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
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)
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