

Come Fly With Me

An Interview with **John P. Nahill, Chairman and Chief Executive Officer, Flight Options, LLC, Cleveland**



EDITORS' NOTE A graduate of Connecticut College and MIT's Sloan School of Management, John Nahill was appointed chairman and CEO of Flight Options, LLC, in February 2003. Prior to this, he served as VP of corporate strategy and development at Raytheon Company and as a senior consultant at McKinsey & Company.



John P. Nahill

COMPANY BRIEF Headquartered at Cuyaboga County Airport outside Cleveland, Flight Options, LLC, sells fractional ownership shares in more than 200 new and pre-owned aircraft. The Flight Options fleet includes King Air B200, CitationJet, Beechjet 400A, Hawker 400XP, Citation V, Citation 650, Hawker 800XP, Citation X, Falcon 50, Challenger 601, Gulfstream IV, and Legacy aircraft. Following its merger with Raytheon Travel Air in 2002, the company became the world's second-largest provider of fractional jet services. Raytheon Company owns a 65 percent interest in Flight Options, LLC.

How's business?

Commercial travel today has clearly become much less convenient, so our products have been in greater demand. We are seeing a lot more business from corporate travel departments, but we are also seeing a decrease in dot-com millionaires. There's a kind of counterbalance.

Generally, growth has been slow, but as long as we still keep growing at all in this anemic market, I believe we'll be fine. Eventually, the industry will pick up even more dramatically.

How does Flight Options differ from its competitors?

Everyone's product line is different. Flexjet, for example, offers only Bombardier products, but when you get into Raytheon and Citation products, there are really only three players: Flight Options, NetJets, and CitationShares. The latter focuses primarily on smaller Citations; NetJets, like Flight Options, offers a broader range of aircraft. Historically,

though, NetJets has sold only brand-new shares, while we sell new shares along with pre-owned shares that are two to 10 years old. We also differentiate ourselves by being a completely owner-focused company. Flight Options has undertaken many initiatives in this realm, from utilizing owner advisory boards and focus groups to placing feedback cards on all of our aircraft and our owners-only Web site.

We are dedicated to providing our owners with an exceptional flying experience.

Do you also offer memberships?

Right now, we offer our existing owners who have 50 hours or more a program called Access 25. It allows them to buy a 25-hour block in another plane in our fleet. If this program is well received, we'll launch this to potential customers later this year. In addition, we currently offer competitive leasing programs, with leasing time frames from 24 to 60 months on our Beechjet 400A, Hawker 800XP, and Citation X aircraft.

How have you been able to keep your prices under control?

First off, our product line includes both new and pre-owned shares. Our pre-owned shares are really outstanding values. Then, with regard to our new aircraft, because we have the largest Raytheon fractional fleet in the world, we have enormous buying power. We're able to offer new Raytheon products at a lower price than anyone else. Plus, Raytheon is a \$16 billion aerospace company with expansive relationships with many of our suppliers, so we're able to leverage those connections.

Flight Options also consistently provides our current owners and prospective customers with innovative pricing packages and sales initiatives. Not only do we offer leasing options, but we also offer bundled pricing, where a Flight Options customer can purchase a single share but receive the use of two aircraft. We need programs such as these to remain competitive.

Are you happy with the way Flight Options and Raytheon Travel

Air have meshed since the merger?

Overall, it has been very successful. The integration was difficult for the first few months, but we've emerged from that. We have had very little attrition, and our customer satisfaction is now the highest it has been in the past 18 months. And in the last six months, we've successfully recruited senior executives from NetJets, CitationShares, Raytheon, and Flexjet. Frankly, I feel that we've assembled the best, most experienced team in the industry.

Safety is, of course, paramount in your industry. Are you satisfied with your operations in that regard?

Absolutely. In fact, in some cases, we have tighter procedures than the FAA demands. For example, we require more training for our pilots. They go through rigorous prescreening, and when they go through training, it's to meet FAA requirements as well as our own extra standards. It also bears mentioning that our pilots are the highest paid in the industry because this helps us to hire and retain the best. And, with maintenance being a vital component of safety, ours is done by professionals who know these planes best: the people who designed and built them. Flight Options is proud to have the biggest and broadest maintenance network in the industry.

As chairman and CEO, how do you budget your time?

When I first became CEO, I went across the country, visiting almost 40 cities and meeting close to 400 of our 2,200 customers. As a result, a good portion of our owners call me on a regular basis. That takes an enormous amount of time, but if you're too busy to listen to customers, you'll be disconnected.

On that trip our owners reached out to me again and again and said: "We want you guys to be successful. We love the service. This is a very important part of our lifestyle, so we want you to call on us if you need any help or advice." So, when I look at our owners' backgrounds, it's as though I have 2,200 really accomplished advisers. That's an incredible feeling. ●

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