



Marquis Jet: Soaring Earnings Out of the Gate

BY ERIN E. HARRISON

If growth could be considered a problem, Marquis Jet has got its hands full. In a fiercely competitive marketplace with new players frequently coming on the scene, the global jet card company dominates the private aviation industry, achieving an astounding \$500 million in revenue this

past year. But looking back even just five years ago, this level of monumental—and seemingly overnight—success was just a glimmer in the eyes of company executives Kenny Dichter, co-founder and CEO, and Jesse Itzler, co-founder.

"The company was founded in 2001 and it was really a very unique

kind of group that got together," explains Marquis Jet Executive Vice President Ken Austin. "None of the senior management team had private aviation experience from an operational standpoint. We all came from different walks of life, which has turned out to be a real advantage."





This fusion of diversity turned out to be Marquis Jet's secret weapon: Dichter was an entrepreneur in sports marketing, manufacturing and retail for close to 20 years, while Itzler brought experience



Ken Austin
Executive Vice President
Marquis Jet

from his background in the marketing and music industries. Together, they would convince the industry giant—

NetJets—to partner with them.

"When we first entered the market, we thought that our initial customer was going to be only younger people. They are earning serious money; they have a

tremendous amount of disposable income. Our parents didn't lease cars, they bought cars...today, many people do not like to make long-term commitments for products and services," Austin says. "Private aviation was on a tear with a growing population of young people that were less about commitment and more about quality and lifestyle."

But before Marquis Jet could set-up shop, they would need to align themselves with an already well-established brand and infrastructure that could deliver. That brand is what Austin calls an "800-pound gorilla", granting Marquis Jet access to what is considered the "gold standard" in the fractional aircraft ownership space, NetJets. "If you're going to win, this is the only company to play with," he says.

Dichter and Itzler went to NetJets in the hopes of partnering with them and

establishing a credible jet card program right out of the gate. Persistence paid off: the young executives approached NetJets six times, getting "thrown out" of the chairman's office before they were finally heard.

"The chairman really started to take a huge liking to what he was seeing and hearing from our founders," Austin explains.

Eventually, NetJets Chairman and CEO Richard Santulli bought the idea and Marquis Jet went to market, offering customers a 25-hour jet card, functioning in the same manner in which you'd use a phone card. Easy to obtain, disposable, and perhaps what's best, no long-term commitment.

Marquis went on to buy a significant number of fractional shares from NetJets, and the company, both figuratively and literally, got off the ground.

"What we enabled people to do, which we thought back then, was access NetJets almost like buying a pre-paid phone card. When you buy a Marquis Jet card, you're only paying for your air time versus the jet itself," says Austin. "What we're really delivering is getting the milk without having to buy the cow. That's really what we've enabled people to do."

“WE DON’T WANT TO SELL TOO MUCH AND HAVE QUALITY SUFFER.”

Through Marquis Jet’s exclusive alliance with NetJets, the Marquis Jet card grants access to the NetJets fleet with a single payment for 25 hours of occupied flight time. In February 2005, Marquis Jet introduced the 25 hour combination card, which offer 12.5 hours in each of two different aircraft types—the Citation Excel/Hawker 400XP and the Citation X/Citation Excel.

for. You can pay less, and you will get less in terms of quality and value,” Austin says.

Brad Hughes, 42, a custom home builder in Orlando, uses his Marquis Jet card when he travels with his family and for business when viewing home sites in Utah, Abaco, Bahamas and North Carolina.

Hughes enrolled in the program early last year when his family-owned

In addition to his brother, a partner in his company, Hughes’ wife and two young children fly Marquis Jet for family trips. “They make them very comfortable and make sure they have a good time and get them involved. [The pilots] will show them the cockpit if they want to see that. It definitely makes the kids feel at ease,” he adds. “It’s just a great company; they really have gone above



The comprehensive fee for the Marquis Jet card—\$115,900 to \$319,900—covers the cost of 25-hours of occupied flight time. Certified professionals from the specific engine and aviation manufacturers maintain NetJets aircraft to NetJets’ and the FAA’s demanding standards.

“A lot of people consider aviation in general to be a commodity product. With private aviation, it really is not a commodity, in that you get what you pay

company, Hughes Supply, was in the process of selling their company to Home Depot. “We no longer had access to a corporate airplane, so I had to start looking at my options,” he explains.

Ultimately, he arrived at Marquis Jet because of the flexibility and level of service the program offers. “We feel like part of a family. They go out of their way to make sure everything is taken care of,” Hughes remarks.

and beyond. There is no comparison to charters.”

Acknowledging Marquis is not the only jet card program out there, Austin notes that the competition has increased dramatically in the past two to three years. Marquis Jet is one of an estimated 20 companies in the U.S. now marketing jet cards.

“So many companies have jumped into the space, and like in so many

industries where you see rapid growth, there will be a shakeout over time leaving only one, two or three companies that survive and prosper."

With that, Austin notes that the New York City-based company's surge in growth over the past three years has been a delicate balance to maintain.

"You always wish that your business will grow rapidly. This year we've achieved \$500 million and we are on our way to reaching a billion, and we have less than 100 employees. There is good and bad that comes with that. Everyone loves to work, everyone loves to make money and we're doing that. The ugly that comes

with that is as you grow, you have to learn things very quickly, you have to be nimble...we've taken a very, very slow approach as to how many people we hire and how many customers we sell to and avoiding overgrowth. We don't want to sell too much and have quality suffer."

The Marquis Jet card program is the only jet card program backed by assets. Because Marquis Jet has fractional interests in the aircraft they acquire from Netjets and sub-lease to their Marquis

Jet card owners and because customers can exchange within the entire Netjets fleet, Marquis Jet has access to over 600 aircraft globally.

The company's initial target market was executives in their late 30s to mid- to late-40s. Since then, "our brand has become institutional in the marketplace. Our sweet spot is someone in their mid-to-late 40s and ranges from people



Marquis Jet Co-founders Kenny Dichter and Jesse Itzler

in their 20s to 90s," Austin says.

"If you look at the wealth curve, by the time you reach your mid-to-late-40s your income tends to be consistently at the highest levels you will achieve for your career, and that's also when you're accumulating the most wealth, making the most you're ever going to make. Then that levels out when you are in your 50s in 60s, that's when your unearned income starts to support you."

Marquis Jet attracts primarily

successful entrepreneurs, but around 10% of the company's customer is comprised of celebrities. Among them: Kelly Ripa, Shaquille O'Neal, LeBron James, Matt Damon, Jay-Z, Wayne Gretzky, Michael Jordan and Kristin Davis. In 1998, after being a satisfied Netjets customer for three years, Warren Buffett, chairman and CEO of Berkshire Hathaway, acquired Netjets.

"The thing that's so interesting to us is when we open up the newspaper every day and we're reading the *Wall Street Journal* or *The New York Times*, we're reading about people who are our customers. We take care of them

and we take care of their families... that to me is the most exhilarating. It's just an amazing, amazing thing," Austin continues.

Currently 80% of Marquis Jet card owners are individuals or families flying for personal or hybrid use, a combination of personal and business. Marquis Jet card owners represent almost every conceivable industry and hail from every part of North America (and some from Europe).



Marquis Jet: Taking Flight



1998 →

After being a satisfied NetJets customer for three years, Warren Buffett, chairman and CEO of Berkshire Hathaway, acquires NetJets

2000 →

Co-founders Kenny Dichter and Jesse Itzler approach NetJets Chairman and CEO Richard Santulli with a unique idea to partner, offering a short-term jet card to customers

2001 →

Marquis Jet and NetJets get off the ground together, with Marquis Jet purchasing a significant number of fractional shares from NetJets, offering for the first time access to the NetJets fleet with a single payment for 25 hours of occupied flight time

2004 →

Marquis Jet launches The M Club, a limited 100-person membership program that provides elite travelers access to the Boeing Business Jet

Marquis Jet accepts NBC's offer to participate in a task during the first season of "The Apprentice," giving the company major publicity

2005 →

Marquis Jet introduces the 25-hour combination card, which offers 12.5 hours in each of two different aircraft types—the Citation Excel/Hawker 400XP and the Citation X/Citation Excel

Featured in the major motion picture "Fever Pitch", directed by the Farrelly brothers and starring Drew Barrymore and Jimmy Fallon, providing additional publicity

Featured on the reality show "American Idol," in which Carrie Underwood, the new American Idol, receives her very own Marquis Jet card on Marquis Jet's newest product offering, the Hawker 400XP

2006 →

Marquis Jet achieves \$500 million in revenue, with a customer base of about 3,000 and less than 100 employees



“...THE DOLLAR IS A GREAT THING TO CHASE, BUT IF YOU CHASE IT TOO HARD, YOU’RE GOING TO WIND UP LOSING.”

“We take the leave-nothing-to-chance approach... [Our customer] knows what they’re going to get; it’s consistent. We feel very strongly that people should do their due diligence, but don’t skimp to try to save 10 percent because that could be the wrong decision.”

the Marquis Jet card program. “I felt that way on both an absolute and relative basis in comparison to some of the other alternatives I analyzed.”

A primary focus of Netjets is safety, which is a critical reason why Marquis specifically chose to align

Marquis currently has over 3,000 clients and that figure continues to grow by about 100 new customers every month, according to Austin. By all accounts, Netjets represents approximately 70% of the market, and Austin predicts Marquis Jet’s revenue will surge to \$1 billion—it’s just a matter of time. “We know we will continue to have that market share if we stay true to what we live by, which is all about quality and all about the customer,” he adds.

So, what does the future hold?

“We will stay the course and keep doing what we’re doing and not lose sight, not get too far ahead,” Austin says. “We’re in the second inning in a nine-inning game and we’re probably going to extra innings.

We pinch ourselves everyday as to what we have and what we’ve built...we realize we can lose it and that is our focus...the future is about making sure our core business stays our core business. ...The dollar is a great thing to chase, but if you chase it too hard, you’re going to wind up losing.”

MARQUISJET

fleet by Netjets

274 6391 5381

owner **JOHN T. WATERS**

valid dates **09/06 THRU 09/07** owner since **01**

jet type **HAWKER 800XP**

A commitment to safety was a deciding factor for Steve Gray, chairman of the Cedar Rapids, Iowa-based firm SecurityCoverage. Gray has been a Marquis Jet card owner since 2003.

“The quality of their aircraft, my knowledge of Berkshire Hathaway, their operating track record and their senior executive team,” were Gray’s primary factors in choosing

Netjets pilots (typically with 7,000 hours of flying experience) train between 28 and 43 days in their first year.

“Having been a client of theirs for over three years, I have been very pleased with everyone there I have dealt with, from sales to scheduling to the flight crews. Ninety-nine out of 100 contacts with Marquis Jet have met or exceeded my expectations,” Gray says.