crews are arguably less attentive. Meal quality is generally poorer, also now often accompanied by plastic cutlery. Cabins are becoming fuller and perhaps cleaned less often. These changes affect passengers in all cabins.

Meanwhile, airlines are increasingly being forced to follow aspects of the 'low-cost' model, to a greater or lesser extent, in order to survive in a cutthroat business and not least to meet shareholder expectations. There is undoubtedly pressure on multiple fronts, some of which impacts not just on service standards experienced by the passenger but in the view of many experts, ultimately on safety and reliability too.

With the added greatly increased threats to airport, airline and aircraft security of current times, together with the health issues surrounding self-protection in an enclosed and crowded space, now perhaps likely to get worse before getting better, scheduled airline travel is for many an experience to be missed. The future of the private and corporate jet for those able to be selective is assured.

Corporate & Private Aviation

With the personal jet, opportunities are not missed as a consequence of delays and missed connections, as there simply are not any. Valuable time is not wasted.

The user sets the schedule. If the passengers are early, the flight takes off early. If passengers are delayed, the aircraft waits as long as necessary. Changes in schedule or destination, at the last minute or even mid-flight, can be accommodated with ease.

Privacy, safety and security are enhanced.

Frequently operating from and into secondary airports much closer to actual departure point and final destination, passengers are whisked through formalities quickly and discreetly, often being able to transit the departure airport in mere minutes and leave the arrival airport also within minutes of landing. Private terminals may be used, apart from congested airline passengers and the associated delays. Personal vehicles are often permitted direct ramp access to the aircraft under escort.

The aircraft itself provides a completely private and secure environment for on-board business, communications, wining and dining, or simply resting enroute in comfortable and familiar surroundings with people you know.

Safety procedures, training and maintenance standards can be established to match those of the world's best airlines. With significantly reduced travel fatigue and stress, efficiency and productivity improve dramatically.

The private jet is today considered an essential part of the business equipment of corporations, governments and individuals, having long proved its worth in its contribution to business efficiency in providing the facility for management to operate with greater flexibility and cost effectiveness.

At the end of 2023, there were over 24,000 (2019: 22,400) business jets recorded in use worldwide, of which more than 9,500 (8,456) can be classified as heavy jets and over 5,100 (4,924) as medium, representing a similar total number to the combined fleets of the world's principal airlines. Of these, North America accounted for more than 15,000 such aircraft, Europe some 2,700, Asia-Pacific 1,500, South America 1,500, Africa 500 and the rest smaller markets or not attributed to a specific geographic area.

Some 563 new-build business jet aircraft were delivered by the big five manufacturers to customers in 2023, with perhaps circa 675 anticipated to be delivered worldwide in 2024. Of those in service, as is the case with airliners, approximately a third are under ten years old and a further third between 11 and 20 years old. The vast majority of medium-sized and larger business jets ever built remain in service today.

The experiences of Covid-19 undeniably created an environment for the increased acceptance and use of the private jet in order to travel safely within a controlled 'bubble' and with far less 'touchpoints', also with the added benefit of using less heavily populated private terminals and FBOs, and with the market having now stabilised. In Europe alone, there are typically around 4,000 business jet departures per day, already above pre-Covid activity.

Costs & Benefits

The cost of utilising a private aircraft is not inexpensive. However, it is undeniably a proven business tool that brings considerable benefits, though many of which cannot however be attributed an immediate cash value.

Passengers can travel direct, discreetly, securely, and with a small group of people they know, also benefiting from a very personal level of on-board service, amenities and attention to detail unavailable on the airlines.

There is certainly a value to savings in direct management time, in greatly improved management versatility and in overall business efficiencies, in leaner management structures, and in the reduction or negation of other travel costs. The greatest benefits are in the ability to react immediately to business demands, wherever they may be.

However, the many benefits of using the private aircraft are not confined to business matters alone. The freedom to make discretionary journeys enhances the owner's preferred lifestyle and that of those around him or her. The aphorism that work expands to fill the time available for it can be applied to private jet aircraft use as *"travel expands according to the availability of the transport!"*

A benefit to private aircraft users is the opportunity of using regional airports for speedier arrival and departure procedures for both passengers and aircraft, coupled with the use of private terminals and direct vehicle access to the aircraft, all negating the stress, frustration and increased concern associated with utilising overcrowded airport facilities.

The business jet environment is a private and secure space, an extension of one's office, study or living room, permitting confidential conversation, as well as entertainment of choice and dining to taste. Flight crew cannot hear what is being discussed and are in any event engaged purely in the operation of the aircraft. Cabin crew are carefully selected for their professionalism and discretion, being unobtrusive yet quietly attentive. A private flight attendant is selected to operate in a very personal and private environment akin to the owner's home or office, someone who knows how to deal with high profile individuals, their families and guests with absolute professionalism, respect and confidentiality.

Some users charter ad hoc as required, others buy into Jet-Card or fractional share schemes to meet regular needs, and a number acquire their own aircraft to assure availability and standards.

Private aircraft are now a mature segment of global aviation, from twin turbine helicopter and light jet at a domestic and regional level, up to large cabin long-range aircraft models capable of traversing the Globe.

To Own or Not to Own

Industry rules of thumb suggest that aircraft users with an annual need for up to, say, 50 flight hours typically charter. From 50-100 flight hours, a block of charter time is best perhaps purchased at a negotiated rate. From 100 to 200 hours, joint ownership, co-ownership or a fractional share may make the most sense, with full ownership often being most appropriate above 200 or more hours annually.

Nevertheless, it is clearly true that many private users are in the position to make the decision whether to own an aircraft or not based purely on their own personal needs and requirements rather than a rigid application of an estimation of the number of flight hours to be operated.

When asked by a prospective purchaser the cost of operating a new private jet, one aircraft salesman was heard to say, *"A couple of million dollars for the first hour, thereafter a couple of thousand bucks an hour"*. This is simplistic but valid assessment of the principle. The true overall cost per hour reduces significantly with each hour flown. The typical annual utilisation for a privately owned and operated corporate jet aircraft is between 200-500 hours. Utilisation projections can be used to establish an approximate budget for planning purposes, however fixed and variable costs should be identified

separately. The fixed cost is the facility or opportunity cost, i.e. the '*cost of the first hour*'. The variable cost is the actual cost of use, i.e. the cost of each subsequent hour.

A personal aircraft provides the opportunity to dictate that the highest possible standards of safety, security, flexibility and on-board service are constantly assured.

Charter

Several thousand licensed air charter operators are registered throughout the world, operating aircraft as diverse as six-seat piston-twins, larger turbo-propeller business aircraft, helicopters, business jets through up to VIP-configured airliners. Many of these operators provide, subject of course to aircraft and crew availability, immediate response 24-hours a day. Availability is always subject to market conditions and, in chartering on an ad hoc basis, the regular charterer will inevitably experience a wide range of operators with differing styles of operation, various aircraft types and models, unknown faces in the cockpit, and often marginal service standards.

A large number of such charter aircraft are owned by private individuals and corporate entities and managed by professional aircraft management organisations under a commercial Air Operators Certificate. This facilitates legal charter to third parties when not otherwise in use. With such owners primarily seeking a contribution from charter revenue to offset their ownership costs, many charter rates have historically been (artificially) low. However, it must be noted that primary use of the aircraft is for the owner, thus true availability in the charter market is limited.

Most charter operators therefore routinely operate house fleets of older, fully depreciated aircraft offering the operator the best margins, supplemented by one or two newer customer-owned aircraft managed and operated primarily for the owner. Few operators have the financial resources to invest in newer equipment for dedicated charter operations. At current charter rates, a commercial operator taking the financial risk in owning such a machine will generally achieve a breakeven at somewhere between 600 and 650 annual flying hours, depending much on the age and thus capital cost of the aircraft. Attractively refurbished older aircraft will generally achieve the same charter rates as newer machines of the same or similar capacity and performance. The average age of charter aircraft used is presently over twelve years, with many much older than this.

Frequent users may however take advantage of their relative bargaining power to conclude reduced rate, sole-supplier, and block time agreement or commit to a pre-paid card. Under such agreements, the customer will generally have guaranteed availability and a fixed rate for a defined contract period. He or she will know what to expect of the operator and its crews. The operator will also understand the customer's precise needs and service standards may be enhanced.

Fractional Share & Prepaid Cards

For the more frequent user possibly unable to justify full ownership, there are several established multi-user, fractional ownership and other shared-use schemes.

Fractional ownership permits the shareowner to utilise one or more of a pool of similar machines (some of which may be the advertised new aircraft and others older aircraft purchased preowned) for an agreed number of hours each year. Fractional operators typically also offer a block-hours pre-paid card type arrangement as an alternative for those regular user, concept or prospect customers not buying into an aircraft share.

An annual block of hours is bought. Availability is guaranteed and a maximum response time is assured, though may be longer than desirable, e.g. normally at least 6-8 hours and in certain cases 24 hours or more. The fractional operator may, however, also charter from other commercial operators to meet its contractual obligations or to minimise its own positioning costs. In addition to the cost of purchasing a share at the prevailing market rate, the shareholder pays a fixed monthly management fee together with pre-set hourly usage charges, normally simply for the occupied time only. For a pre-paid card, hours are pre-purchased, but there is no share in an aircraft.

Key requirements for such programmes are sound logistics and operations management, and in many cases a critical mass of new aircraft on order so as to meet sales promises. The fractional operator primarily acts as a manager for its members, in a number of countries operating aircraft under quasi-private rather than commercial rules with, in particular, differing restrictions on maintenance regime, required runway lengths, weather reporting and pilot duty periods. In Europe, most such operations are

conducted under full commercial rules. The service provided is a fairly standardised, arguably *lowest common denominator* product, with unknown faces in the cockpit. Fractional operators in general arguably generate most of their profits from trading their aircraft and associated shares, creating the market and unilaterally determining prices at time of purchase (often high relative price for share in a used fleet aircraft which customer often perceives to be new or nearly new) and buy-back (low price based on then-market depreciated value of 'tired' high time aircraft). It is noted that the effect of this strategy, and the sheer numbers of aircraft involved, have an increasing bearing on the wider used aircraft market, though the aircraft involved can perhaps realistically only enter the bottom end of the preowned market (much like used rental cars or former taxis).

Budgets are quoted to be easier to establish and surprises are said to be minimised. On exit from the plan, a shareowner can sell its share at the then-prevailing market rate.

Nevertheless, in respect of a prepaid card, funds lodged are generally unsecured and are routinely co-mingled allowing the cover of day-to-day business expenses. Close scrutiny should therefore be paid to credit ratings, balance sheets, bond repayments and recent trading, borrowings, change in free cash flow, and customer pre-payments for hours as yet not flown, and the sector has indeed seen some spectacular failures.

Ownership

For the regular user, full ownership may be far more economic than either charter, pre-paid card, or fractional share.

Benefits are constant availability and relative economy. Critically, operating standards and security are also brought totally within the control of the owner. Cost of capital and depreciation become considerations. Leasing options are also available, certain of which provide 'off balance sheet' benefits.

Advantages of ownership are:

- Equity stake in the asset at best negotiated price
- Ability to select aircraft type, make, model, age, history
- Ability to design or in the case of a preowned aircraft refurbish to meet own personal requirements
- Immediate response capability
- Known crews (total security and confidentiality)
- Absolute control of maintenance and operating standards, and related cost-control
- Choice when to upgrade, downgrade or sell, and at what price

Disadvantages are the possible lack of back-up aircraft and also non-availability when on maintenance, and non-availability to the owner if charter is permitted to third parties. To alleviate such issues, maintenance can be scheduled at times so to have minimum impact on the owner.

Many owners elect to place their aircraft under the control of a management company, which will provide all the necessary support (crews, training, maintenance, etc.) and which can potentially offset some costs by offering the aircraft to others for charter should the owner so wish. However, revenues may not be relied upon as being predictable over a period of time as availability for charter depends entirely upon the owner's personal pattern of use. The revenue from chartering is related directly to the availability of the aircraft in the wider market and, most importantly, effective marketing and management of the charter process which may be in an operator's interest and not that of the owner. In many cases, projected charter revenues are therefore highly subjective and placing an aircraft for charter adds substantially to overall costs in terms of increased crewing, increased maintenance and spares requirements, undue and increased wear and tear, and ultimately a major reduction in aircraft residual value. However, there may be advantages for an owner to lease an aircraft to an operator and chartering it when required as a business expense.

Where immediate availability is required, or specific security, safety monitoring and service quality concerns exist, third-party charter operations are not generally recommended.

Aircraft Selection

Having extensive experience over many years of all the principal aircraft types and models, in terms of mission performance, operating and maintenance costs, product support, ability to finance and value retention, Gary has an unparalleled expertise in the selection, acquisition and subsequent ownership and operation of business jets.

Totally impartial, the team tracks every aircraft on the market, to ensure up-to-date information on trends, availability and status, with an unsurpassed knowledge of the precise characteristics, performance and operational considerations associated with each type. We can advise on true costs of ownership and operation experienced by other users, and validate against charter, lease and fractional share options, coupled with an ability to review individual aircraft histories and current technical condition, to establish optimal purchases.

Private jets fall into four main categories: entry level light jets, aimed primarily at the private owner/pilot and family; mid-size medium-range jets, providing a stand-up cabin; super mid-size long-range jets; and global range business jets. The principal manufacturers compete against each other in most of the categories, with brochure specification, cabin amenities, performance and costs of ownership being similar. Certain models do, however, inevitably hold re-sale values better, while some have peculiar design, reliability, maintenance, spares or support issues, some a short production run or been sold in a limited performance version affecting values and re-saleability.

Key elements in choosing an aircraft are mission requirement (range, accommodation, passenger and baggage capacity); performance limitations (specific to routes flown and airfields used); quality of build and finish to desired specification; reliability record in service; technical and spares support in service; lead-time from order to delivery; overall value against competing types; ability to finance the purchase; and resale value.

Prices are market-led. We keep abreast of the market and recommend the price that should be paid for a given aircraft, valuing against the competition at the time, advising on current trends, pending issues and negotiating strategy, also handling or assisting in resulting negotiations with the required technical knowledge and understanding. While only 5% of jet aircraft are listed for sale at any time, it is typical that around 20% of business jets are transacted each year, most as owners trade up in size or buy new models to replace a previous aeroplane.

Differences in cost of operation between the various models are largely a factor of: relative capital value, hence depreciation, cost of capital and insurance hull rates; relative maximum take-off weight, hence engine power and associated fuel burn; consequential navigation charges and handling fees (which are linked to weight); hangarage and parking charges (which are linked to physical aircraft dimensions or weight); relative complexity, hence engineering man-hour requirements and cost of maintenance; and true residual or ultimate resale value. Other costs, such as crew salaries and expenses, liability insurance, etc., are much the same for all types.

Aircraft Acquisition

A straight-forward Sale & Purchase Agreement under an acceptable jurisdiction is used to effect the purchase. Key elements are transfer of clear title of the agreed aircraft and its identified engines and APU, in an agreed condition, for an agreed price, on an agreed date, and the proper release of any liens or charges. The transaction closing will be subject to the prior completion of a full and detailed survey of the aircraft, its engines and associated records to the buyer's satisfaction.

Charges and liens can accrue from past financing, but also from maintenance and repair, unpaid airport charges and navigation fees. Engines may also be owned or leased separately or be subject to further charges from different parties. A title search is conducted by searching the relevant mortgage registers. In some countries, including in particular the United States, specialist title search agencies are retained for the purpose. The International Register, based on the *Cape Town Treaty* and now ratified by many countries, allows additional searches.

The price negotiated may include certain rectification work. The Sale & Purchase Agreement will require verification of the aircraft's advertised status and an interrogation of records and the final price may then be renegotiated in the light of the resulting inspection report which will identify any material discrepancies. A procedure for then accepting the condition of the aircraft at delivery, either 'as is' or with certain corrective actions performed, must be established and documented.

Dates may be of the essence. A certificate of airworthiness for export may be required along with formal de-registration. Certain programs may have to be evidenced as fully paid up to date. Delivery location may impact on customs procedures and sales and other taxes. Insurance arrangements, particularly a documented time for transfer of risk, must also be clear.

Documentation effecting a transfer of title and funds for the purchase are normally handled under an escrow arrangement in order to properly protect all parties in a transaction. Following execution of a Sale & Purchase Agreement, a known and insured bonded escrow agent is mutually agreed. Escrow fees are normally split between the parties. Seller will lodge registration and bill of sale with the escrow agent and creditors and lien holders will lodge discharges subject to payment from completion proceeds. Buyer will typically first lodge a (fully refundable) deposit with the escrow agent, binding the transaction and withdrawing the aircraft from the market, thereafter, following a pre-purchase inspection, either being returned or becoming a non-refundable deposit against the agreed price. Completion and transfer of title will then be scheduled to occur against a balance of the purchase price and effective delivery.

A number of arrangements need to be put in place simultaneously with a physical acceptance and delivery, including finance documentation, further verification, aircraft registration in the chosen jurisdiction, insurance (comprising hull, war risk and third-party liability), data plates, valid certificate of airworthiness (which requires a further physical survey by the new registry), crew licences or validations allowing the operation of the specific aircraft, designated airspace approvals, certain manuals and a number of aircraft document and navigation database subscriptions. There may also be a transfer of remaining warranties, maintenance and parts programs. The process is coordinated in advance so as to be seamless and timely, allowing for a quick and smooth entry-into-service with the new owner. We are happy to advise and assist with each of these requirements.

Pre-Purchase Inspection

Detailed physical survey of an aircraft's technical status, records and modification state is essential. When acquiring any aircraft, whatever the aircraft's age, it is important to carefully evaluate the precise history and status of the machine through pre-purchase inspection of the aircraft and its records back to birth. This may be performed by the manufacturer, a major service centre or an independent engineer with no vested interest.

Even a new aircraft requires thorough inspection at various stages in the production process. Some buyers like to have a technical representative on-site for much of the process, particularly during the outfitting and completion stage. Most new aircraft have production defects, repairs and concessions during build and numerous faults at the time of being tendered for delivery. Quality is impaired in many cases, whether visible or not at this time. It is therefore particularly important to have knowledgeable technicians involved in an acceptance, not just an operating crew who are unlikely to have sufficient exposure. Serious negotiation at this phase routinely proves invaluable in ensuring contract requirements are meticulously met and that the aircraft purchased reflects the best of its model on entry-into-service, throughout its operation with a new owner, and upon eventual resale.

In the case of a preowned aircraft, a detailed records review will show how and where the aircraft has been operated since new. Certain trends may be identifiable and justify further investigation. Any damage and repairs will be identified and investigated. Compliance with mandatory airworthiness directives, required inspections and recommended service bulletins will be established. Key component records will be examined carefully to verify original source, traceability back to birth, and establish service life remaining. Records must be complete, back to birth, and, ideally, be in English.

Options taken up during manufacture and subsequent modification or repair can result in a large number of possible permutations in individual aircraft specification, range, weight, certification status and value. Build year and entry-into-service year may be different. An aircraft may have been damaged and repaired during manufacture. Interiors may impact certification, weight and balance, useful fuel capacity and may impact the aircraft's ability to meet brochure performance. Woodwork repairs, invisible to the naked eye, may only be picked up under ultra-violet light.

A pre-purchase inspection will include consideration of the above, in addition to full systems check, verifying that all systems are operating correctly, a borescope inspection of engines and APU looking at blade condition, and repairs and replacements effected during the aircraft's life. Particular focus will be on the oft-used practise of replacing sometimes major parts in lieu of an otherwise documented repair

detracting from value. A flight test will validate the aircraft's serviceability, while close attention will also be paid to the operation of cabin fittings, entertainment system, drawers and doors in flight conditions.

The selected engineer or organisation inspecting and reporting on the condition of the subject aircraft will be independent of the seller and conduct of previous maintenance, highly knowledgeable and experienced with the aircraft model being inspected, also considering the rules and standards applicable in buyer's state of registration.

The pre-purchase inspection does not need to be performed by the manufacturer, independence being particularly important. A survey may thus result in a recommendation to *walk away* from a particular aeroplane, sometimes even several, before the *right* aircraft is viewed or accepted.

Crewing & Management

The basic requisites for crewing private jet aircraft are, or should be, exactly the same as for an airline transport aircraft, with pilots and other crew members holding the same professional licences and qualifications and having at least the same level of experience.

While many airlines may accept pilots with a low relative experience, preferring in many cases to develop skills and experience in line with developed house procedures and within a large pilot team structure, the better private aircraft operations tend to favour more experienced pilots and ones able to function without a large supporting infrastructure. However, not all pilots are the same.

There are wide-ranging views as to respective ability, with arguably little difference in the ultimate skillset of carefully selected experienced aviators whatever their route to crewing a modern complex jet. Selection of an appropriately trained and qualified, skilled, mature and totally customer-oriented crew is essential.

Management companies, some significantly better than others, take responsibility for the legal, safe, competent and cost-effective operation of private aircraft and are generally experts in the intricacies of global aircraft operations, maintenance, crewing, flight planning, dispatch and flight watch. Required maintenance is planned in advance so as not to impede an owner's use and is conducted by a carefully selected approved maintenance organisation, supervised and verified by the management organisation to have been properly undertaken and within a controlled budget. The aircraft will be kept airworthy at all times, clean, stocked, secure and ready for flight. Pilots and other crewmembers will have been carefully selected having considered not only legal and licensing matters, but also genuine skill, ability, aptitude and discretion, in addition to suitability for secure private or corporate operations. The operator must also have in place written operations and training procedures, constantly reviewed and updated not only for regulatory compliance but genuine best practice. Things to watch for are crew selection based on internal seniority or arbitrary appointment rather than true ability, transfer pricing and non-transparent services procurement, limitations on fleet insurance through capping total risk, and hidden credit notes on, for example, fuel, maintenance, spares, insurance, handling, cleaning, and other third-party charges. A management agreement should be negotiated, as there is no such thing as a '*standard contract*' while a management company may present a first draft that is totally one-sided and unreasonable for an owner who may not know any better.

Some owners elect to retain more control of their aircraft, flight personnel and purchasing, however an internal Chief Pilot must definitely be able to manage an operation and continually monitor his or her team, procedures and supporting capability to ensure compliance, continuous best practice and high overall standards. Operations must likewise be conducted in accordance with approved manuals, a safety management system that is fit for purpose, established maintenance procedures, and an approved minimum equipment list to allow dispatch only in an acceptable condition for safe flight.

In all cases, safety and effective risk management is to be at the forefront of a flight operation and an operation, whether under external management or in-house, can, if well-managed, result in a level of safety that equals the world's best airlines.

With thorough advance planning, an aircraft's entry-into-service may be coordinated to be a smooth *turn-key* experience

Operational Oversight

The founding principle of any flight operation is safety, operating one or more aircraft in a manner that uses a combination of training, skills, experience, maturity, best practice and common standards in an

environment of willingness to benefit from continual learning, an exchange of views and ideas, and the past experience of others.

Private jet marketeers quote safety levels equivalent to those of the best airlines. However, what may be considered legal and compliant is not necessarily best practice and, as in the best airlines, safety must be constantly reviewed and managed proactively. Some operators are significantly better than others. In the very best of operators and flight departments, as with airlines having structured internal safety departments, safety is put to the fore with a genuine appreciation of key elements of crew assessment, selection and training, common standards and operating procedures, learning from internal and external incidents, and disseminating information to pilots and other personnel appropriately and regularly.

Corporate pilots may never have been exposed to comprehensive selection criteria, interview boards, detailed audit of CVs or logbooks, psychometric testing or pre-selection simulator flying assessment used routinely by air forces and major airlines. Many will only pass basic competence tests required once a year in a simulator, where hours are precious, and costs often limit re-testing. Some will have benefitted from past career opportunities perhaps without impartial scrutiny of their true experience and capabilities under pressure. Accordingly, there is noticeably a diverse and highly individual combination of characters and with a range of abilities engaged in private aviation today.

Commercial operations are routinely subject to regulatory inspection of training requirements, certification, route and airfield experience, aircraft loading, fuel and route planning, risk assessment and the use of standard operating procedures. Flight checks are performed without warning by inspectors. Reports are then issued in confidence and without the aircraft owners or regular passengers having any knowledge. While private operations are routinely exempt from any such scrutiny, even when operations are conducted under the umbrella of a management company holding commercial certificates, there is a strong argument to insist that the people in the back deserve full transparency and the same approach to quality, safety and standards. It is therefore considered essential for an owner to insist on the ability to perform risk assessments and to introduce independent inspection and oversight into the process, beyond that typically being proposed by a management company or internal chief pilot. A management agreement with a third-party operator, or the internal procedures of an in-house flight department, ideally allow a formal and regular audit process for inspecting the quality of the operation being performed and further the ability to make recommendations for measurable improvement to meet and exceed expectations.

Third-party billing needs to be closely reviewed regularly to ensure that no more is being paid for services and supplies than necessary, in particular fuel uplifts, insurance, communications, handling, catering, maintenance and other expenses and recharges.

Gary and his team are equipped with the necessary experience and expertise over many years and the practical capabilities to create an initial in-house flight department for a new owner, or simply assist with initial test flights, documentation, delivery, ferrying and other essential and desirable services to ease a smooth contracting and entry-into-service with an appointed operator.

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Gary Palin is an acknowledged industry expert in the field of aviation management, having led the contracting of over 300 aircraft in a career spanning over 40 years in the sector. He has bought, sold and operated most jet aircraft types, including all principal business jet and airline models, and served for many years as Accountable Manager for the fleet operations of complex aircraft across the globe.

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