



## Key Air: focused but opportunistic

For more than 20 years, Key Air has provided worldwide charter and aircraft management as well as a full range of support and services. It has fixed base operations and private aviation terminal space in strategic locations throughout the US and, just recently, Key Air has completed a recapitalisation exercise. Brad D. Kost (BDK), President & Chief Executive Officer of Key Air, answers *Executive & VIP Aviation International's* (EVA) questions.

**K**ey Air experienced significant growth in 2009 during a time of unforgettable recession and retrenchment for large swathes of the business aviation community. The company added 12 managed aircraft to its certificate, bringing the total number of aircraft under management to 28. There was a sizeable increase in aircraft based at Key Air NY Metro (OXC) in Oxford, CT, as well as at other national locations. Several Dassault Falcon aircraft were added to both its Key Air NY Metro (OXC)

and Key Air Twin Cities (ANE) locations. During last year, Key Air also added hangar facilities and client support at Van Nuys Airport, CA. The company also experienced considerable growth in its FBO operations in 2009, adding a record number of hangar and office tenants at each of its three FBOs.

It is little wonder then that by the end of 2009, with further growth in mind, Key Air sought recapitalisation. At the end of December 2009, the company's principle equity investors (led by Rizvi Traverse Management) acquired all of Key Air's debt in a recapitali-

sation transaction. The transaction allowed the company to restructure its balance sheet and provided additional working capital to enable Key Air to execute its growth strategy in 2010 and beyond. We ask Kost about his strategy for the company.

**EVA** With more than 20 years' experience in the private charter business under your belt, Key Air has seen the good and the bad times. How has this recession reshaped your thinking in terms of locations, strategy, alliances, innovation, etc?

**BDK** In a down market, companies inherently consider the impact of strategic decisions very carefully. While the industry took a downturn in 2009 and many companies streamlined during that time, Key Air continued to grow and we believe that growth was both strategic and responsible. Staying focused on our core business plan and taking advantage of opportunities as the market changed was key to our expansion over the past year. Additionally, the value of solid alliances during a down market cannot be overstated and the support of our industry

partners and affiliates has been vital to our continued success.

Innovation has also played an important role in our company's strength since its inception. We understand that the customer decides what is right for them and our job is to adapt to provide proper service levels to support the client and protect their experience at all times.

**EVA** Is being a provider of almost everything required of an air charter operation the answer to poor market conditions? Has

this approach been your salvation in the down cycle? Will it serve you well in the good times to come?

**BDK** Controlling many aspects of air charter allows you to raise the service level and clients seeking that level of service get better value for their investment. We have learned that increased service and value are what clients are looking for, not price competition. Providing better value and exceeding expectations on service levels and standards – rather than competing on price – has



served us well in good times and bad for over 24 years.

**EVA** In terms of aircraft management, how do you achieve that balance of both looking after the owner and the charterer? Is it all down to a strong, transparent and fair aircraft management contract?

**BDK** It is the management company's responsibility to educate the owner on current market conditions. We have the ability to look at each trip individually and illustrate all of the benefits to the owner, without a singular focus on price. The advantage of a management company *vis-a-vis* charter is the ability to have a pipeline to the owner of the aircraft and maintain the balance between owner and charterer needs.

The aircraft management agreement is the foundation for the relationship, but managing that relationship and having flexibility is much more important.

**EVA** How do you differentiate yourself in terms of aircraft charter? What have you put in place in terms of both full-service and safety/audit assurances?

**BDK** We have the ability to control the charter client experience from beginning to end, providing superior, impeccably maintained aircraft and treating each guest as if they own the aircraft.

We also have the distinction of possessing the proper infrastructure to both conduct the trip and provide higher service levels, which is of added value to our clients. Our employees' in-depth industry knowledge contributes to a coordinated service delivery between our various departments, which includes charter sales, operations, maintenance, FBO facilities and services.

In addition, Key Air has been dedicated to meeting and exceeding the industry standards for safety and security. Key Air employs a full-time, dedicated Safety Manager and is committed to achieving the highest levels of aviation safety and security performance. Yearly safety audits by multiple, independent aviation organisations have consistently given Key Air exemplary ratings.

**EVA** Is your FBO network complete?

**BDK** We are very pleased with how our network has developed. We now have a national presence on both coasts, in South Florida and a hub in the Mid-West. That said, we continue to consider other strategic opportunities as they arise.

**EVA** Why the Van Nuys charter and management office (but not an FBO)? Are these all market-driven locations?

**BDK** Los Angeles is a big market for private aviation and we believe it is important to

have a presence there. The establishment of the Van Nuys, CA, office is part of our plan to continue to leverage the Key Air brand nationwide.

**EVA** How internationalised is your product? Will you have international locations going forward?

**BDK** We currently charter globally and 35% of activity involves international operations. Key Air is currently managing and supporting many large-cabin aircraft capable of serving international trips. Our business plan will take us internationally as it matures.

**EVA** What is the perfect shaped fleet for your business as we move out of recession and start looking to the future?

**BDK** Our current fleet is a good mix of small mid- and large-cabin aircraft with the versatility to charter clients both domestically and internationally. Ultimately, we hope to have a solid mix of airframes to meet the needs of all types of customers for private jets.



**EVA** What will be your enduring memory of this recession?

**BDK** We are certainly pleased that we were able to grow despite the recession. It reinforced the importance of a strong service culture, that not all business is about price and that quality, safety and service remain the paramount requirements in a provider. Key Air remains committed to those core beliefs and will never sacrifice standards for profitability. ●