

FIRM CATERS TO HIGH AND MIGHTY WITH AN ALTERNATIVE TO AIRLINES

Steven M. Hankin is chief executive of Sentient Jet, a private jet membership program that requires a \$100,000 or higher deposit. Members pay each time they fly, at prices typically starting at \$2,500 per hour.

The privately held Weymouth company does not release revenue figures but projects business will triple by year-end compared to 2004. Hankin spoke recently with Globe reporter Peter J. Howe.

Q. What are some factors driving growth in private jet services?

A. I now divide the world up into people who can afford to fly privately and people who can't. The number of people who can fly at a price point like ours is really very limited. There's a rule of thumb that you probably have to have a net worth of \$10 million to be able to consider private aviation. [But] the number of Americans with a net worth of over \$30 million jumped by 10 percent last year. It's amazing.

There's clearly a trend in the ultra-high-net-worth individuals going to places that are harder to get to Yellowstone, the Turks and Caicos. Traditional places no longer appeal. They want the next level of exclusivity.

Clearly, people are going to go to these places privately. Otherwise they're nightmare trips. The next level of exclusivity has to be reached by private jet.

Q. How about people using private planes for work travel instead of just luxury vacations?

A. That's definitely happening. We're shifting more to corporate business.

Three big industry sectors where we are seeing a lot of growth are [in] financial services banking, hedge funds, real estate. It really gives you an eye into the entrepreneurial world. A lot of our customers are people who have learned to make money in very interesting ways.

At least once a week you hear, "I'm giving up on flying commercial. I am just not going to do it anymore."

Q. If you were running a commercial airline today, how would you make it less horrible?

A. One thing that's missing in the perspective today is: Everybody got what they wanted. They wanted to get flights from A to B for \$59. They got it.

Is it miserable? Sure, but they got exactly what they wanted. I don't know that they have the right to gripe.

For the traditional business flier like me, it's a great thing. I can complain but would I want to pay a 10-X premium over coach fare to get in first class? I don't think so. I'm not going to pay \$1,000 to get to Denver.

Q. Can airlines make money offering super-premium service?

A. The most lucrative market in the world is flying trans-Atlantic, New York to London, in business class and above. People will spend a lot for a comfortable ride. I will be very interested to see how the Eos business model [a new luxury jet with just 48 seats, \$6,500 round-trip] works out. If you can't fill a 48-seater, it will show that people don't attach as much value to comfort as they do price.

It's also remarkable to me that the product going transcontinental in the United States isn't better, for a flight that, at least one way, is just as long as Europe. That might be another market.

Q. What about private-plane-lite services such as Linear Air's new daily scheduled charters from Hanscom Field to business airports outside New York? Those are supposed to give people a taste of private flight and upsell them the real deal.

A. I'm suspending judgment on that. I did go on Linear to Teterboro [N.J.] recently. The price point was actually very close to just flying commercial into New York or Newark. It seemed to me they really were alternative commercial fliers. It's not clear to me that the products [private and scheduled charter] are going to overlap anywhere near as much as people say they will.

What you'll see as airlines reorganize and work their way out of bankruptcy is the entire cost structure of the industry will be lower. Billions of people will fly. They'll complain about it. But for \$59, what the hell?