

A Flying SUV



King Air 350i

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

EDITORS' NOTE Prior to founding Marquis Jet in 2001, Kenny Dichter co-founded Alphabet City, a sports marketing, music production, and distribution company that was acquired by SFX Entertainment, Inc. in 1998. In 2003, he 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. He 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 Georgia, Massachusetts, New York, Texas, and Wisconsin. Dichter sits on the board of both the Jack Martin Fund at Mount Sinai Hospital, and the Turn the Corner Foundation. He earned his B.A. in sociology from the University of Wisconsin-Madison.



Kenny Dichter

COMPANY BRIEF Wheels Up (wheelsup.com) is a revolutionary membership-based private aviation company that significantly reduces the up-front cost to fly privately while providing unparalleled flexibility, service, and safety. Created and led by Kenny Dichter, the Founder of Marquis Jet and innovator of the 25-hour fractional jet card, Wheels Up offers "mission-appropriate" aircraft with guaranteed availability on its "members-only" private fleet of new King Air 350i and Citation Excel/XLS aircraft. Operating with an 8760 culture (24 hours a day, 365 days of the year), the company offers individual, family, and corporate members exceptional world-class service with around-the-clock support.

Is the Wheels Up business where you expected it would be and has the ride been as you imagined?

The train is running right on time in terms of where Wheels Up is and where we thought it would be. We're approaching 2,000 members, which we'll reach somewhere between November and December of 2015. We will end the year with 55 airplanes – 40 King Air 350i and 15 Citation Excel/XLS.

The momentum that the brand and the concept has is based on providing the most intelligent way to fly privately on flights that are less than two

hours, which make up 80 percent of the flights in private aviation.

We're well-positioned with the King Air 350i, our workhorse airplane. We're providing a flying SUV.

Is there still an education process involved in your sales?

The King Air 350i was underexposed. We're 30 percent larger, we have more luggage space, and we can land on 50 percent more runways than a light jet does.

I can't imagine someone traveling with a family choosing a light jet, and paying more on a per hour basis. We're \$3,950, and the light jet market we compete with could be between \$5,000 and \$6,000. For nine seats, which is our capacity, it costs about 50 percent more to have an eight- or nine-seat jet do the same mission based on occupied hours.

Are you part of the solution for those who have a need for short and long flights?

Wheels Up is a great supplemental solution for someone who has a long-range need and a short-range need. It's a great supplement to people with existing fractional programs or people that own their own airplanes. All of them should have a Wheels Up membership as a supplement for those flights that are less than two hours or for when their airplane is down.

The disruptive price point of \$3,950 – the hourly rate for the King Air 350i, which we put out in the marketplace – is another reason to join Wheels Up, not to mention very reasonable rates of \$17,500 for individual membership, \$29,500 for corporate membership, and Citation hourly pricing at \$6,950.

With close to 2,000 members now, what is your ultimate target? Is there a magic number?

In 2020, we project having the largest, by number of members, of any private aviation service in the world. We're projecting over 10,000 primary members. At that point, we will have several hundred airplanes to service them, of course.

The sky is the limit, pun intended. At one-third the size of the U.S., we believe Western Europe has a geography that is built for the King Air 350i. Its wealth and economies are roughly the same size as North America, so we have a marketplace that, in my view, is 3,000 to 5,000 members strong with 100 to 200 airplanes.

When do you anticipate going into Western Europe?

We're one year away from being wheels down.

Will that be the primary focus internationally?

We will have our hands full over the next 10 years, so I see us remaining focused on North America and Western Europe. There are a lot of markets like Brazil, Venezuela, and Argentina in South America, which are big aviation markets. There are other opportunities in the Pacific Rim. Eventually, I see us putting our airplanes down strategically in both South America and the Pacific Rim. Those might follow China, where I could see us doing something. The King Air 350i is the perfect airplane for that area.

Will there be an interest in servicing the long-range market as well?

We're always looking at what we want to put together as our fleet composition for the future. I would not think that the longer-range planes will be there in a meaningful way. We have plenty to do in the short-range market, and we can't be everything to everyone. However, in the three- to five-year time period, we could begin to add mid- and long-range airplanes.

Textron Aviation, our OEM partner, has airplanes that fit that profile. It will be a matter of sitting down with them and looking at where the marketplace is going and what our members need.

How critical has safety been in building Wheels Up?

I've been in this business since 2001. I learned my aviation Ps and Qs from Richard Santulli and Warren Buffett, who bought NetJets in 1998. When I sat down with Richard for our first meeting, he told me there were three things I had to focus on in order to be successful in private aviation: safety, safety, and safety.

The safety culture is incredibly important to us here – it's number one, two, and three in terms of what we're concentrating on and what's behind the essence of our service.

To that end, one of the founding hires here was Dave Hewitt, who ran safety at NetJets for many years. He was the number one and he came over to set the safety standards and run the safety piece of our business.

Another key industry veteran who ensures we have safe operations is Jack Shaffer, who was also a number one at NetJets. He ran maintenance there.

These guys do an unbelievable job, along with our partners at Gamma Aviation, of ensuring the safety culture is the number one, two, and three attribute. ●