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Why Choose Business Aviation?

Business aviation has become essential to tens of thousands of companies of all types and sizes in the U.S. that are trying to compete in a marketplace that demands speed, flexibility, efficiency and productivity. The vast majority of these companies – 85% – are small and mid-size businesses, many of which are based in the dozens of markets across the country where the airlines have reduced or eliminated service.

A company’s decision to utilize business aviation for any mission depends on a variety of factors, including availability of commercial service in the departing or arrival destinations, the number of sites to be visited in a single day, the number of employees traveling, the need to discuss proprietary matters en route, the need to move specialized equipment and a host of other considerations. The following list details some of the primary reasons companies utilize business aviation as a solution to some of their transportation challenges.

- Accessing communities with little or no airline service. Business aviation serves ten times the number of communities (more than 5,000 airports) served by commercial airlines (about 500 airports). This means business aviation can allow companies to locate plants or facilities in small towns or rural communities with little or no commercial airline service. Since nearly 100 communities have lost airline service in the past year, this is important.

- Reaching multiple destinations quickly and efficiently. Companies that need to reach multiple destinations in a single day may elect to use business aviation, because that type of mission could be hard or impossible to complete with other modes of transportation.

- Supporting the travel needs of many types of company employees. An NBAA survey revealed that 72% of passengers aboard business airplanes are non-executive employees. Companies often send teams of employees to a given destination because it is the most cost-effective means of transport.

- Moving equipment. When companies need to immediately move sensitive or critical equipment, business aviation is often the best solution.

- Ensuring flexibility. Business people don’t always know in advance where or when opportunities will present themselves. In today’s business environment, companies need to be nimble enough to move quickly. Business aviation provides flexibility for companies that need to ensure employees can respond to changing demands and circumstances.

- Increasing employee productivity and providing security. Business aviation is a productivity tool – when traveling aboard business aircraft, employees can meet, plan and work en route. Business aviation also allows employees to discuss proprietary information in a secure environment and protect against espionage or physical threat.

- Keeping in contact. Many aircraft have technologies that allow employees to remain in communication throughout the duration of their flight. This can be critical for companies managing a rapidly changing situation.

- Providing a return to shareholders. Studies have found that businesses which use business aviation as a solution to some of their transportation challenges return more to shareholders than companies in the same industry that do not utilize business aviation.

Schedule Predictability. Over 3 percent of all commercial airline flights are cancelled. Nearly one quarter are delayed. Today, because of record load factors on commercial airlines, if your flight is cancelled or a delay causes you to miss your connection, the odds of you getting on the next flight are significantly reduced. When the future of a company and its employees is dependent upon you arriving on time, business aviation is an important tool.

The four studies make a convincing case that use of a business airplane is the sign of a well-managed enterprise. The study, entitled, Business Aviation: Maintaining Shareholder Value Through Tough Turbulent Times, concludes that companies in the S&P 500 that use business aviation achieved superior financial performance in a number of key measures and also displayed superior ability to respond to the severe downturn.

“This answer the question as to why so many American enterprises continue to depend upon business aviation, even – and perhaps, especially in – tough economic times,” said NBAA President and CEO Ed Bolen.

The study found that generally speaking, companies not using business aviation during the recession lost profitability, employees, and even dropped off the S&P 500 rankings at far higher rates than companies using business aviation, revealing that use of an airplane for business has a positive impact on enterprise resiliency following what NEXA termed “the Great Recession” period of 2007-2011.

For example, the analysis found that jobs at a diverse range of companies that use business aircraft, from consumer to energy, health care and industrials, not only recovered, but also have grown beyond pre-recession levels, while non-user companies have recovered at much slower rates. Comparisons of employment matched the better performance of business aviation users in financial measures of shareholder value, including revenues, earnings and profit growth and market capitalization.

The three previous NEXA studies, which analyzed Standard & Poor’s (S&P) 500 companies, S&P 600 small-cap companies, and government use of business aircraft in the federal, state and local levels, all concluded that business aviation contributes to private and public enterprises’ ability to deliver greater value to shareholders and taxpayers.

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“Business aviation is an important tool.” Bolen said. “The earlier studies of large-cap and small-to-mid-size companies took place before the full impact of the downturn hit the U.S. economy, and found that the business aircraft users outperformed peer organizations in key financial and non-financial measures, including "best of" rankings. The metrics from this study, which compiles recession-era data, show that using business aircraft as a productivity enhancer brings an "inoculation effect" that held through the toughest period of the severe downturn.”

The study was commissioned by NBAA in conjunction with the No Plane No Gain advocacy campaign, which educates policymakers and the American public about the value business aviation provides to citizens, companies, and communities across the United States. The campaign is jointly sponsored by NBAA and the General Aviation Manufacturers Association. To learn more, visit www.noplanenogain.org.
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