**Startup Carrier Strategic Questions**

**Beginnings:**
- What is the opportunity and strategy for the airline
- What will the airline offer (passenger service, cargo, combi, charter, wet/dry lease)
- **Route structure**
  - Domestic/International
  - Point to point or central hub(s) operation
- **Distribution system**
  - In house reservations system
  - Utilize a global distribution system (GDS)
  - Travel agency distribution strategy
  - Direct channel strategy
  - Target distribution expense %
- **Target customer**
  - Leisure/Business mix
  - Ethnic/VFR
  - Inclusive tour
- **Fleet Details**
  - Fleet matched to market size
  - Range and payload requirements
  - Cargo requirements
  - Utilization targets
- **Product Offering**
  - Single, dual or tri class passenger product
  - Inflight service provided and strategy
  - Flight frequency
  - Ground product offering (eg lounges, e-check-in)
- **Market Assumptions**
  - Pricing assumptions (pricing strategy, yield expectations)
  - Cost assumptions and projections
  - Market share targets
  - Competitive response strategy
  - Any political/economic risks in one or more target markets
- **Management Team**
  - Required skills
  - Target list of leaders and projected costs of acquiring talent
  - Legal advisors
  - Outside consulting services
Financial Assumptions
- 1,3 and 5 Year Forecast
- Initial cash requirements
- Investors

Strategic Targets
- What is the estimated initial startup target date
- Timeline/requirements for obtaining Airline Operating Certificate (AOC)
- What is the capital plan? Plan for initial startup funds and ongoing growth funds
- What legal, regulatory or government issues might impede the launch?
- Are any target destinations slot controlled or is an extensive route authority process required
- What is the growth strategy, how is it funded, is it flexible what financial and human resources will be required to implement?

Marketing Plan
- What does this airline uniquely deliver to the market?
- What is the current competitive landscape?
- Possible competitive response to our market entry and impact? What would be strategic/tactical options and response?
- Current fare environment by market and target fare level
- Yield assumptions and minimums by route
- Forecasted market stimulation by route under various scenarios
- Product competitiveness and long term strategy
- Frequent flyer program strategy or study risk of no FFP offering
- Alliance or non-alliance strategy
- Interline strategy
- Advertising/Promotional plan and strategic plan
- Sales team and sales plan

Fleet Plan
- Does the fleet selection match with airline strategic plan?
  - Type of aircraft (single or dual aisle)
  - Number of aircraft
  - Operating cost comparisons/requirements
  - Performance requirements
  - Passenger and cargo requirements
  - Mission restrictions (eg short field, high altitude destinations)
- New versus used aircraft
  - Age restrictions
  - Cost comparisons
  - Noise restrictions
- Dry lease or wet lease or ACMI
- Expansion/retirement strategy
- Where will aircraft be registered?

**Maintenance**

- Maintenance program and budget
- Maintain in-house or outsource to third party
- Spare part support
- Heavy checks (airframe and engines)
- Line maintenance

**Financials**

- 5 year actuals or pro formas by month
- Pro formas at route level and consolidated results
- Capitalization plan (including follow-on rounds for growth)
- Proof of capital
- Interest rates
- Fuel rates and assumptions 1, 3 and 5 year forecast
- Available cash for aircraft prepayments
- Cash for ongoing aircraft costs
- Operating cash
- Financial ratio analysis
- Sensitivity analysis for risk
- Profit potential and durability
- Projections until breakeven performance
- Projections until reach positive cash flow
- Startup implementation costs
- Assumptions for major cost items on income statement (fuel, labor, a/c ownership, rents, maintenance and distribution)
- Credit card holdback assumptions
- Cost control mechanisms
Labor

- Labor groups and total headcount target
- Labor rates/scales by employee group
- Organized labor plan

- Pilot and Flight Attendant domiciles
- Any labor outsourced (maintenance, flight crews, ground staff etc)
- Recruitment plan (operations and management)
- Any local restrictions on hiring non-resident labor
- Incentive plan
- Internal corporate culture plan- build a customer focused environment

Operating/Revenue Statistics

- Projected load factor/breakeven load factor
- Available Seat Miles/Kilometers
- Revenue Passenger Miles/Kilometers
- Revenue expectations and yield assumptions
- Other revenue streams (onboard sales, freight, IFE, onboard advertising)
- Revenue Management system internally managed or outsourced
- Block hours
- Unit revenue per ASM/ASK
- Unit costs per ASM/ASK
- Aircraft Utilization/Gate Utilization
- Number of departures
- Average stage length
- Average passenger trip length
- Yield statistics
- Fuel statistics

Facilities

- Number of unique stations (destinations)
- Facility space requirements/restrictions (ticket counters, gates)
- Ability to secure gates and commercially attractive slot times
- Maintenance facilities, hangars
- Base of operations and company headquarters
- Ground handling in-house or outsourced