

# PUGET SOUND Business Journal

Business Leaders Get It.

DECEMBER 2005

## FLYING IN THE FACE OF (ENTREPRENEURIAL) CONVENTION

Getting a sneak peak under the wings of a serial entrepreneur preparing to take flight on a \$475 million angel investment backed venture has its challenges if you're talking to Vern Raburn, CEO of Eclipse Aviation. Ask him what he does, and he'll tell you, "I build airplanes." True, if a bit simplistic. Then again, Raburn tries hard to keep things simple and maybe that's part of his secret.

If you haven't heard of Eclipse Aviation, chances are you will in 2006. Listening to Raburn, the featured speaker at the Northwest Entrepreneur Network's December 9 Venture Breakfast, you had the sense that Eclipse is poised to reinvent air travel. The company's first planes are expected to take flight in March 2006.

Raburn launched Eclipse Aviation in 2000 in Albuquerque, New Mexico. The company is designing and producing a new type of modern aircraft, called the VLJ or Very Light Jet. VLJs are a new, affordable jet aircraft that the company says will revolutionize the transportation market. A big claim, but the differences between an Eclipse aircraft and others are substantial. The company is turning aircraft development and production on its head by applying advanced electronics systems, plus new manufacturing and business practices to produce aircraft that cost less than a quarter of today's small jet aircraft. With these advancements, the company says VLJs will be significantly safer and easier to operate than aircraft of today, and have the lowest cost of ownership ever achieved in a jet aircraft.

As "the father of Very Light Jets," Raburn says the goal of Eclipse is to bring the word "personal" into aviation. Sounds simple, but Raburn's concept of personal is actually quite radical because it could make it possible for commercial air passengers (you and me) to travel directly between cities on a quick, affordable and convenient basis. It will also allow pilot owners to enter the world of jet-powered aviation.

Attempting to "radically change" the aviation business takes a special breed. The

barriers are high. Raburn himself estimates that since World War II more

### Executive Insights



Cheryl Isen

than 400 start-ups have tried to enter aviation, but only four, including Learjet, have succeeded. He says Eclipse will be the fifth. However, when things go wrong, they can go wrong in a big way. Case in point, Rayburn says, is the time, "For a period of 90 days we were selling a million dollar glider, and had a world class disaster when our first [prototype] engine failed and we had to start over." Although everything turned out all right for Eclipse, Rayburn credits part of his personal success to being ready to constantly change, and adds: "Flexibility is key. As big as the rewards might be, the start-up world can be profoundly and deeply frustrating. It's always more difficult, harder and different than you expect. Knowing when to quit and when to push on is hard. It's a tough balancing act. It may help that I'm an ornery, persistent SOB."

Raburn cut his teeth in the high tech industry. He developed his business acumen in senior executive positions at Microsoft, where he was one of Gates's first hires, followed by stints at Lotus Development, Symantec, Slate, and the Paul Allen Group. Playing an active part in the early days of the tech revolution shaped Raburn's style.

The Eclipse company tagline—"Flying in the face of convention"—says a lot about Rayburn. Not a man to embrace clichés, Raburn talks more about "seeing the big picture in market forces and changes," For example:

Find a new value proposition. Rayburn saw an opportunity to change the value proposition of private jet travel. Aviation wasn't entrepreneurial, as evidenced by the

lack of start ups. Old guard aviation was about adding value and charging more for it. In the tech industry Rayburn learned the opposite—add value and charge less. Research showed no one in aviation was doing this. Eclipse seized on this value proposition and used emerging technologies and leveraged business practices common in other industries to offer new planes with more value, for less.

Leverage disruptive technology. Instead of thinking, "it hasn't been done, it shouldn't be done, it can't be done," Eclipse rethought the design and manufacturing of aircraft. Using just-in-time manufacturing, new materials and approaches such as creating an all electronic plane, Eclipse reduced plane manufacturing by some 2,000 man-hours while increasing reliability.

Look for a disruptive business model. Aviation was focused on building bigger planes that covered more distance. The model wasn't working. The Eclipse idea of on-demand and just-in-time travel is redefining transportation. It's creating a new layer to the market such as air taxis in smaller markets; expanding corporate aviation to middle management; opportunities to change out replacement planes with different models in consumer travel and just in time package delivery.

Equally important to Rayburn is the ability to combine work with a passion, "If you don't have passion, it's just a job." He adds, "For me it's always been about the sky." Good thing, because it looks like the sky's the limit for Eclipse Aviation.

*These "Executive Insights" are based on monthly presentations provided by leading entrepreneurs at the Northwest Entrepreneur Network (NWN.org), a non-profit organization dedicated to helping entrepreneurs succeed. The column is written by Cheryl Isen, founder of Isen & Company, a strategic marketing and public relations firm that helps emerging companies increase corporate visibility and brand awareness. Contact Cheryl at (425) 222-0779, Cheryl@IsenandCo.com or on the web at www.IsenandCo.com.*