

Your Own Flight Department versus Aircraft Management – How to Decide



This is a post by guest author [Dave Weil](#), CEO and founder of [Flight Dept Solutions, LLC](#). Dave was asked to contribute to this blog because of his expertise in aircraft management and flight department issues. Any thoughts expressed below are entirely Dave's and do not necessarily reflect the views of Universal Weather and Aviation, Inc.

You finally made the big decision to buy a business jet. Now you need to figure out what to do next. You have some friends who use an aircraft management company and some who have their own corporate in-house flight department. You've heard a lot of conflicting information about both alternatives. Which option is best?

There is no "one size fits all" answer to this question. There are many part 91 aircraft owners who are very happy having their aircraft managed, and there are many owners who are pleased with having a flight department arrangement. Selecting the best option really depends on what issues are most important to a particular aircraft owner.

From my twenty years of experience, I have learned there are four primary reasons why an owner would decide to establish an internal flight department rather than use a management company: Cost, Control, Customization and Consultant.

Cost of Aircraft Management

Some aircraft owners feel the cost of paying for an aircraft management company is not worth the benefits gained. There are usually both quantifiable savings – such as an aircraft management company's fleet discounts – and qualitative benefits – such as a second level of oversight, established policies and procedures, etc. However, the savings often do not cover the fees. Thus, it becomes quite subjective as to whether the incremental cost of using an aircraft management company is worth the qualitative benefits it can provide. An owner's cost sensitivity will determine how important this factor is in making a decision.

Control Desired by the Aircraft Owner

According to Federal Aviation Administration (FAA) regulations, the aircraft owner possesses operational control of a part 91 aircraft. That means certain basic decisions concerning the pilots, aircraft scheduling, etc. are always controlled by the owner. However, in practice, there is wide variation in how the owner exercises that control. If an owner desires hands-on involvement with most aspects of the aircraft, then that involvement could result in incompatibility with the aircraft management company. For example, the owner's actions could cause the aircraft management company time delays in getting things done, or the owner's ideas on crew duty limits or eligible airports may be in conflict with the management company's policies. Hence, an aircraft management arrangement may not be best for this type of owner.

Customization Required by the Aircraft Owner

Some aircraft owners are very particular in regard to certain aspects of their aircraft operation. For example, they may want to employ a unique aircraft scheduling process, their accounting requirements may be highly complex, or the level of involvement with the crew may be unusual. The greater the degree of customization required by the owner, the more difficult it is for an aircraft management company to bend their standard policies and procedures to satisfy the owner's requirements. Thus, for highly customized situations, it is often best for the owner to have an in-house flight department.

Aircraft Owner's Consultant

Many aircraft owners use a consultant or broker to help them purchase their aircraft. Frequently, these individuals have a strong preference as to whether a flight department or aircraft management company approach is best and will influence the owner accordingly. When the consultant is a pilot, frequently he or she will end up establishing and managing an in-house flight department for the owner. It is strongly advised that an owner verify the credentials of any consultant or broker prior to retaining him or her.

Multiple Aircraft Scenarios

The more aircraft an owner possesses, the more likely it is that cost, control and customization issues will result in the flight department option being selected. In addition, any cost advantage that an aircraft management company initially provides diminishes as the size of an owner's fleet increases. Hence, situations involving multiple aircraft are more likely to be handled by an in-house flight department.

Summary

Both aircraft management companies and in-house flight departments possess unique advantages. Every owner needs to determine his or her own specific criteria for selecting between the two. If an owner's priorities involve strict cost sensitivity, tight control and/or significant customization, or if multiple aircraft are involved, then often establishing an in-house flight department is the best option.

Questions?

If you have any questions about this article or how to pick between a flight department or an aircraft management company, contact me at dweil@flightdeptsolutions.com.



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