

≡ CRAFT

Crafting the Perfect Charter - Part I

Our Secret Master Plan to Crafting the Perfect Charter

CLASSIFIED

As you know, Craft has established itself as a premium provider for on demand charter using modern equipment and attention to detail. However, you may not be aware of the fact that our broader vision encompasses reaching a wider audience, aligning with our mission to grant the world's most exceptional entrepreneurs and leaders enhanced mobility and time. It's important to understand, we aren't just in the transportation business, we are in the service business. At its core, our mission extends beyond merely moving people from point A to point B; we are moving people from Point A to Point C with B as the experience along the way.

Critical to making that happen is developing a high end product without compromises, which is why Craft must beat the industry's top providers like Netjets or VistaJet and we must do it at a slight cost advantage.

In keeping with a fast growing company, all free cash flow is reinvested back into R&D to drive down the costs and bring technology to market as fast as possible. In essence, our current customers are contributing to the future, effectively subsidizing advancements that will shape the course of our industry - every single flight.

What does the future look like? As we move into an experience economy, people value experiences over ownership of hard assets. This will drive a growing charter market with high demand for a consistent, reliable, and safe product with instant booking and transparent pricing. To meet demand, operators will need a consistent fleet that's centrally controlled and has low unit economics.

However, the challenge lies in the fact that very few entities are currently equipped to genuinely satisfy these market demands. Traditionally, accessing business aviation necessitated setting up one's own flight department, essentially a mini airline, which is both complex and capital intensive. Large management companies emerged, democratizing costs for owners through shared resources. These companies have thrived by creating diverse profit centers, including charter services, enabling them to profit without sharing the risk with the aircraft owners.

Nevertheless, these businesses may find it challenging to achieve the necessary critical mass due to an inherent misalignment of incentives for both the charter customer and aircraft owner. Moreover, these assets are significantly underutilized, leading to higher per-unit costs. Furthermore, given the wide array of aircraft types, configurations, and owner requirements, such companies will never be able to offer a consistent and repeatable product or experience.

This problem presents an opportunity. To achieve our mission we need to understand what is our product and who is our customer. Most fliers suffer from one major problem: "They dream of flying private but don't want to spend money to do it." Enter the 'Franchisee'. The franchisee's goal is to fly for free and they will be the catalyst for Craft to achieve scale. The product is not the flight, remember, we are not a transportation company. The model needs to be the product and the franchisee needs to be our first, last and most important customer. This Franchisee model will allow a whole new segment of people to enter the market and fly private, thus enabling this model to work.

Problem: if the model doesn't work, franchisees lose money, airplanes sell, product fails. The franchisee isn't interested in running an airline. They don't care about how we run our company. Driven by their desire to fly for free, the franchisee only wants to know one thing: Does it work? Does the model work? Our most important concern then needs to be to make certain the business can run better than any other. The franchisee needs to be willing to buy the product. The only way to ensure they buy it is to ensure it works better than any other opportunity - not just other management companies, we are competing with any other business opportunity. We are forced to create a model that works in order to sell it, which also creates a model that once sold, works, no matter who the customer is. Simply put:

Product = model

Customer = 'Franchisee'

So, how do we build the model? It must be a foolproof predictable model that is systems dependent. Reengineer the business to build a mass producible product, Like Henry Ford thought about the model T. How could the components be assembled at a very low cost with totally interchangeable parts? How could it be constructed so that it could be replicated over and over and over again? The only way to ensure it works is using perfectly predictable components in a prototype long before going into production.

This is the franchisee's prototype. Deliver exactly what the customer comes to expect every single time. We need to fall in love with crafting the perfect charter. Love producing an exceptional result, the same way with the same impact time after time. We need to love smelling the exact dose of the unique aircraft scent present when boarding. Seeing our pilot cross the ramp with their uniform worn precisely to standard. Hearing the customer phone calls being answered with the same tone every time. People can say they don't like what snacks we offer, what uniform the crew wears but they cannot say we don't deliver on our promise.

The model needs to be built to keep this promise, long after any of us are gone. It will deliver exactly what we come to expect, every single time. It's about integrity, doing what we say we will, and if not, learning how. Our passion cannot merely be about flying airplanes. It must be the art of creating the perfect charter. That is the franchise prototype. And we need to keep asking the obvious question. Does it work? Discipline, Standardization, and Order. Expectations need to be fulfilled every single time. Training our people not how to fly the airplanes, but how to run the systems that operate the model, Craft is now the prototype.

In short, the master plan is:

Step 1: Immediately fix all inefficiencies and manage the operation to profit.

Step 2: Use that money to develop the prototype model.

Step 3: Use that money to Implement scalable go to market motion.