

Tip Sheet:

Buy or Lease Your Aircraft



Brown Aviation Lease

Questions to Answer: (check the appropriate answers for your programs needs):



1. Is aircraft image important to your flight training program?

A main issue for some programs is appearance vs. functionality of aircraft. Most programs would like to have a modern fleet to help convince students and parents to apply to their school. If you are a university with a large budget and access to extensive human resources with experience in aircraft trading, then you can probably support the purchase of new aircraft every 5-7 years to keep your fleet updated. For those institutions who do not have access to large budgets or the resources to support owning an entire fleet of newer aircraft, leasing may be a better option. Leasing aircraft with an experienced fleet management company gives you the ability to upgrade your fleet more frequently while maintaining your budgetary requirements.

☐ Yes

☐ No

2. Does changing technology effect student enrollment?

Like many assets, aircraft tend to become obsolete overtime and with the rapid changes in technology that rate of obsolescence is increasing every year. When you purchase aircraft on your own you are then responsible for all the upgrades, maintenance and eventual removal. This can be expensive if your program intends to train students on the latest technology, providing them with the best chance at securing a job in today's market. Leasing eliminates some of the hassle that comes with upgrading aircraft because at the end of the lease term you have options. When the contract is up you can choose to own the aircraft, extend the lease or return the aircraft back to the lessor. When you purchase you do not have those options. Owning the aircraft outright means it is up to you to manage the assets and determine best way to sell the planes when your program is done with them. Working with a fleet management company that only deals in training aircraft is a good way to alleviate the constraints of purchasing.

☐ Yes

☐ No



3. Would fleet commonality make it easier to train your CFI's and students?

Fleet commonality can make your job much easier because you can then train all of your instructors and students on the same type of aircraft. When you lease an entire fleet of aircraft, you have the option of picking out the exact planes you want for your program. When purchasing, unless you have a large budget, it can be difficult to purchase all of the same aircraft all at once. More often than not, you will have to purchase aircraft in waves in order to be able to afford the large upfront capital cost. This limits your choices in aircraft to what is available on the market at the given time you are trying to purchase.

☐ Yes☐ No

4. Are your student enrollment numbers consistent year over year?

Being able to accurately predict student enrollment numbers is always a challenge. If your numbers fluctuate year to year at a significant rate you should think about leasing your aircraft. Purchasing aircraft that you cannot utilize every term can put your programs budget in a tough position. If you own aircraft that you cannot utilize you may end up stuck with the assets for a longer period than your budget allows. If you lease, you can lease a smaller number of aircraft until you can better predict student enrollment numbers. Also, remember that it is easier to add additional aircraft to a lease contract than it is to sell under utilized aircraft back to the market. If you enter into a lease-to-own contract then you can build a fleet you will own overtime, without the risk of under utilizing aircraft.

☐ Yes☐ No

5. Are you overwhelmed by the thought of transitioning out your older aircraft?

According to GAMA the average age of piston aircraft in the market today is over 40 years old which means many programs have started to think about transitioning out their current fleet for newer aircraft. If you have never transitioned aircraft before be aware that it can be a logistical and operational challenge. If you do not have experience performing a fleet transition, you may want to think about partnering up with an organization that can facilitate a seamless transition of old aircraft to new, preventing unnecessary downtime in your programs operations.

☐ Yes☐ No



6. Do you need a solid business case to present to your program's decision makers?

Upgrading an entire fleet of aircraft or adding additional aircraft can be tough to get approval for if the numbers do not meet the needs of your program's decision makers. When trying to purchase new aircraft on your own, it can be difficult to create a solid business case to present to your board. In today's market, it is much easier to work with a fleet management company that has experience creating and presenting business cases to upper management. Even if you are looking to buy, working with a company that has experience in the market can make the upgrading process much easier.

☐ Yes☐ No

7. Are you concerned that you do not have the time and resources to commit to searching for aircraft in the market?

Buying new aircraft on your own is a time consuming and resource intensive process and can be very overwhelming if you have not purchased in the past. If you have experience in the market and know where to look for aircraft then you may find it easier to find the assets your program needs. However working with a fleet management company or choosing to lease will keep you from having to commit the same amount of time and resources to the re-fleeting process. A company like Brown Aviation Lease, who has extensive experience in the market, can help you find the aircraft you need in a much shorter time frame and with less strain on your programs resources.

☐ Yes☐ No

8. Is allocation of funds a concern to your university or academies budget?

If allocation of funds does concern your program or university you will find that leasing or working with a fleet management company with extensive experience in flight training can help you keep your budget operating efficiently. The right partner can help you protect your assets and your programs budget, saving you money in the long run. When you purchase aircraft on your own you will find that you need to keep cash on hand in case of maintenance issues that inevitably come up in the training environment. Stockpiled cash in a university setting can attract unnecessary attention from upper management which in turn may force you to give up your cash in support of another university program.

☐ Yes☐ No



Measuring Your Results:

Tally up your number of **Yes** answers and see how they correspond with the table below. Keep in mind that this is only a guide to get you thinking about the differences between leasing and purchasing aircraft for your program. There are many solutions when it comes to financing new aircraft. To see a full list of all of the options out there or if you have some questions and would like more information please contact Brown Aviation Lease and one of our specialists will be able to assist you.

Email: info@brownaviationlease.com

Phone: 781-350-5859

Number of Yes Answers	Outcome
4-8	Consider leasing aircraft. Ask an expert!
3	Consider working with a fleet management company to help you choose the best option. Get advice!
2	Consider contacting a fleet management company to get some advice.
1	Purchasing aircraft may be the best option. If you have questions contact Brown Aviation Lease .