

# Innovation and Disruption

**An Interview with Kenny Dichter,  
Founder and Chief Executive Officer, Wheels Up**



*Kenny Dichter in front of a Wheels Up King Air 350i*

**EDITORS' NOTE** *Prior to founding Marquis Jet in 2001, Kenny Dichter cofounded Alphabet City, a sports marketing, music production, and distribution company that was acquired by SFX Entertainment, Inc. in 1998. In 2003, Dichter founded, and remains the Chairman of, Tour GCX Partners, a golf membership program providing client entertainment solutions to corporations and individuals, through access to private country clubs. Dichter co-founded the MGX Lab, a brand innovation think tank, in 2004, and co-founded the ultra-premium brand, Tequila Avion, in 2010. Dichter has an active role in Juice Press, a Manhattan-based, multi-location, grab-and-go organic, raw food and juice company, as well as Cyc Fitness, a new indoor cycling method with studios in Texas, Wisconsin, and New York City. Dichter sits on the Board of both the Jack Martin Fund at Mount Sinai Hospital, as well as the Turn the Corner Foundation. He earned his B.A. in sociology from the University of Wisconsin.*

**COMPANY BRIEF** *Wheels Up (wheelsup.com) was created and is led by Kenny Dichter, the Founder of Marquis Jet and innovator of the first 25-hour fractional jet card. The revolutionary membership-based private aviation company, which celebrated its first year of groundbreaking operations in August 2014, greatly reduces the up-front investment needed to fly privately. Wheels Up has identified a need for one company to offer a total private aviation solution, offering its members "mission-appropriate" aircraft. The company's executive team, which includes Co-Founder and President David Baxt and Co-Founder Bill Allard, has over 200 years combined of aviation experience.*

**What is the vision for Wheels Up? Is this focused on innovation or disruption?**

It's innovation 9-5 and disruption 5-9.

We're setting out to democratize the private aviation pyramid, one more time. Marquis was a demonstration that the private aviation pyramid gets wider as you make it more available, with less of a commitment and fewer dollars upfront to join. The Marquis Jet Card, which was the first fractional jet card in the business, redefined the space. We did \$5-billion topline from the time I shook hands with Richard Santulli and Warren Buffett to when we merged the companies together in November

2010; \$4 billion of that was the card and \$1 billion was fractional.

The card is here to stay. It's a good 50 percent-plus of NetJets' overall business today post-merger by a number of people, so if there are 3,000 cardholders there are 3,000 fractionals – it's very close in terms of the impact that Marquis has had on the NetJets business.

In imagining Wheels Up, we saw an even bigger opportunity. If we put together a private aviation club with on-the-ramp and off-the-ramp excellence, through events as well as the cutting-edge technology we're developing, I thought there was a several billion-dollar piece of the pyramid that had yet to be defined. We could own and lead, as well as disrupt and innovate with our new business plan.

The core asset that allows us to innovate is that, for the first time in aviation history, we have taken an iconic aircraft – the King Air 350i – and we're putting it into fleet format. We're experiencing a record number of flights and a record demand for the system.

More than 7,000 King Airs have been manufactured over the past 50 years, and 6,200 are still flying – it's the safest aircraft in the skies statistically.

Nobody thought about putting this aircraft into fleet service, which is our opportunity. We're lowering the entry point to private aviation, an hour occupied to \$3,950. This is versus our competitors, or anybody selling light jet in a programmatic format, who are charging \$7,000-plus.

At Marquis and NetJets, we marketed to 250,000 people at most. With regards to Wheels Up, there are a million targets, both high-net-worth individuals and corporations, that can play in the membership arena.

**Many people believe that safety and reliability are a reflection of price. How are you able to offer quality at such a reasonable price point?**

Warren Buffett taught me that price is what you pay, but value is what you get. It's our job to explain the safety of the King Air in our operation, be that through technical innovation and doing things in a slightly different manner.

At \$3,950, CEOs like us, but CFOs really love us.

**What is it you saw in creating this offering that others didn't?**

I saw an asset that people relied on that held great residual value. It didn't occur to

anybody else to take this plane and put it into a program where people didn't have to own the whole aircraft to use it. My 12 years of experience with Santulli and Buffett, and being in the seat I was in at Marquis, allowed me to have the mosaic of information to know this was the right time to anchor a program like Wheels Up and enter the marketplace. I believe the marketplace for the King Air in North America is 200 aircraft, which at 800 hours per plane would represent 160,000 occupied hours. At \$3,950 an hour all in, that's a \$650-million business. This is where I see the company seven years out.

There is also a jet element. When people fly forward, they're not just going to fly on one asset. They will have a portfolio of products. They will fly the most efficient asset going forward.

**What will you incorporate into your fleet offering?**

The King Air has a 1,600 nautical mile range so we're selling it comfortably to go from locations like New York to Chicago, Chicago to Dallas, or Los Angeles to Cabo. We'll also employ the Citation Excel XLS; and our partnership with VistaJet covers the Global 5000 and 6000, which are for over-seas and long-range flights. In addition, we have partnerships to fill the middle-range with Jet Aviation and JetSuite. We will be at 42 planes by year-end, with 27 King Airs, 10 Excel XLSs, and three to four Globals.

**Are you focused on the corporate market or high-net-worth individuals?**

At Marquis, we were 80 percent high-net-worth/personal and 20 percent corporate. We would like it to be closer to 50/50 here, and the King Air 350i is the perfect aircraft to move folks around in a business setting; it's mission-appropriate and it's priced right. With commercial travel as challenging as it is sometimes for business executives, this private option opens it up to hundreds of thousands of businesses and millions of people.

**Has this idea been positively received by the industry?**

The industry has rolled out the welcome mat for us. The industry loves innovation – it was built on it.

**How large do you believe the company can become?**

By number of members, it can be the largest private aviation firm in the world. ●