

Major Components of a Typical Startup-Airline Business Plan

EXECUTIVE SUMMARY

- Description of airline concept (scope, revenue/cost structure, service offering, aircraft types, major markets served)
- Target customer and perceived opportunity
- Competitive advantage over incumbent carriers
- Market share expectations and competitive strategy
- Financial highlights: operating margin, profitability, etc.
- Management team's airline operations experience level
- Capitalization plan and ROI expectations

INDUSTRY & TARGET MARKET

Industry overview

Target market analysis

Economic state (GDP)

Demographics / population

Income statistics

Growth rates

Air travel market size and trends

Forecasts for air travel

O&D pax/cargo traffic demand by market

COMPETITIVE ANALYSIS

Incumbent airlines operating in the marketplace

Current competitors' market share by route

Competitor service offerings (including aircraft type/age)

Incumbent airline frequencies/schedules

Fare comparison by service class and route

Barriers to market-entry (gates, slots, bilateral agreements, etc.)

SERVICE OFFERING

Overall Concept

Mission/Vision Statement

Scope (domestic, regional, international, network)

Markets to serve

Headquarters / Airport base(s)

Target customer segment

Route structure (local, hub/spoke, point-to-point)

Frequency

Schedule

Product / service offering (drives cost structure)

Seat pitch

Seat assignments

Boarding process

Service-class offering (economy, business, first, pods, beds)

Catering (hot meals, limited, purchase, beverage-only, etc.)

Aircraft interior (leather, bins, window size, lighting, age, etc.)

Duty-free / in-flight shopping

In-flight entertainment (IFE) - live TV, internet, video

Power / IFE at seat

Kiosk/online check in

Airport lounges

Customer loyalty program (FF program)

Amenities (towels, pillows, blankets, socks, eye masks, etc)

Aircraft Selection

Capacity (pax/cargo) to meet demand

Range to fly missions

Economics for profitability

Maintenance costs

Fuel efficiency

Reliability

Engines (fuel/range/performance)

Winglets (fuel/range/performance)

Fleet commonality

Avionics

Buy/lease

New/Used/Age

Insurance (airframe, engine, pax/cargo liability)

Noise/emissions

Alliances / code-sharing / partnering

Service entry and growth strategy

Sustainable competitive advantage

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OPPORTUNITY

- Estimated market share by market / route
- Fare pricing by class / route

- Load factor by class / route
- Expected operating revenue, costs, and margins
- Profit potential and sustainability
- Sensitivity analysis of profitability under various scenarios

MARKETING & DISTRIBUTION PLAN

- Marketing Strategy

- Marketing Mix (4Ps):

 - Product** (service offering)

 - Price** (fares)

 - Fare structure

 - Revenue management

 - Pricing / yield

 - Place** (sales and distribution)

 - Internet (direct)

 - Internet (wholesale/3rd party)

 - Call Center

 - City Ticket Offices

 - Airport ticket counters (walk ups)

 - Global Distribution Systems (GDS)

 - Travel Agents

 - Corporate sales

 - Other (kiosks, etc)

 - Method (cash, credit, etc)

 - Promotion** (advertising)

OPERATIONS PLAN

- Labor

 - Pay rates / scales

 - Benefits

 - In/out-sourcing

 - Unions (contracts)

- Administration

- Distribution

- Airport Operations

- Customer Service

- Maintenance (line, light, heavy, equipment)

- Ground Operations (ramp)

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Dispatch
Flight Operations
Training
Fuel purchasing / hedging / policies
Technology (IT)
ETOPS (if applicable)
Cargo / Freight / Mail
Facilities / Equipment

MANAGEMENT TEAM

Organizational Chart
Executive Biographies / Resumes (CVs) for the 5 key functions:
Airport Operations
Flight Operations
Maintenance Operations
Finance
Marketing & Distribution
Other Management (VPs)
Independent Board of Directors
Professional Advisors/Consultants

RISKS AND MITIGATION PLAN

Business model risk
Market share penetration
Fuel costs
Default on aircraft liabilities
Safety
Weather
Geo-political
Economic
Regulatory
Terrorism
Infrastructure
Gates/slots availability

FINANCIALS (5-year pro forma)

Income Statement (P&L)
Balance Sheet
Statement of Cash Flows
Airline operating statistics & financial ratios

IMPLEMENTATION SCHEDULE

Iterative Development Phase

- Business plan development
- Financial model development
- Management team assembly
- Aircraft selection
- Investor “roadshow”

Launch Phase – 12-18 months

- Funded
- Certification
- Aircraft sourcing
- Certification
- Staffing
- Facilities / Equipment
- Begin Flight Operations – 0 to 12 months

Initial Growth Phase – 3 to 5 years

CAPITALIZATION PLAN

Capital Structure

- Key management team investment
- Startup capital needs
- Seed capital sources
- Aircraft financing
- Venture funding

Equity Offering (if applicable)

- Cash required from investors
- Equity offer for investment
- Use of funds
- Anticipated return on investment (ROI)
- Investor exit strategy
- Timing