

# Business aviation operations (is it luxury or a necessity)

[Engineering](#), [Aviation](#)



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## Introduction

It will be considered in this assignment whether business aviation operations are a luxury or a necessity. This will be done by accessing relevant text books, journal articles and online databases. Once all of the applicable information has been gathered, a critical evaluation will then be conducted. An overview of business aviation operations will first be provided by considering the definition of business aviation as provided for by the NBAA. Arguments that business aviation operations is a luxury will then be put forward, which will include alternatives to business aviation. This will then be followed by the view that business aviation is a necessity because of the substantial benefits in which it brings to the economy and globalisation. Once both arguments have been considered, an overview as to which argument is the most convincing will then be given and it will be shown that whilst business aviation is considered a luxury, it is also a necessity for many businesses that would not be able to function as effectively without it. An appropriate conclusion will then be drawn summarising all of the main findings and demonstrating that business aviation is a vital part of any

business operation and unless business were utilising business aviation, it would be unlikely that globalisation would ensue.

Main Body

## **Overview of Business Aviation Operations**

Business aviation is defined by the National Business Aircraft Association (NBAA) as “ the use of any “ general aviation” aircraft for a business purpose” (NBAA, 2012a). General aviation thus consists of all flights that are not “ conducted by the military or the scheduled airlines” (NBAA, 2012a) and is therefore considered to be an important aspect of most business operations. This is because, business aviation is said to “ complement airline services in satisfying the nation’s business transportation requirements” (Wensveen, 2011: 133) which could not be achieved through scheduled transportation alone. Non-scheduled, also known as on-demand, transportation, therefore enables businesses to use air transportation as and when they need it, which is highly beneficial and helps to facilitate economic growth and world trade. It also “ boosts productivity across the global economy” (Rochat, 2004: 9) and allows businesses to invest in different countries, which advances the economy overall. Whilst there are significant economic benefits of business aviation, however, it has been questioned whether it is a luxury or a necessity. This is largely due to the different types of people that use on-demand transportation since it is unclear whether the more expensive use of business aviation really is necessary (Sheehan, 2003: 1).

## **Arguments that Business Aviation Operations is a Luxury**

It is undeniable that business aviation has become a way of life for many successful businesses. Because of this, it is very difficult not to associate this type of travel with being more of a luxury than a necessity since many would argue that business travel can be conducted in a more economical manner. This was certainly recognised by White and Bruton (2010: 330) when they viewed private jets as “unnecessary expenses” that could be avoided. The accuracy of this statement will undoubtedly be open to debate but, given the availability of business travel through scheduled transportation, the use of private jets may simply be a personal preference as opposed to a business need. Accordingly, it has often been pointed out that “business aviation is a costly luxury that has no place in the modern business environment” (Craig, 2012). This is because; costs need to be managed effectively if a business is to thrive, which is why a lot of businesses are actually considering videoconferencing as opposed to travelling: “42 percent of 610 business travellers and corporate travel managers responding to a 2008 poll by Business Traveller Magazine said they were exploring alternatives to business trips, including video or Web conferences” (Inc, 2012: 1).

In light of this, it could be said that business travel is unnecessary and therefore a mere luxury given that the majority of business activity can be conducted through video or web conferencing. Regardless of this, business aviation does appear to be on the rise and it is unlikely that innovativetechnologywill replace business travel anytime soon. This which is evident by the findings of the Confederation of British Industry in 2001 when

it was made clear that; “ Despite the promises of the 1990s that video-conferencing and e-working would reduce its need, business aviation travel grew by 22% between 1995 and 1998 and is predicted to double on the 1998 level by 2015” (Leathley, 2004: 36). Consequently, although business aviation can be replaced, there is a great reluctance to do so since businesses would prefer to travel and undertake meetings in a face to face setting. Whilst this may not be the most cost effective way of conducting business, it is unlikely to change any time soon and as noted by Beaverstock (2010, 227); “ video conferencing has had no noticeable impact on business traffic.” Arguably, this signifies that whilst there are other avenues available for businesses, individuals still prefer to travel in style, which demonstrates that business aviation is widely considered a luxury advantage to conducting business (Patiky, 2012).

#### Arguments that Business Aviation Operations is a Necessity

Not all agree that business aviation operations are a luxury and instead it has been argued by the NBAA in relation to their ‘ No Plane No Gain Campaign’ (NBAA, 2012b) that air-transportation is vital for any business. Hence, it is believed that shareholder value is greatly increased where business aviation is utilised since those companies that were found to have used business aviation during and before the recession were better protected from the effects of the recession than those companies that did not use business aviation (NEXA, 2012). This clearly illustrates how effective business aviation is and although this type of travel is seen as luxurious, the main objective of using on-demand transportation is to provide frequency

and convenience to businesses. Hence, as clarified by Capell; “ instead of Kobe steaks and champagne, what passengers really want is frequency and convenience” (Cappell and Reena, 2007: 46). Accordingly, whilst private jets have become a symbol of unnecessary expense, for the majority of businesses air transportation is crucial to their business. Moreover, it has even been argued by some businesses that whilst their private jets are in fact comfortable they are not luxurious which brings the prior arguments into disrepute (CBS, 2009). Thus, because of the advantages business aviation brings to a business, it seems necessary for their continued use.

In addition, whilst the use of some private jets for business purposes may be less luxurious than others, this should not indicate that they are unnecessary. This is because, as has been put forward by McClellan (1991: 51); “ business airplanes are useful, productive and make certain trips possible that could not be accomplished by any other means.” He went on to question whether they are also a luxury and concluded that although they are a luxury, there is nothing wrong with that. This is because, he added; “ the fall of socialism proves that we need to strive for things beyond the bare-bone necessities. We do not need to apologise for the luxury of airplanes or their exclusivity.” Essentially, whilst business aviation is deemed to be a necessity, this does not mean that it is not also a luxury, yet businesses should not be prevented from using it merely because of this fact alone. This is because; economic growth and innovation is created from effective business production and if businesses can function more effectively through the use of air-transportation then this should be promoted rather than stifled.

Flexibility is one of the main needs of a business and if business aviation provides such flexibility then the use of on-demand transportation is to be welcomed.

Arguments that Business Aviation Operations is both a Luxury and a Necessity

Conversely, it has been argued that although flexibility is an important aspect of any business, it is unnecessary for businesses to have private jets. This is because the majority of airlines in today's society are able to offer a similar level of flexibility that one would acquire from a private jet: " Given the flexibility of and high level of service offered by many traditional airlines, the question remains as to why so many business traveller are using private aircraft" (Beaverstock, 2010: 90). This is particularly true in relation to the more price-sensitive small and medium sized enterprises since the costs of travelling privately will be disproportionate to the outcomes that are achieved. Consequently, whilst business travellers do require the flexibility and convenience of business aviation, they also prefer to travel in style and comfort. Therefore, are therefore are elements of luxury and necessity in business aviation operations and in deciding whether this type of travel is simply an unnecessary expense will be dependent upon the individual business. This is because, all businesses have different needs and requirements, and whilst one business may require that extra bit of flexibility, which would be considered proportionate in light of the costs, another business may be travelling by private jet simply because they want to indulge in the luxury surroundings.

Regardless of whether businesses make use of scheduled or unscheduled air transportation, it is evident that many business operations do need to be undertaken face to face. And, in today's globalised economy business aviation has never been more important. Nonetheless, it is questionable whether business aviation is easily accessible for smaller companies and unless an efficient global management system can be produced, businesses will not be advanced. As put by Greer (2011): " In today's economy, where the fast growth of emerging markets outpaces America and the developed world, if you haven't gone global yet, it's time to get moving." However, it was also stated that; " going global is easier said than done — especially for smaller companies. One of the biggest challenges they face is how to manage a diverse group of people across a broad geographic scope" (Greer: 2011). Arguably, it is palpable that in order for a business to grow, globalisation of that business is a necessity. Nevertheless, unless business aviation can be integrated into business operations, it is unlikely that an effective global management system will be established. This clearly illustrates the importance of business aviation and although it may be considered a luxury by many, it is undoubtedly a necessity.

## Conclusion

Overall, whilst business aviation is considered to be the use of any " general aviation" aircraft for a business purpose, it seems as though personal advantages are also being acquired from its use. This is simply due to the luxury surroundings that private aircrafts have and although business aviation is necessary for the economy and globalisation, businesses do



prefer to travel in style, which can be considered another reason why many businesses choose non-scheduled transportation over scheduled transportation. Whilst many would argue that this is simply an unnecessary business expense, because of the fact that business activity can be conducted through other means such as video or web conferencing, it seems as though the flexibility and convenience that business aviation provides outweighs the cost implications. This will, nevertheless, be dependent upon the type of business that is utilising this type of travel because whilst it may be deemed suitable for large companies, it may not be for small and medium sized businesses. Still, because, shareholder value is greatly increased where business aviation is used, it seems vital that the majority of businesses carry on using this type of transportation. This is especially so significantimportant in light of the effects business aviation had on businesses during the recession and although this type of travel is seen as luxurious, the main objective of using on-demand transportation is to provide frequency and convenience to businesses. As such, it seems as though business aviation is both a luxury and a necessity, yet it provides real benefits to businesses within a globalised economy. Thus, if businesses wish to advance and grow within the economy the use of aviation ought to be maintained.

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