

What costs would the New England Patriots have considered when analyzing the purchase of team planes and when pricing the rental of its team planes?

The [New England Patriots](#) recently became the first National Football League (NFL) franchise to buy its own team aircraft. The Patriots purchased two Boeing 767 planes for a total of about \$10 million. Both planes have been painted with the team's logo and colors.

The Patriots will use the planes for the ten round trips for its away games during the 2017 – 2018 season. If the team would make the playoffs or Super Bowl, it would also use the planes for those games.

If a franchise does not own its own planes, the costs of chartering planes is estimated to be about \$4 million for the season.

The Patriots management has indicated that it may rent out the planes when not in use by the team.

Discussion Questions

1. List the costs that a team could incur when chartering aircraft to fly its team to the away games. Use your imagination.
2. List the costs that a team could incur when owning and flying its own aircraft for transporting the team to away games. Again, use your imagination.
3. Compare your two lists of costs. What costs appear on both lists? What costs would have been relevant to the New England Patriots' aircraft purchase decision?
4. What qualitative factors would have influenced the Patriots' aircraft decision?
5. What costs would be relevant to the pricing decision for renting the planes when not in use by the team?
6. Do you think aircraft depreciation is a relevant cost to consider when pricing the rental of the Patriots' aircraft? Why or why not?
7. What capital budgeting tools could the Patriots have used to analyze this aircraft purchase decision?