

CEOWORLD Magazine

BUSINESS TRAVELLER

Three Things Every Business Leader Must Do To Prepare Their Private Aviation Portfolio For Economic Uncertainty

 Anthony Tivnan Business Traveller August 20, 2019



Benjamin Franklin said it most succinctly when he famously suggested that failing to plan is planning to fail. If we told you that it does not matter what side of the “recession is coming / not coming” debate you are on – you can take a handful of actions to make your business more profitable during both a boom and a bust – would you be interested? Of course, you would.

During the fourth quarter of 2018, I joined eight colleagues from an entrepreneurs’ group we belong to and conducted an exercise to determine if our professional, business, and personal lives could be

“recession-proofed.” Our research and collaboration surfaced several pointed insights and ultimately resulted in solid plans and backup plans that gave us confidence that not only are we prepared for any economic eventuality, but we can also be more profitable during boom times by applying some of the same ideas and principles we plan to use during a downturn.

It seems like common sense that if an individual, business, or economic sector is in economic crisis that one would be wise to cut back on big expenses and cancel meetings, events, and experiences that stand out as high-cost / low-return items on the balance sheet. Instead of sitting on a big axe and waiting for a financial crisis, we propose that making moves now can make any organization more agile and profitable during both growth and shrinking economic cycles.

A few examples of why it is counter-productive to cut back on private aviation travel include:

- One study we found demonstrated that 42% of high-value clients leave their current provider of business services when in-person engagements were cut from the schedule
- Another study determined that when budgets are tight and economic pressure is high, prospects that were engaged in-person were twice as likely to become customers than prospects that were engaged with electronic or other telepresence
- Yet another study revealed that companies that re-deployed their travel dollars into appropriately scaled and well-managed private aviation portfolios grew twice as fast post-recession as companies that had eliminated their business aviation solutions

Sounds like a “Catch-22” – keep the big, expensive, luxurious travel option at the same time your own colleagues have plans ready to shrink headcount and other big costs if necessary. We respectfully disagree. Let’s honor the spirit of Ben Franklin and get to work planning to be successful with three simple things we can do now to transform any private aviation budget from an eye-catching line-item to a productivity power-house.

- **Zealously and Relentlessly Control Your Aviation Costs**

- # Do not renew with your current provider just because you've always done it that way

- # Be flexible and get out from under big assets and long-term agreements

If you agree that private and business aviation is the key advantage that allows your business to leave your competition in the dust – don't wait for your CFO or procurement leadership to darken your doorway with the inevitable "everything must go [to coach class airlines]" proposal. Set a quarterly exercise to determine how much you spend in your aviation portfolio and demand that those dollars are tied directly to productivity metrics. This is a crucial exercise if you have a flight department, own an aircraft, a share of an aircraft, or have a lease with terms measured in years instead of months.

Don't allow your air power to be dropped. Don't rely on a single operator to tell you what's best for you – it is, of course, what's best for them! Always! Instead, either develop in-house aviation expertise that can manage an aviation portfolio with your interests in mind, or outsource such services to companies that can tailor-make solutions to your specific needs – in real time.

You should also be on high-alert if you "fly with a friend" or have a "very cost-effective dry lease." When the IRS or DOT questions such arrangements, the ultimate cost in penalties, legal fees, and your reputation are never worth the short-term gain of too-good-to-be-true arrangements. If you find yourself in this type of situation, you must consult a neutral, disinterested expert immediately.

- **Use Aviation Dollars to Diversify and Grow Your Client Base**

- #Turn a business trip into a business development road show

- #Put flexibility and geography together to work for you instead of against you

Non-aviation experts engage in interesting algebraic exercises where the cost of a private airplane is divided by the number of seats and voila – a cost per seat for a specific mission at an "acceptable" percentage above first-class air fare.

This math, though admirable and logical, ignores the advantage of adding a 15 to 20-minute hop onto a specific trip. Going to the factory in the big city? Hop over to where the supply chain begins and knock out that meeting on the same day. Going to visit an unhappy customer at their resort location? Jump to the near-by metropolitan event the next morning and engage satisfied client's side-by-side with impressed prospects.

This mission-driven approach to travel has sustainable transformative positive effects on the bottom line – regardless of the over-arching trajectory of the economy.

- **Use Air Power to Invest in Your Best Customers and Team Members Now**

- # They rarely remember what you said or did, but they will always remember how you made them feel

- # Loyalty is a series of consistent internal behaviors that changes the behavior of clients and their friends

Our recession-proofing exercise confirmed some fundamental concepts and for me, provided an aviation context through which I now advise my closest colleagues and clients on how to get referrals, reorders, and reduce employee turnover – in both “Boom” and “Bust” economic cycles.

Understanding the unique travel requirements of your business clients can allow you to provide them with unique and powerful personal and business experiences that garnish loyalty and win deals. It may seem so obvious, that may be exactly why it’s so often overlooked: Engage your customers in the three dimensions of time, space, and emotion by using private aviation to reward them for their business. The same concept works for your highest-performing team members.

Loyalty can be measured – and the same loyalty that holds the line during a deep recession provides exponential growth during the up-cycles.

That’s our aviation budget recession-proofing and growth plan, in three simple steps:

- Zealously and relentlessly control costs
- Diversify and grow your client base
- Invest in your best customers and team members

There is much more to be done and of course, the journey to perfection via continuous improvement never ends. Allow me or any of my colleagues the pleasure of helping you and your team prepare for any possible outcome; sustainability and resilience during a downturn or improved competitive posture and profit margins during growth phases.

There is much more to be done and of course, the journey to perfection via continuous improvement never ends. Allow me or any of my colleagues the pleasure of helping you and your team prepare for any possible outcome; sustainability and resilience during a downturn or improved competitive posture and profit margins during growth phases.

- There are obvious actions that must be taken in any business to prepare for a minor downturn or even a dramatic Black Swan event
- Proper preparation of an aviation portfolio is subtle, nuanced, and is a required activity
- Don't let a sudden downturn clip your wings and sabotage your productivity
- Act now and be the leader of a company that will turn economic crisis into opportunity with the proper utilization of private aviation air power

Written by [Anthony Tivnan](#), President, [Magellan Jets](#).