

Safety and Service



NetJets' headquarters in Columbus

An Interview with Adam Johnson,
Chairman and Chief Executive Officer, NetJets Inc.

EDITORS' NOTE *With a passion for business aviation and an unyielding commitment to safety and service, Adam Johnson has contributed to NetJets' continued growth and success for more than 20 years. Johnson directs NetJets' global operations, ensuring corporate goals are achieved and all divisions of the business are focused on a total commitment to safety, service, people and brand. During his tenure at NetJets, he has held a number of*



Adam Johnson

senior leadership roles, including: President of Global Sales, Marketing and Service, Senior Vice President of NetJets Administrative Services, Senior Vice President of Logistics, Executive Director of the NetJets Aviation Flight Center, among others. He received a bachelor's degree in business management from The Ohio State University and is a licensed pilot.

COMPANY BRIEF *NetJets (netjets.com), a Berkshire Hathaway company, is the worldwide leader in private aviation with the largest and most diverse private jet fleet in the world. NetJets provides shared (fractional) aircraft ownership, a lease program and card services which allows individuals and companies to fly privately on a business jet at a fraction of the cost of whole aircraft ownership and guarantees availability 365 days a year with just 4-10 hours' notice. The NetJets programs worldwide offer the largest and most diversified fleet (approximately 750 aircraft) in private aviation, which includes a variety of aircraft types across four cabin classes. NetJets has been serving owners for more than fifty years, with headquarters in Columbus, Ohio.*

What are the keys to the consistent success and leadership of NetJets and how do you define the NetJets difference?

When we use the word "leader" in our business, it's important to define how we look at that. We were the first private aviation company in the U.S. and this year is our 55th year in business – we started in 1964.

Today, we are still, and have always been, the largest private aviation company. By comparison, last year in 2018, we flew more flights than our top 15 direct competitors combined.

People will often compare leadership by size and length of business, but the reality is,

what has allowed us to be the leader in our business goes back to what Warren Buffett said when he bought our company in August of 1998: make sure there is a relentless focus on safety, then service, and everything else comes second to that.

The reason we have been as successful for as long as we have is our people. We have some of the industry's top talent right here in Columbus, Ohio, and they are backed by our culture and focus on safety and service.

How have the programs and services that NetJets provides evolved?

Many people talk about Uber and the Uber effect. One of the things I'm often proud of is that, when Uber's founders wrote their first pitchbook, they positioned themselves as the "NetJets of black car services."

In many ways, we pioneered the "sharing economy" in private aviation in the mid-'80s. Looking at our product and service line today, we have a product that meets all private aviation needs.

Our entry-level product is the Marquis Card, which allows one to enter into the program 25 hours at a time. We have a leasing portfolio that is larger than anyone on the planet.

Then our core business is our shared ownership business, which truly allows one to get all the benefits of whole aircraft ownership at a fraction of the cost.

If one is in the aircraft business, NetJets also offers management of the aircraft. We offer the full spectrum of product lines and services to meet any aviation needs.

However, our target audience continues to be whole aircraft ownership. When we analyze the people coming to our website, one of the top reasons they visit is to determine how to sell their aircraft and get out of whole aircraft ownership.

Our largest and most important target market are those people that have owned aircraft and realize that there is a better way to do it.

With NetJets' size and strength in the industry, how important is it to avoid becoming complacent?

When people talk about us, they often talk about our scale and size. Internally, I try to steer away from that. Those topics, while they are true – we are much larger than our competitors combined – can lead to complacency.

We must maintain our edge, so every dialogue in every meeting is, in some way, about safety – making sure we're keeping our owners safe and focusing on the service we provide.

It sounds simple, but we operate a very difficult business; there are a lot of moving parts, literally.

One of the top priorities that the leaders of our company have is making it clear that we focus on safety and service. We start each conversation with that.

We're also focused on growth, but growth for growth's sake is not what we're interested in.

Another of our priorities is focusing on having a business that is viable for all economic conditions. We have what we call our NetJets 20/20 flight plan – 20/20 meaning the clarity of vision.

The flight plan is a one-page strategy that makes sure in this crazy-complicated business at NetJets that everybody, nearly 6,500 employees, are all focused on the goals that lie within that page.

Is it well understood that this unrelenting focus on safety is not just a given and that it should be a key part of the decision making process in terms of deciding who to fly with?

If you ask any aviation provider, they will all say they are focused on safety. The difference is, when we lay our heads down at night and ask ourselves if we're really letting a culture of safety permeate the organization, we are looking at it at a deeper level.

Since I came back as CEO in June of 2015, this has been the most unrelenting focus I've had. It starts from the leadership of the organization and requires that we ask, "are we truly creating a culture of safety, and then are we investing in it?"

In our flight training alone, we invest more than \$80 million in flight safety annually – that is more than the total of the pilots' salaries at many of our competitors.

We look at things like the investment of dollars in new aircraft. Over the past four years, we've been quietly focused on bringing new aircraft into our program and have bought more than \$4 billion in new assets totaling more than 300 aircraft.

One of the benefits of that, other than just having new aircraft, is being able to take advantage of the new safety features that come on

those aircraft. We're able to pull data off these new aircraft, digest that information and then, based on that data, modify many of our safety programs.

One of the programs is called FOQA, and it stands for Flight Operations Quality Assurance. If we take a look at our competitors, there are more than 20,000 business jets currently flying around today and 20 percent of those are more than 30 years old. Our competitors don't have the money to make investments in newer planes and, thus, they don't have that safety information available.

Another area we're investing in is a fatigue risk management program. We're making sure that when we build our schedules, we not only meet the FAA standards but we go above and beyond those in making sure that our crews are properly rested. There is no other competitor that is doing this.

The list goes on and this attention to safety allows us to hire the best pilots in the industry – most NetJets captains have seven times the industry standard in flight experience.

Creating that safety and service environment allows us to recruit the most experienced pilots in private aviation.

How critical is it that NetJets is engaged in the community and is a good corporate citizen?

On our one-page strategy document, one of the things we talk about is making sure that we have complete focus on our team members here and also in the community. We have quietly been trying to step that up over the past few years.

We probably have to start any conversation about our community involvement with our relationship with The Ohio State University. Over the past several years, we have donated close to \$4 million to Ohio State for their aviation education center and their aviation studies program. I'm really proud that we have taken a leadership role with them, which helps keep the best aviation talent in Columbus and even helps recruit people to our company from outside of Columbus. Our commitment to Ohio State has been a big deal.

We're a proud sponsor of the PGA. NetJets hosted a benefit concert in conjunction with the Memorial Tournament. Keith Urban performed and the primary benefactor for the concert was Nationwide Children's Hospital. It is one of the best children's hospitals in the U.S. and Abigail Wexner and the Wexner family have done a tremendous job of growing the cancer center and we were proud to be a part of that.

Columbus is a city where business leaders come together to support the city and work closely with the public sector. Will you discuss this relationship and how important it has been in building on the vibrancy and momentum that Columbus has experienced?



A NetJets pilot conducting a safety inspection on a NetJets plane

I have been in Columbus for 23 years and I have witnessed an amazing transition over the past 15 years in how the public and private sectors are working together. Fifteen years ago, we struggled as a community. The transition that has taken place is truly amazing.

Columbus put out a campaign called One of Us. The tagline was, "Individually we are successful and together we are unstoppable." That is a great tagline. The public and the private sectors have understood that, together, better things can happen.

The Columbus 2020 program is all about economic development and working partnerships at the state and local levels.

I sit on the Columbus Partnership and, if we look at the various businesses coming together to bring outside companies to Columbus and growing different sectors of business, all of these partnerships have been extremely successful.

We have seen buy-in from the public and the private sectors who know that, together, we can not only keep the talent in Columbus, but recruit from other areas that in the past we weren't doing well in.

There has been a fundamental shift in the past decade.

Is the message of Columbus' success well understood and what do you tell those coming out of school about the work/life experience Columbus offers?

The message is certainly getting out. If one had asked that question 10 years ago, they would have heard the phrase, "one of the country's best kept secrets."

Now, I am blessed to be able to travel around the world and, when I talk to people from different states and regions, I hear that the message about Columbus is clearly getting out. Corporations are recognizing the attractive cost of living, that the talent pool is strong, and that it's a great place to live.

Certainly, the efforts of Columbus 2020, the Partnership, and the Roundtable, as well as the campaigns that have been done have been effective in getting that message out.

We are now hearing that Columbus is competing for some of the larger business movements in the country.

What has made the experience at NetJets so special for you?

Honestly, one of the most exceptional things about being here is that what we do is challenging – we operate a private business jet flight every 65 seconds. There is a great responsibility to protect people's lives that comes with that.

The people I have been able to work around over the past two decades are the most selfless group of individuals I've ever met anywhere in the world.

They always put the safety of other individuals and the service they provide ahead of their own personal interests.

What Columbus has allowed us to do is recruit the best and retain the best to maintain our DNA. Because of that, we have been able to build the largest private aviation company in the world.

Is it possible to take moments to celebrate the wins and appreciate all that NetJets is or are you always looking ahead?

We keep a lot of metrics, none more important than whether our owners and our employees are likely to recommend NetJets – when they go out to dinners or meet with their friends, what do they say about us? We track that.

With the focus on the 20/20 flight plan and our focus on safety and service, we have seen these recommendation scores going up and up over the years.

This is cause to celebrate and I take great pride in this because I know how difficult it is to achieve this and the dedication it shows from our owners and employees. ●