5 Tools to Effectively Explain Your Flight Department’s Value

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NEXA Has Been A Valued Partner with NBAA in Proving Business Aviation’s Importance to Corporate America

Since 2001, NBAA, GAMA and other sponsors have funded 6 studies to examine business aviation’s role in the creation of shareholder value

• The Study Series:
  – Provided important confirmation of the tangible benefits that business aviation contributes to corporate America
  – Offered strong and continued value to charter operators, pilot owners, manufacturers and corporate flight departments in the intervening years
  – Periodically produced fresh data and findings to bring new dimensions to the discussion

• In 2017, the latest report is garnering national attention and strong praise from industry and the media
“Importance” vs. “Value” to a Corporation

What’s the difference?

$$U = B = V$$

The UBV Framework

- **Utilization Strategies**
  - Transportation of Employees
  - Transportation of Customers
  - Transportation of Suppliers
  - Transportation of Cargo, Parts, Mail
  - Transportation for Charity
  - Direct Applications

- **Benefits**
  - Employee Productivity
  - Strategic Transaction Acceleration
  - Improved Customer Retention
  - Supply Chain Improvement
  - Product Cycle Improvements
  - Security of Employees and Property
  - Improved Personnel Retention
  - Improved Risk Management
  - Acceleration in Innovation
  - Direct Travel Expense Savings
  - Others

- **Enterprise Value**
  - Revenue Growth
  - Profit Growth
  - Asset Efficiency
  - Customer Satisfaction
  - Employee Satisfaction
  - Innovation Effectiveness
  - Risk Management & Compliance
  - Others

How are business aircraft utilized?  What benefits result from utilization?  How is enterprise value affected?
Our Approach: 3 Methods

- Sample interviewed CEOs and CFOs of Users
- Analyzed “Best of” lists for cross-confirmation

500 companies
415 sustained listings over entire 5 years
10 industry sectors
367 Users

Business Aircraft Users Outperformed Non-Users
Difference in Enterprise Value from 2012 – 2016 inclusive

In essence, Utilization strategies yield Benefits, which in turn contribute to the key drivers of enterprise Value (UBV) for a company.
Other Indices of Performance
Differences in Performance from 2012 – 2016 Inclusive

S&P 500 “Best of” Performance (Part 1)
“… Business aircraft users had a dominant presence, on average of 93 percent, among the most innovative, most admired, best brands, and best places to work, as well as dominating the list of companies strongest in corporate governance and responsibility…”

“… Business aviation is a tool that provides a unique competitive benefit to America’s businesses, manifesting in higher shareholder and enterprise value. In this unique role, business aviation is without substitute…”

“… If the S&P 500 is an indication, America’s Best Run and most principled companies depend upon business aviation for their success…"
Interviews: What Business Aircraft Users Had to Say

"...We have cut time to market for new products..."  
CFO, S&P 500 industrial electronics

"...We paid for our aircraft for an entire year because we were able to respond so quickly to one customer..."  
S&P 500 CEO

"...Using our jets, we can accomplish in one 8-hour day what would otherwise take 3 12-hour days using the airlines. Our employees are home at night. They come to work the next day rested and refreshed..."  
S&P 500 Cargo executive

"...Berkshire has been better off by having me in a plane available to go and do deals..."  
(Press source) Warren Buffett

"...We paid for our aircraft for an entire year because we were able to respond so quickly to one customer..."  
S&P 500 CEO

"...Business aviation greatly enhanced our ability to expand from a 17 to a 50 state market presence over the last 5 years..."  
CFO, S&P 500 executive

"...Uniform operations across all facilities could only be achieved by deploying quality teams with business aircraft..."  
CFO, S&P 500 industrial electronics

"...We carry a wide variety of mid-level managers, sales teams, and professional people to and from plants all over the country. It's all about operating more productively and bringing more dollars to the bottom line for our shareholders..."  
Quoted executive

"...It costs less to operate the company's shuttle than it does to acquire additional real estate in a high-density city..."  
VP Finance, S&P 500 service firm

Interviews: (Part 2)

"...Business aviation provides our company with numerous benefits: time management of our executive base, the security, safety and privacy of conducting our business, and economic growth for our region and business..."  
S&P 500 executive

"...Our executives use the aircraft to reach meetings they couldn't otherwise attend, (closing deals that) would fund the flight department for years to come..."  
CFO, S&P 500 manufacturing company

"...In analyzing the travel history of key executives, we found that due to the complexity of the multi-day trips, the commercial option often is not practical from a time saving and cost perspective..."  
Insurance Executive

"...Business aviation greatly enhanced our ability to expand from a 17 to a 50 state market presence over the last 5 years..."  
CFO, S&P 500 executive

"...We responded to the negative publicity by arming our executives with information regarding operational costs vs. value and time savings so that they can talk about why business aviation is a good deal for them and for the company..."  
S&P 500 executive

"...We responded to the negative publicity by arming our executives with information regarding operational costs vs. value and time savings so that they can talk about why business aviation is a good deal for them and for the company..."  
S&P 500 executive

"...There is tremendous pressure on expenses, whether business aviation or the company Christmas party..."  
S&P 500 executive

"...You can't have a productive work day sitting in an airport and on a ramp. We typically see a time savings of 50 to 75 percent on certain trips using business aviation instead of schedule commercial service..."  
S&P 500 Senior Executive

"...Clearly, business aviation increases the value that our company can deliver to shareholders by maximizing the productivity of our CEO. When he's more productive, he's creating shareholder value..."  
Energy executive
Interviews: (Part 3)

“...Our executives spend extra effort to make sure that when they take the business jet the trip is high productivity, with multiple stops in one day and usually six to eight people on board...”

S&P 500 Technology executive

“...We were able to seize control of an overseas market by (using our aircraft) to get our executives on the ground when and where they were needed...”

CFO, S&P 500 consumer products company

“...The Corporate Angel Network enables you to turn an unused seat into a wonderful humanitarian gesture. I think it’s a great opportunity for any company with an aircraft and a heart...”

Steven Reinemund, Chairman (Ret’d) PepsiCo

“...The workday can be lengthened without forcing employees to lose time with their families...”

CFO, S&P 500 electronics manufacturer

“...We have the lowest turnover in the industry in our peer group, and our people are telling us that our concern for the efficient use of their time is one reason why...”

Trucking executive

“...Many of our plants and customers are located in regions not served by commercial aviation. Business aviation allows these companies to remain competitive, providing jobs and a tax base for their communities...”

S&P 500 Executive

5 Tools (1): NEXA 2017 Report Dissemination

Study finds that, “Business aviation contributes meaningfully to a company’s enterprise value, and continues to be a powerful tool of the best-managed companies in America.”

- Key audiences:
  - Passengers in the back of the airplane
  - The C Suite: CFO, COO, CMO each will have a perspective
  - Board of directors
  - Corporate employees up and down the line
  - Airport management and services providers
  - Local community leaders
5 Tools (2): One Page Seat Back Questionnaire

Capturing value creation as it happens provides regular and fresh inputs that can be passed up the line within monthly performance reports

- Key questions will evolve around matters such as:
  - What the business trip was designed to accomplish (transaction acceleration, marketing, etc.)
  - Elements of cost avoidance and productivity improvement that were noteworthy
  - Notable benefits that were delivered (checklist pulled from U=B=V framework)
  - Advice to the flight department on how it can be more productive
  - How did the trip contribute to enterprise value (checklist pulled from U=B=V framework)

Sample questionnaires available on the No Plane No Gain website

5 Tools (3): In-House Seminars

Presentations given by the flight department on business aviation and its contribution to shareholder value are novel and interesting, fact based, and can help support flight departments under siege. NBAA/NEXA can also provide seminars.

- The messages communicated follow today's materials closely:
  - Examining business aviation's role in long term corporate performance
  - Highly credible methodologies and findings to support conclusions
  - Leverage opportunities with intangible assets that deliver value
  - Range of tangible and intangible benefits
  - Opinions from CXO suite
  - Opinions from media

- Opportunity to convey good governance aspects of corporate policies surrounding aircraft usage (talk to the CFO). Best practices followed can be part of this dimension.

Sample briefings will be made available on the No Plane No Gain website
5 Tools (4): Flight Department and Community

Corporate flight departments generally participate in humanitarian missions, yet are reluctant to publicize good deeds for fear of attention.

- In this digital age, shareholders and the public want to see and hear about corporate responsibility in action.
- How to get to “Best Corporate Citizen” has multiple pathways but the stories must be told
- Flight departments must keep the corporate communications team well informed of humanitarian missions and positive outcomes

Sample briefings will be made available on the No Plane No Gain website

5 Tools (5): Additional Tools in the Toolbox

The No Plane No Gain site is replete with tools to help support flight departments that may from time to time come under pressure.

https://noplanenogain.org/