

Avoid Flying-Club PITFALLS

*Recruiting right kind of members, establishing
workable relationship with fixed-base
operators and sound organization required
for building a successful club*

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EDITOR'S NOTE: *The high failure rate of flying clubs has been the source of a great deal of speculation in the general aviation industry. Why do some—all too few in number—flourish, while others wind up with a "for sale" sign on a club's only airplane after a few months' use? Robert T. Smith, a frequent contributor to The PILOT, gives his answer to this question in "Avoid Flying-Club Pitfalls". Smith has had considerable experience with flying clubs, both as a member and as an instructor. A former USAF pilot, Smith is the author of two books for general aviation pilots as well as numerous articles.*

"Flying is too expensive," laments a pilot, "I'm hanging up my goggles!" And, he's right—flying is too expensive—for some people. Let's face facts—the fellow making \$8,000 per year is hardly in any position to own and operate an airplane, or probably even to rent one very much. By the time he pays income tax, the mortgage payment, payment on a new car, and pays the monthly cost of incidentals like groceries, lights, and heat, the \$8,000-per-year man is left with just enough pocket change for a short beer.

So, our man hangs up his goggles and relegates his aeronautical activity to reading the monthly aviation magazines—and drooling! Drooling over what other people are doing. Which he supposes they are able to do because they have lots and lots of money. Sometimes, when all the month's magazines are read, and next month's haven't arrived yet, our man visits the local airport and looks at airplanes. While he's looking at airplanes (which he figures cost too much money for him to fly), a young man walks out to an older, but clean Beech Bonanza. My, he thinks, there goes a man with lots of money—people who fly Bonanzas must have lots of money.

What our man doesn't know about the fellow flying the Bonanza is that he has no more take-home pay than our man has—and he has the same obligations at home! Yet he regularly flies the Bonanza. How in the world can he do it? Well, for one thing he is bidding "clubs" this time. He's a member of a very casual but businesslike flying club composed of from seven to 10 members, and centered around the Bonanza.

A flying club is the answer for a man who might not be able to afford to fly otherwise. But there are good things and bad things about flying clubs. Perhaps the bad things will keep our man away from a flying club.

We have seen flying clubs come and go. So have a lot of people in the aviation business, particularly fixed-base operators. You're likely to find your local fixed-base operator not particularly keen on flying clubs. Why? Well, for one thing, flying club members are not flying his airplanes, they're flying their own airplane. Yet, they use his pilot's lounge, crowd his rest rooms, tie up his telephone. While they're doing this, the fixed-base operator visualizes his paying customers standing impatiently in line while the free-loading flying club member jams up the works.

But isn't the flying club member a paying customer inasmuch as he buys the fixed-base operator's fuel and maintenance services? Yes he is, but to the fixed-base operator, a flying club is a bunch of people flying one airplane. He visualizes his customers as a bunch of people either flying his airplanes, or buying his fuel for their bunch of airplanes. While a flying club is a paying customer, it only flies one airplane, therefore how could it possibly be as valuable a customer as the individual owner? There are many fixed-base operators with that exact viewpoint on flying clubs.

So, the first rule is to establish a firm business arrangement with the fixed-base operator whose services your club will use. Don't hold your meetings in his pilot's lounge or ready room, and don't use his telephone to conduct club business.

Even though he regards your club as a welcome customer at his gas pump, the fixed-base operator may dread the day your airplane goes into his shops for maintenance. If you have a 10-man club, he fully expects, and often receives, 10 completely different opinions, ideas, and decisions on what maintenance is to be done, how it is to be done, and what the club is willing to pay for it. There is no solution here except to present one solid front to him through the election or selection of one club member to represent fully the club in all dealings with the operator, particularly where expensive maintenance is involved. No businessman is willing to attempt to do one job for 10 different people, but that is what the fixed-base operator faces sometimes when a club wants maintenance on an airplane. Some clubs are so loosely run that this 10-man concept comes up every time the hangar rent is paid!

Don't steal his customers! You can do this without ever realizing it. Most fixed-base operators sell services, fuel, oil, maintenance, etc., as well as used and new airplanes and flying courses. A certain individual may have been coming out to his place of business for several weekends to discuss buying a new airplane. He hasn't bought yet, but the operator feels he eventually will; if not a new airplane, then a used one. In the meantime, you bump into him in the pilot's lounge, get into a conversation, tell him about your flying club, and how inexpensively you fly, and he's interested!

You recruit him as a member right under the nose of the fixed-base operator. You might not even have known he was a prospect, and you might have recruited him in full innocence. But the fixed-base operator is hardly going to accept that sort of treatment standing still. Your flying club is a hobby—his aviation services are his livelihood. When you tamper with his prospects, knowingly or unknowingly, you are tampering with his income, and his family's welfare! Woe be unto you!

Find your recruits downtown. If you get into a casual conversation at the airport that leads to a prospective recruit for your club, take time out to ask the recruit if he is flying with the fixed-base operator, or has been talking to him about buying or renting airplanes. If he is currently renting from the operator, or if he has been discussing possible purchase or future rental from him, have the recruit (not you) go immediately to the man at the airport and make it very plain that he is investigating the flying club on his own without any help from you. Give the operator a chance to show his wares and extoll the virtue of his services! It will pay dividends later.

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We once knew a fixed-base operator who had to deal with a different band of pilots in a certain flying club. The club had one great virtue. Its members never discussed club business at the airport, or tried to recruit new members there. Though the fixed-base operator resented the loss of business, he respected that observance of his prerogative in his own place of business, and subsequently sent many of his prospects to the club. These prospects almost all became good club members.

There are two types of people in flying clubs, those who cannot afford to fly otherwise and those who do not wish to fly otherwise. In this latter category are the people who *could* own their own new or used airplane. It is this type of person that the fixed-base operator needs as his direct customer rather than having him in your club as an indirect customer. So, he wants first crack at him. Then, if you've been playing fair with the operator, chances are, he'll send the prospect around to see you when he finds the prospect either can't or won't buy or rent from him. You'll get a lot of prospective new members that way. Just remember, the fixed base operator is trying to make a living; you're just trying to fly at a reasonable cost.

Your dealings with the fixed-base operator will never be a problem in any of the areas we've mentioned (or in any other area) if your club is well organized, follows good business practice, and presents a solid front to both the public and the fixed-base operator. Conduct the club's internal business off the airport. Use a generous member's home, or better yet, get the club members together for lunch on a Saturday at some quiet restaurant where you can have privacy for your party. Get your business on the floor, discuss it, act on it, and appoint one member to present the club viewpoint to the public—be that "public" a new recruit or the fixed-base operator.

By now our man is wondering if the fellow getting into the *Bonanza* has always presented a solid front to the local fixed-base operator. No, he hasn't, as a matter of fact! His experiences, plus the experiences of several other successful clubs, have been combined here to give you the overall picture of one aspect of successful club operation. Obviously, there must be other aspects also. And, there are. Internal strife has killed a lot of otherwise good flying clubs. When you form a flying club, decide at the outset if the primary aim of the club is social or flying activities. If it's social activities, then we suggest you join the local country club and forget about flying.

If you're forming a club to fly airplanes, then concentrate on doing just that. The primary reason for a flying club is to provide inexpensive flying so that our man can fly instead of just reading about it. Recruit members on the basis of inexpensive flying, not free flying! One club we remember had the opinion that the costs should

be next to nothing. They were, and soon the club was next to nothing. There will be costs. An airplane must be purchased. It will cost money. There is no way to buy an airplane without spending money.

What airplane you buy and at what price will depend more on the club members than anything else. What do they want? What is their experience level? What can they afford? First, try to get members whose interests are nearly the same as regards the type airplane. The *Bonanza*-type club is only interested in well-qualified private pilots who want to fly for pleasure or business. They do not desire, nor will they admit, students. But, if you want a student club, then pick an airplane appropriate to the job of flight training. Recruit only people who are students and want to learn to fly, or continue their flight training. Don't invite a private pilot whose only desire is to keep your airplane out on a cross-country trip all the time. [Other types of clubs fill this need.—Ed.]

Go slowly at first. The *Bonanza* club originally owned a very slow and old four-place airplane. It was used for over a year. The club idea worked with the inexpensive and slow airplane so the members decided to try the faster, more expensive *Bonanza*. Now they have a *Bonanza*, and the club's internal workings still function like a well oiled clock. But, they began slowly, and with minimum cash outlay on the first airplane they owned. It never hurts to go slowly at first, and it frequently allows the proof of the pudding to show itself before the club takes on an expensive obligation.

Be sure the members can pay. We hesitate to give a recruit a "sales talk," and then run a credit report on him to see if he can pay, but a lot can be said for doing it that way! One club freely admits a credit check is run (through the business office of one of their members) on any prospective new member who shows enough interest to write a check for the initiation fee. And, his acceptance into the club is dependent on having a good credit report. If it's bad, he's told politely, but firmly, that, until his credit improves, he cannot be accepted. While this procedure may offend the new recruit, it is a lot less offensive than accepting him, then finding he cannot pay his flying bills. We know a group who started a club on enthusiasm and no money, and no discussion of money. Money came up too late, and the two solvent members of the club were left holding the bag.

One of the major obligations of a club is public liability. The club must be liable for the acts of its members. Just how the club is liable is going to depend on the charter of the club. Is the club incorporated? Is it a partnership with dues-paying members? Is it a combination? What is its legally organized status? It is not too expensive to have a properly informed attorney draw up a charter for a club. Such a charter should set forth responsibilities

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ties and liabilities clearly and in accordance with applicable laws. These are items your attorney should be well versed in. The money you spend getting a properly drawn charter will be perhaps the most intelligent expenditure of money you'll ever make as a club member.

Insurance can be purchased to help cover certain liabilities. Insurance for clubs is obviously going to be higher than insurance for individuals if for no other reason than that the company is insuring you for a higher degree of exposure. You need a good amount of public liability insurance for any club operation. Trying to save money on insurance is a little like trying to save time on a preflight by not draining the fuel tank sumps. When purchasing insurance, remember that, should a claim arise against your club, it could easily destroy not only your flying club but also a great deal of your personal savings if you do not have a proper charter and proper insurance coverages.

Our man got enthused when we told him the Bonanza pilot was in the same income bracket he was, but he has since become discouraged with all this talk of dealing with fixed-base operators, operating costs and responsibility, charters, insurance, etc. He now feels that a club is probably more trouble than it's worth to him in lowered flying costs. Our man would be right if he joined one or two clubs we've known. But, there are good clubs with good management, a good *esprit de corps* and nice airplanes to fly. It is difficult for us to believe, and we wouldn't had we not been involved in it, but we once knew of a club whose membership grew from 32 to 120 members in 11 months!

We joined this particular club when it had three junk airplanes, and was \$3,000 in the red. At that time it had 32 members. Also at that time a dynamic young man joined the club and stated that he saw no reason why the

club couldn't get on its feet in short order. Everyone laughed but did agree to go along with anything he suggested. The 32 members were mostly students, and the club was located in an area with a lot of student pilots. He concentrated on students. His first action was to lease a brand new trainer, provide for instructors, and provide for tight scheduling of the airplane.

He upped the monthly dues from \$3 to \$5, and introduced the leased trainer at \$2 more per hour than the club had been charging for their old, worn-out trainer. He put the three junk airplanes up for immediate cash bid. The old members screamed and gnashed their teeth, but the junk airplanes were sold, and the money applied to pay off the \$3,000 indebtedness. He spurred a recruiting program which we got involved in. The students flocked to the new trainer, laid their initiation fee on the line, and flew. They flew a flat 100 hours per month for nine consecutive months. At the end of that time, we were so tired we had to use a block and tackle to open our eyelids in the morning, but that club was in the black far enough to convince a local bank they ought to loan us the money for a new four-place airplane. Which they quickly did.

Any other club can do the same. The cost of flying to the individual involved is small. A club affords the individual the opportunity to fly aircraft of a size and price class that he might never be able to fly otherwise. But, no club will be successful that cannot present a solid front to the fixed-base operator and public at large. No club will be successful that does not have good business management that will direct the club's financial activities properly and care for its public liabilities in an adequate manner. If these things are cared for, then the club will be successful, and our man can fly a quality airplane when he thought all the time he couldn't fly at all! ●