



Kenny Dichter with a Wheels Up King Air 350i

Looking Out the Front Windshield

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

EDITORS' NOTE Previously, Kenny Dichter founded Marquis Jet in 2001 and introduced the first-ever fractional jet card program. Led by Dichter, Marquis Jet generated over \$4 billion in revenue, culminating in its sale to Warren Buffet's Berkshire Hathaway's NetJets in 2010. At that time, Dichter was named Vice Chairman of NetJets. He has played an active role and invested in Juice Press and CYC. In 2010, Dichter co-founded Tequila Avion. Paris based Pernod Ricard, the world's second largest premium wine and spirits company, purchased a minority stake in Tequila Avion in 2011, and acquired the company in July 2014 for over \$100 million. Dichter is also the Founder and Chairman of Tour GCX Partners, Inc. In 1996, Dichter co-founded Alphabet City, which was acquired by Robert FX Sillerman's SFX Entertainment in 1998. Dichter chairs the Council of Advocates at New York's Mount Sinai Hospital for Dr. Ken Davis and is on the Board of the Jack Martin Fund. Dichter is a major supporter of his alma mater, University of Wisconsin Madison.

COMPANY BRIEF Wheels Up (wheelsup.com) is a revolutionary membership-based private aviation company that significantly reduces the upfront costs to fly privately, while providing unparalleled flexibility, service, and safety. Created and led by renowned entrepreneur Kenny Dichter, Wheels Up offers guaranteed availability to its private fleet of new Beechcraft King Air 350i and Citation Excel/XLS aircraft to individual, family, and corporate members. With the cutting-edge Wheels Up mobile app, members can seamlessly book flights, manage their accounts, participate in ride-share opportunities, and select Hot Flights, a vast selection of one-way "empty leg" flights that are posted daily to the App and updated in real time. Members also have access to Wheels Down, a program featuring exclusive events and experiences, unique partner benefits, and a full-service luxury concierge.

What has been the key to your success and has it been all about the relationships?

Relationships are the foundation of any business that I've been involved in. If someone can

be a good partner, they will always have good partners. I've been very fortunate to be in business with some super people over the years and the friends I've made through my businesses are a big part of

the joy, be it in aviation or spirits or juice or fitness.

Is it more about innovating and disrupting a space that is already there or looking to create new spaces?

I'm definitely an innovator, a re-packager, a reseller, and a re-brander of things that exist. I have to thank two guys from Dayton, Ohio, Orville and Wilbur Wright, who on December 17, 1903 flew their airplane, the Flyer, in Kitty Hawk, North Carolina for the first time. If not for them, I would not be here.

I recently read a great book about the Wright Brothers and, if I was walking around at the turn of the century, I would not have invented the airplane. I probably would have made faster horses.

Was there an education process for Wheels Up early on and has the evolution gone as you had hoped?

I was very fortunate in this business to learn from the Orville Wright of my generation, Richard Santulli who founded NetJets, and Warren Buffett, who eventually became a customer of NetJets and then became the owner. I learned from two of the best guys in the business. The tutelage from the time I shook hands with Richard in February of 2001 through to selling Marquis Jet to NetJets, I learned a lot in those 10 years. With that knowledge and the extra year I spent as Vice Chairman of NetJets, I gained a lot of perspective. One big thing that I took away from my experience at Marquis and NetJets was that entry-level was trading away from the traditional players in fractional and that there was an opportunity. We happened to know the asset well: the Beechcraft King Air 350i series of airplanes was a perfect plug-in to that entry-level that was in my view a lot of white space – a lot of addressable market.

I look at the King Air, specifically the 350i, which we're working with now and I think about the early '70s and the people that were responsible for bringing about the Range Rover or the Tahoe because they could see an SUV in every driveway in America. The King Air 350i is the flying SUV of the sky. It has eight seats,

it can take eight golf bags and eight guys to almost anywhere in the country. It has a 2.5- to 3-hour range, it has great speed at 360 miles per hour, and great comfort.

At your price point, how broad is the market and is it opening up private aviation to a broader market?

The traditional fractional market numbers a couple hundred thousand at most in terms of the addressable market. The market for what we're doing, Wheels Up, the revolutionary membership model, the King Air and the addressable market feels 10 times bigger than for fractional aircraft.

We're talking about two to three million people in businesses in North America that could consider joining Wheels Up and using the King for their missions.

As the growth has come, has it become more difficult to manage?

I've made my living managing hyper growth. We have to be careful that we grow quickly but responsibly. Everybody wants growth in their business but we don't want to sacrifice an ounce of service for it.

Over the past 15 years, we've proven across different businesses that we can manage hyper growth, and that is one of the things that makes the people I work with special. We're experiencing hyper growth at Wheels Up but, interestingly enough, the faster we're growing, the better the service is becoming.

Is North America still the priority? What are the opportunities in Europe?

When we look at private aviation macro, 50 percent of the world's action is in North America; the other 50 percent of the world's action is in the rest of the world. For our service and business, it will be similar.

Western Europe in particular is a special opportunity for us because the King Air 350i can cover all of Western Europe – 47 of the 58 most traveled cities can be covered nonstop by the King Air, which is a recipe for unbelievable success in Europe.

How important is the green focus as part of the business?

Green as it relates to anything is extremely important. I'm happy to report that the King Air 350i is the greenest airplane – it's greener than any jet that operates in the world. The carbon footprint from the fuel burn makes an easy choice for any company or individual who is looking to be environmentally responsible.

Anytime someone has a platform, they can choose to do anything with it but we choose to do good, both for our members and the society at large. We had an opportunity with our Pink Plane to raise awareness for breast cancer through a partnership with the Dubin Breast Center at Mount Sinai in New York.

When we think about the carbon footprint and the green elements to the King Air, for my kids and their kids someday, the cleaner we can keep the environment while still living our lives, the better.

How important is it to keep membership simple?

As we build Wheels Up, if somebody accused us of being the simplest private airplane company in the world as it relates to how the member sees us, I would take that all day long.

Simplicity, being transparent, and the fewer moving parts we have in this business the better. Technology, the idea we can tap our smartphone three times and have an airplane waiting, those are the things that will set Wheels Up apart from its competitors and from how things were done in the past.

Do you look at competitors broadly and in creating a niche, who are your primary competitors?

The biggest competition we have is from within, meaning our ability to execute on our own business plan. We want to be the ones that are leading the evolution and revolution into new territory.

I don't see direct competitors for Wheels Up. The fact that we have the exclusive on the King Air 350i for North America and Western Europe is a pretty big differentiator and barrier of entry. We can't be everything to everyone in this business, but it protects the entry-level and we want to own that.

Do you look at this also as a networking platform?

Yes, we have a thesis that the more people are connected via their iPhones and e-mails, the less depth they have in their personal and business relationships. It's easier to write an e-mail to someone than to meet in person.

We want to build a community at Wheels Up with like-minded people with like-minded interests who are connected, and we also want to create a platform through our Wheels Down initiative where we're creating a number of events and situations where our members get to meet and assemble with each other.

We're trying to build a community that exists in the electronic world but we're also really trying to build a community that exists in the physical world.

How do you balance your time when you're also involved in many other areas?

I'm the quarterback of Wheels Up – it's my full-time-plus job. I don't even feel like it's work; it feels like what I was put on earth to do.



The interior of a Wheels Up King Air 350i

That said, my hobby is investing in other mostly consumer-facing businesses. I like to be helpful. We had the Avión business and were fortunate enough to partner with Pernod and sell that business to them last year.

I love the Juice Press business too. But I consider the consumer-facing, early stage, entrepreneurial investments I make to be a hobby as it relates to my core business, which is running and building Wheels Up.

Is it more for you about creating the next idea or do you like the day to day?

I love the day to day. I love the big picture element, which is creating the roadmap for the company. But I also love the daily grind of the business. There is nothing like putting in a hard day's work and coming home spent.

How much do you enjoy seeing those on your team grow and creating consistency with your talent?

I love when people I work with have the confidence to break away and do their own thing. I've always been supportive of everybody that has felt it was their time to start their own business.

If I encourage folks that work for me to gain knowledge and pursue their ideas, I want to be the first one lined up behind them.

How important is it to remain entrepreneurial?

It's critical to have an entrepreneurial culture no matter how large we get. It's always a challenge to keep it fun. Even though this business now has a better than half a billion-dollar valuation, we're in the first inning of it. Ask me if when we're 10 or 15 years old what stage we'll be in and I'll tell you I think we can grow it for the next 20 years.

Are work and play separate for you?

As an entrepreneur, balance becomes something you chase as much as you chase the deals.

As I get older and my kids get older, the balance becomes more critical. I'm doing a better job of balancing my family, spiritual side, and work and keeping it in harmony.

A true entrepreneur means one's business is never perfect nor is one's balance. There is sacrifice somewhere. It's important to focus on having a handle on where to sacrifice and not going too far.

The entrepreneur has the inner drive to be off the charts on the 24/7 business focus but I do my best work when I have some semblance of balance.

What do you look for first in making a deal, the product or the management?

The people ultimately are going to determine how successful I am. Good entrepreneurs can always pivot off a good idea. There also needs to be a team that can pivot off of a good idea and shift the business plan, and not just bang their heads against the wall expecting a different result.

That said, a good defensible idea or program is always great too. But idea versus management, I'd weight management two or three to one.

Have you had those down moments as an entrepreneur when things didn't work out as planned?

Every entrepreneur has down moments. One has to be willing to take the pain in a business and be calm and cool. The entrepreneurs that are calm and cool when the floor is shaking and the ceiling is coming down are the entrepreneurs that ultimately will have success.

Warren Buffett famously says, it's time to be greedy when others are fearful and when others are greedy, then be fearful.

Do you enjoy the journey?

I don't spend a lot of time celebrating what we've accomplished – that's in the rearview mirror. I'm always looking out the front windshield. It's important to celebrate small victories but if one relishes in them too often, that person will take their eye off the prize. ●