

Hospitality

Innovation in Private Aviation

An Interview with
Blair LaCorte, Chief Executive Officer, XOJET



Blair LaCorte and his family in front of one of XOJET's super-mid planes

EDITORS' NOTE Blair LaCorte joined XOJET as President in 2009, was named interim Chief Executive Officer in 2010, and became the full-time Chief Executive Officer in 2011. He is also a member of the company's board of directors. In addition, LaCorte serves as Senior Advisor at TPG. Before joining XOJET, he was both an operating partner at TPG and an executive fellow at the Tuck School of Business at Dartmouth College. Prior to this, he had a long operating career as Executive Vice President of Savi Technology and Founder of Savi Networks, which were sold to Lockheed Martin in a record setting transaction. He served as an executive vice president of VerticalNet and was part of the team that took it public in the most successful IPO of 1999. LaCorte has also served as President of Cadis, which was sold to Aspect Development; is a founder of Autodesk's GIS and the data publishing divisions and was a senior consultant at Gemini Consulting. He was a team member of General Electric Capital's launch of the Power Funding Corporation. LaCorte began his career at Boston Air Taxi, a family-owned regional airline. He graduated summa cum laude from the University of Maine and holds a Master of Business Administration degree from Dartmouth's Tuck School where he received the Lebowitz Prize. He is also a graduate of General Electric's Financial Management Program.

COMPANY BRIEF Founded in 2006, XOJET (www.xojet.com), a TPG portfolio company, has become one of the fastest-growing private aviation companies in history, serving more than 5,000 customers worldwide. Unlike other fractional ownership programs that require you to purchase a time-share or fractional rental programs that provide uneven quality and non-transparent pricing, XOJET is the largest owner of super-mid planes in North America allowing it to pass on a fleet operators quality with more flexible and transparent pricing. Their unique business model and product set ranges from private jet membership (with no ownership commitments or risks), to flexible branded charter programs (where you can buy by the trip) to fixed-price charter (where prices for 22,000 city pairs are published and can be booked on an availability basis) with a singular focus on providing the highest level of customer service at every point of the client's experience. XOJET's control of its fleet and its commitment to safety leadership has earned it the highest safety ratings in the industry. XOJET has also been an innovator in product and is the first and only private aviation operator to equip its

entire fleet of Citation X and Challenger 300

jets – and the recently added Hawker 800XP – with complimentary in-flight Wi-Fi Internet connectivity.

How do you differentiate XOJET within this crowded space. How is it positioned to lead within private aviation?

Private aviation has matured to where for larger jets, safety and reliability are comparable to commercial aviation but its business models for delivering this service have not evolved in 25 years. First of all, we don't make a first-time customer buy into a contract. If you haven't been on our planes and can't differentiate the service, then we don't think it's right for you to make a long-term commitment.

Second, we have opened up the front end in terms of how customers purchase "lift" and we don't try to sell a one-size-fits-all product. We have several products, from guaranteed programs, similar to buying a share without any upfront costs, to preferred access products, where you fly on our fleet on a trip-by-trip basis, to wholesale charter on an as-available basis.

We're trying to make that market more transparent and allow the client to find the most effective and value-driven way to fly. If a client engages, we have found we can often lower his average costs by 20 to 40 percent while we increase quality and reliability of service.

Are you focused on a specific type of aircraft?

We're the largest owner/operator in the world of super-mid aircraft that can fly across country or to Hawaii or Europe without a fuel stop carrying eight to ten people.

If you need a larger plane, we have a set of partners with very large planes that we'll certify and manage for you, but our main product is our own fleet.

By focusing on that product, we can optimize the planes more efficiently because all of the planes are interchangeable, which brings down the price, lowers the "dead head," and increases the efficiency.

The second unique thing we do is control the consistency. All of our pilots are employees who are held to strict training standards, all of the technology on the plane is state-of-the-art, and the interiors of our planes have all been upgraded and are standardized so you will know exactly what you will get every trip.

How broad is the market for you?

Because we price every flight individually and don't require long-term contracts, our client ranges from a person who flies once a year on vacation with his family to someone who spends millions of dollars flying coast to coast every day. However, if you buy a program from us that begins with a \$200,000 refundable deposit, you become part of a very elite club that gives you preference on planes, bonus credits, and free catering. We reward loyalty.

What is XOJET doing to make this industry more transparent?

The industry was starting to mature and go through a structural change during the crisis. Today, there is a two-way conversation with customers and we're giving them choices – that provides transparency. We also publish over 22,000 fixed-rate quotes so you can go to our Web site and get a guaranteed price if we have a plane available. This has never been done before in the industry.

How critical has financial backing been in making the type of investments you need?

The aviation business is capital intensive if you're going to own planes. Financial backing gives us the stability to plan long term and not sacrifice on safety or reliability.

Today, XOJET flies more super-mid hours than any company in the world and we are by far the market leader with over 50 percent of chartered flights on long distance routes over 2.5 hours in the U.S.

So we are growing at a significant rate but we're also a major player in the market as one of the top three firms delivering per trip access to any model in the world.

How important is it to maintain an entrepreneurial feel as you grow?

Part of creating a different model was for us to have everybody understand all the different parts of the business.

We do pilot off-sites and weekly calls to obtain real-time information on clients' needs; we rotate people through different functions and parts of the company; and we have been moving everybody into a shared facility so groups instead of individuals are solving problems for customers.

Our philosophy is that if we can't integrate and learn faster than the rest of the industry, then we can't change the industry. ●