

## Who's Flying Now?

*Enabling more team members to travel by private jet or charter makes sense—  
except when it doesn't.*

*By Dale Buss  
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The boom in corporate travel on private aircraft is taking on a new dimension: It's not just for CEOs and board members any longer.

More executives and managers at lower levels now are getting on company planes or taking charters as a productivity measure. A growing number of companies also are using the prospect of private flying as a perk to lure executive or managerial talent. Employers are scrambling to formulate policies to cover this new twist: Who gets to go private, and when?

“Larger aircraft for longer range are still mainly being used for board activity,” says John Owen, CEO of private-flight provider Airshare. “But we’re also seeing engagement teams using smaller aircraft. There’s a little more carte blanche for them to use private aircraft when they need them, versus the previous practice of having to travel [only] with someone who ranks above them.”

Doug Gollan sees this expansion as founder of Private Jet Car Comparisons, a buyer’s guide for time-share seats. “Companies, having bought 25 or 50 hours for a CEO, now are buying a couple hundred hours after the CEO sees how

efficient it is, and allowing more of the management team to fly privately,” he says.

The practice has caught on in part because the productivity benefits of private aviation have become more apparent in the last couple of years. “Face-to-face meetings have become really important again,” says Ramy Sidholm, head of PNC Aviation Finance. Meetings are easy on planes and insulated from distractions. Executives don’t get snarled in the vagaries of commercial travel or exposed to its riskier environs while Covid still rages.

The difficulties of airline travel have shunted more lower-level corporate travel to private aviation. Even as commercial schedules have recovered, pilot shortages and other factors mean airlines have drastically culled routes to many of America’s secondary and tertiary cities.

“If you’re a large, multinational corporation and you’re putting a factory, a switching station or a data warehouse in a relatively inexpensive place like Tucson, Arizona, or Alliance, Texas, you stuck it there because it’s inexpensive to build and operate there,” says Greg Raiff, CEO of Private Jet Services. “But it’s tough to get there by air.”

In fact, dangling private flights has become a recruiting tool. “With the Great Resignation, so many people are looking for perks, certainly at the senior level, and if a company has a vast footprint, it’s something many executives are considering more than ever,” says Joseph Smith, aviation director for the Cassel Salpeter investment-banking firm.

Essentially, more companies are pivoting to the sort of approach that Walmart has used for decades. America’s largest retailer employs its fleet of a couple dozen private planes as a corporate livery service, dispatching lower-level executives and managers to string together visits to its 10,500 stores in 24

countries. In the U.S., per Walmart's business model, most stores are still in smaller places like Gardner, Kansas, and Easley, South Carolina.

But not every company is going in this direction. It's understood, for instance, that General Motors hasn't budged on its private-flight policies lately, though the automaker operates 118 facilities scattered across the United States.

Here are some ideas for dealing with this trend:

- **Work it forward.** The broadening of private air travel within an organization should cascade back into any planning for new aircraft or budgeting for time shares on planes, especially at a time of continued tight supplies of both planes for purchase and time-share seats.

"We work with new prospects to give them a total trip and cost analysis on an annual basis before they buy anything," Owen says. "This will help them build a budget for each department or individual, which creates a little more structure around what they're going to put into effect."

- **Ponder the perk.** CEOs and boards can use private flying as a lure or reward on an individual basis, or open up the practice to new categories, such as vice presidents. "Companies need to think about the development of their people, their business, whether they want to convey a change in culture that the best and brightest are going to be allowed to use these kinds of assets to do their job and to do it right and fast," says David Mayer, partner with the Shackelford, Bowen, McKinley & Norton law firm.

- **Expect pleasant surprises.** Private flying is increasingly cost competitive with airline flights these days, especially if the destination is a second- or third-tier city, the travel is frequent and regular, and a number of employees are involved. "If you start seeing that the company has four or more

employees traveling the exact same route two days a week, for instance, chances are you should be looking at some version of a corporate shuttle,” Raiff says.



Joseph Smith, Cassel Salpeter

Adds Smith, “You may not do it for one person unless it’s an emergency. But for a team performing due diligence or looking for a new acquisition, it can be very efficient to pack six to a dozen people on a private plane.”

- **Attune the bureaucracy.** Many corporate travel departments planners have stayed away from private aviation “because it’s high stakes and highly visible; they don’t mess with it,” Raiff says. But with more of their traditional internal clientele now becoming eligible for private travel, this part of corporate operations may need to rise to the occasion.

“Find a consultant and get smart before you start spending money,” he says. “Learn about the private-aviation space. It’s here and it’s not going away.”

- **Beware tax snares.** With expanded rosters of individual participants comes potential exposure of more travelers to the IRS. So aircraft-use policies should take into account the tax ramifications of business and personal transportation of permitted passengers on an employer-provided aircraft.

“It can involve the flight’s ‘fringe-benefit’ value to these new travelers unless they otherwise pay for the flight,” Mayer says.

- **Don’t over-glamorize.** C-Suite and board members may still get to ride on bigger, faster and more expensive planes than underlings. But the differences in their on-board environs are mainly going to be a matter of a little more personal space and maybe a guaranteed bathroom on the plane, or the presence of a flight attendant.

It’s not like the top brass are receiving foot massages while a regional manager can only expect a bag of peanuts. “The wealthiest client we have only wants pizza and sour gummy worms on the plane; it’s not about the caviar,” Raiff says. “What people value about private aviation is that it’s a time machine. It gets there faster. It is, in fact, private, and it allows people to be more productive, and that goes for everyone.”