

The Private Flyer

Private Jet Industry Whitepaper

Valuable Information For Extremely Valuable People!

February 5, 2008

The Private Flyer –
Volume 1, Issue 1

We Fly Private! Please Steal From Us!

Unfortunately, that is how most jet charter brokerages, jet card providers, and fractional ownership programs treat their extremely valuable and exclusive clientele. Rather than focusing on their own customer value proposition, they focus on ways to deceive customers to better support their own bottom line. If you are a private flier and have used any of the services listed above, be prepared for a quick education on how all of the scams (a.k.a. programs) work ordered by least value to highest value:

Fractional Jets – a.k.a “Timeshare Jets”

Other than “Hey, I own a timeshare on a Jet – I’m really cool” – there’s not much more of an upside to this. It makes for great dinner conversation and impresses lots of people, but that’s about where the value proposition ends. The biggest current player in this world is NetJets® owned by Berkshire Hathaway – need I say more. Warren Buffet isn’t going to get involved in a company unless it is MASSIVELY profitable or has massive profit potential – he is a very smart man. If Warren’s making a lot of profit, and you’re the customer that means most of your money isn’t going to cost recovery, but more to Warren’s bottom line. By far, the best marketed and well dressed program out there, but when you really add up the dollars after all of the fees – definitely not the best value for the customer by any means. Great name, Great marketing, not really getting that much for your money ... but then again – it just feels nice to say “I own part of a jet”, doesn’t it.

Premiere Memberships or Flight Cards

These are the programs where jet charter companies put up this “veil of hugeness” to make you believe that they have hundreds if not thousands of planes parked all over the country with pilots and full flight crews sitting in their seats with the engines running 24 hours a day 7 days a week just waiting for your phone call to file the flight plan. For the “small bank deposit” of \$100,000 USD or a “Premiere” bank deposit of \$250,000 USD you get “guaranteed” availability of any of these planes. If that sounds really ridiculous, that’s because it is. Where do I start?

Strike 1: \$250k at 8% annually is \$20k in interest that you don’t get.

Strike 2: By holding your money hostage, they take away your right to a good price – of course you will take whatever price they throw at you – they are holding your wallet!

Strike 3: Fees, Fees, Fees – All inclusive? I don’t think so – read the marketing material closely – on top of the buy in hostage rate and lost interest factor, they add taxi time, significant hourly fuel surcharges, flight crew charges, catering charges (if applicable), federal excise taxes etc. etc. etc. etc. etc. With these guys, there’s no such thing as all inclusive pricing, and if there was, you would think the nosebleed seats at Giants Stadium are close to the ground.

By Rick Klev, Private Aviation Expert

Strike 4: Think they really own all of those jets? (Hint: These guys aren't all as rich as Warren!) They are chartering out to small firms just as much as every other broker out there!

Strike 5: The primary benefit of you taking money out of the bank into a non interest bearing account that you "may" see again (do you really think they'll give it back that quickly without 100 phone calls and 3 notarized lawyer letters?) is that there is a plane always available for you. When was the last time you called a jet broker and they couldn't get a plane? Never. That's right, Never. Even during hurricanes, tornadoes, sporting events, presidential visits and every other kind of man made or natural calamity, a good reputable broker can get you a plane when you need it, where you need it. Getting planes isn't about availability – it's about money. If you've got the money, a good jet broker can get you a plane – anywhere, anytime.

Strike 6 (That's 2 innings worth of outs – need I say more)

Check out real references with respect to the "refund your unused balances" at any time claim – if they even offer the claim that refunds are available. In fact, they will only "roll over" your unused balance – if you actually pony up more money to renew for another term.

How much markup is your broker going to make?

OK. You're smarter than the other guys. You've avoided the traps of the "Fractional Ownership" and "Premiere Memberships". So now you are back with calling charter companies directly or other regular jet charter brokers? How do you know who's good and who's bad? The answer is just as easy as if you were at a restaurant. Who gives you the best service? Does the same person always answer the phone? How quick can they turn around a quote? Is the quote **reasonable AND ALL INCLUSIVE**? Imagine how you would feel if the price of a steak at a new restaurant didn't include 4 other charges in addition to state tax and tip and wasn't listed on the menu? In the end, the only thing that is important is that you end up with one reasonable price and great service.

Is your broker what you think it is?

Have you done a full background check on your broker? Is your charter broker a convicted felon or is the firm he/she works for owned by convicted felons? Is your brokerage firm a specialty firm or are they just the voice that answered the phone because they had a relationship with your credit card company (you know, the same credit card company that cares so much about you that they entrust all of your sensitive personal information to a "secure" call center office in India or Pakistan.) Has your "broker" been doing this as a real full time job or is this just a gig in a boiler room until his/her acting career comes through? Remember, this is someone you are entrusting with an awful lot of money and your life.

"By holding your money hostage, they take away your right to a good price ..."

By Rick Klev, Private Aviation Expert

Research, Research, Research

I am continually shocked at how quickly people will hand over \$50,000+ to put their families lives into a private flight without researching who they are handing the money over to (Fact: Most people do more research buying their \$2,000 television than they do chartering a \$50,000 jet.) Corporations are nothing more than collections of people – do you even know who the founders of that corporation are? Here are some quick tips to finding a reputable jet charter broker:

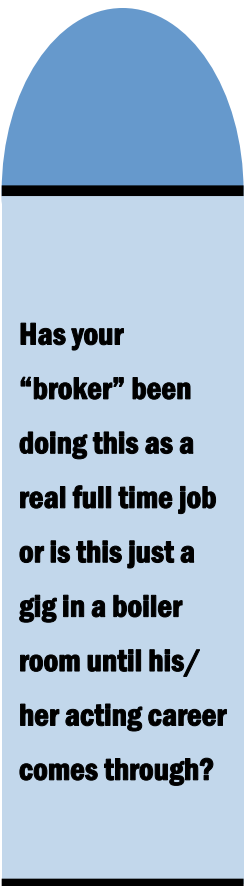
1. *Call around and do a “mini-background check” – try Googling your brokers name or the brokerage founder’s name—dig a little deeper and you might be surprised what you find.*
2. *Ask if your broker is a career broker, or ask if they are just sitting in a call center until they find a better job.*
3. *Ask if your broker is willing to take a phone call at 3AM.*
4. *Notice if the same person answers most of your calls, or is the person always changing.*
5. *Be sure to get all-inclusive pricing.*
6. *Determine if your jet charter broker is someone you can build a relationship with (without handing them a quarter of a million dollars in upfront expenses).*

Ways of really getting a good deal?

Get to know your jet charter broker. Does the same person answer your calls and call you back quickly? Is he/she willing to take your call at 3AM? Call around – and MAKE SURE to get all inclusive pricing. Make sure that every quote states “All Inclusive Pricing – No additional charges will be issued for any circumstances.” Don’t quibble over a couple of hundred bucks – it’s important to keep your relationship. Remember that fact of wanting to get a plane anytime, anywhere? You can do that by simply having a relationship with your jet charter broker – WITHOUT handing him a quarter of a million dollars! The real customer value proposition is the complete package of personal service, reasonable price and overall customer satisfaction.

** NetJets is a Registered trademark of Berkshire Hathaway Company.

*** Google is a Registered trademark of Google



**Has your
“broker” been
doing this as a
real full time job
or is this just a
gig in a boiler
room until his/
her acting career
comes through?**

About RaynAir Private Jets

We are a small jet charter brokerage, headquartered in New York, serving clients all-over the world. We strive to educate our customers on their options for private jet charter. We hope to earn your trust and serve you by consistently finding you the very best value in private jet service. While there are many good and reputable brokers out there, we hope you will choose us. We offer friendly customer service, reasonable quote turn-around times and reasonable brokerage fees. We believe we are the answer for most private flyers. Please allow us the opportunity to meet your private flying needs; we will work hard to save you valuable time and money.

If you have feedback or questions regarding any of the content contained within this document or any document within the RaynAir Educational Series, please contact rick.klev@raynairjets.com

By Rick Klev, Private Aviation Expert