Starting from Scratch: Building Your First In-House Flight Department

by Jay Mesinger

Don't let the title of this article throw you off. I assume that before you start this process, you have explored many of the alternatives to starting your own flight department. But in case you haven't, let me throw out a few suggestions:

- Hiring a management company to operate your aircraft.
- Hiring a 135 Charter company to add the aircraft to their certificate, and use it for charter when you aren't flying.
- Getting involved with one of the many good fractional operators.

Each of these solutions provides different benefits and drawbacks. Each has a differing cost basis. But if you are still envisioning the creation of your own flight department, it can be helpful to approach the process by systematically addressing the following key areas of development.

The Goal: To build and create a world class, in-house aviation department that meets the cultural and travel needs of the company; to assess the company's aviation needs by building a mission profile that encompasses travel destinations, frequency, number of passengers and equipment priorities; to build operating procedures and corresponding manuals and auditing implementation; to advise on all levels of FAA compliance issues.

The Mission Profile: This begins to add focus and clarify the deliverables associated with the goal. By looking at the travel culture of your organization, the correct equipment solutions begin to take shape. We help clients analyze their last few years of travel habits and expenses. After compiling that data, a discussion follows regarding how this might change over the next six to twelve months, and then over the next three years. By looking at the travel locations and the frequency, as well as the type of aircraft desired, an annual budget can begin to take shape. In the assessment of aircraft model, the following issues are considered: When looking at the segments, is a non-stop solution a must? Stand-up lavatory a must? Is a galley or room for a flight attendant required? This begins to define a choice of a small, medium or large jet. This also leads to determination of the type of facility needed to house the aircraft. It all begins to fit together for a complete answer regarding the equipment desired.

Budget: This is an outgrowth of the mission profile. Now that the choice of aircraft is taking shape, one has the ability to create the budget. The amount of annual flying, as well as complexity of aircraft, will lead one to create a salary scale for pilot, co-pilot and mechanic. The size of aircraft chosen will affect the price of hangaring options. Fuel quantities needed to accomplish the mission will lead to estimating probable fuel programs and discounts. Insurance costs can then be quantified. Your fixed and variable costs will begin to materialize.

Flight Safety Procedures: A flight department and operations manual can now be developed, having defined the mission profile and its implementation. Maintenance and safety guidelines can be established and confirmed in safety and procedures manuals as well.

Supplies: Identifying regional vendors for fuel, catering, spare parts, aircraft cleaning and other needs is the next step, leading to contracts negotiated for annual services. Reliable outside vendors and suppliers can greatly enhance the smooth operation as well as the overall experience of passengers and crews.

FAA Compliance: This is critical to the lasting success of the department. Operating well within the guidelines set out by the FAA will ensure safe legal practices and also be paramount to the confident operation of your flight department.

Personnel: This is the most important aspect of developing the in-house flight department. Obviously safety is number one. Personality, cockpit etiquette and cockpit psychology are critical. The ability to understand and implement the mission is vital. This human dimension of a flight department makes or breaks the enjoyment and success of aircraft ownership.

These seven elements provide the structure for considering and starting your own in-house flight department. Experience and history reveal that a company usually buys an aircraft to cover 50 – 70% of the needs defined in the mission profile. The use of commercial or charter solutions may still play a role in the overall travel solution. Bringing in an aircraft professional to help in the development and implementation of the plan is always advisable. The tax planning associated with sales and use tax and also federal tax is essential. You can go to my website, www.jetsales.com, and click onto the *First-Time Buyers Guide.* This downloadable resource will assist you in the process of your first acquisition as well as development of the mission profile.

On April 25th, at our monthly *Aviation Leadership Roundtable*, we will be talking live online with several aviation professionals skilled in creating highly efficient flight departments. Please join us. To participate, simply go to www.theaviationhub.com, click into the *Aviation Leadership Roundtable* section and click "Enter Conference". It's free and will last about 45 minutes. You will be able to exchange ideas live online. The only thing needed is a download of the software, RealPlayer™, available free from our site. It takes about twenty minutes to download on a standard dial-up connection, so try to accomplish that in plenty of time before the event. I look forward to seeing you there!

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