

Built to Last

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



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

EDITORS' NOTE 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. In 2010, Dichter co-founded Tequila Avion. Paris-based Pernod Ricard, the world's second largest premium



Kenny Dichter

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 has played an active role and invested in Juice Press and CYC. 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, the 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. 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 Member App, members can seamlessly book flights, manage their accounts, participate in ride-share opportunities, purchase seats on Shuttle Flights to and from popular events and destinations, 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 is the strength of Wheels Up and how much opportunity do you see for growth?

We're just getting started with Wheels Up. We began 2017 with 4,000 active members and

the business will be at a \$300-million-plus run rate with a retention rate of 87 percent and rising, so we're feeling good about it.

We're four years young. The prospects for the business model and service model we're creating will make us the largest private aviation business in the world by number of members by 2020.

How is your model differentiated within the industry?

The Wheels Up model is more Netflix than NetJets, meaning it has the most flexibility of any program in the world, but it also has the most predictability and world-class safety on top of everything else.

We have taken the best of all of the business models and programs out there because we're a young company. We have a subscriber membership model, but we also have a closed fleet and all of the safety that comes with that.

We also have the King Air 350i, which is the best short- to medium- haul airplane in the world, so if one is flying less than 800 miles, that option is the best.

Have you been able to educate the market on the value of this particular aircraft?

The market is getting more knowledgeable, which is good for us. The King Air 350i is the flying SUV. Eighty percent of all of the business aviation flights in North America and Western Europe are less than two hours, so this aircraft addresses that percentage of all addressable private aviation.

As membership increases, does it become more challenging to keep the service at such high levels?

We have a special relationship with Textron Aviation and we recently announced a partnership with KKR, which continues to support our growth. Density is our friend, so the more members, the more airplanes, the more efficiency we have and the better our service gets.

How broad is the market for those who could become Wheels Up members?

For those seeking fractional, there are probably 200,000 people and businesses that could afford the programming. With Wheels Up and its unique membership model, the addressable market is six times larger than the fractional market. Our market opportunity is 1 million to 1.5 million people and businesses that could afford to participate.

Wheels Up is broadening the base of the private aviation pyramid and increasing participation by several times.

Is the membership primarily focused on flying or is it also about being part of the network?

The core reason people join is for the flying, but when it comes to our program, the average flyer is spending 25 to 30 hours in a given year, which means there are 8,700-plus hours that they're not in the air. We believe strongly in investing in events and the relationships with our members, which is why we have a robust Wheels Down program that makes our membership more valuable and stickier than anyone else's in the private aviation space.

Does your safety record further differentiate Wheels Up?

Anybody can talk safety, but it's about walking the walk. We've now done more than 100,000 flights and we are running at the highest levels of safety because, ultimately, when one joins Wheels Up, safety isn't just a given – it has to be worked on every minute of every day. It's our number one value set. I'm proud that we're one of the leaders in our industry in terms of how we operate.

As you've built Wheels Up, how valuable has it been to bring in so many team members that you had worked with in the past?

I've worked alongside many people in my almost 20-year private aviation career. We have a winner's culture and, when we hire, I look for people who are winners and people who are can-do people. We have been able to recruit the very top talent as a result. I'm proud so many wonderful people seek us out and want to be part of our successful culture.

Do you take time to enjoy the wins or is it always about what's next?

It's very gratifying to be an entrepreneur. Every day when I come to work, I'm painting on a canvas, and the painting I see is the biggest, most powerful, most user-friendly private aviation company in the world. I see a digital platform that people can use worldwide. We feel we're premium, yet we're very approachable. We have brand ambassadors like Serena Williams, Tom Brady, and Russell Wilson who are all consummate winners. We're in good company and we're setting up a brand and business that is built to last. ●