

Changing Market Conditions: The View From the Flight Department

by Jay Mesinger

I spend a good part of every day on the telephone. Many of those calls are with flight department personnel. When times are good, the topic is seldom, “*What is my aircraft worth?*” In good times it seems the asset is always worth more than what was paid, so there’s no need to raise the question. Instead, these forward-looking conversations revolve around thoughts of trading up, adding aircraft to the fleet, or making modifications such as upgraded avionics, paint and interior.



But as inventories rise and values begin to decline, these conversations bring up some of the uncertainties people are feeling. That’s when you realize that absolute security as a general aviation professional is not always possible. If you are a pilot or mechanic, you understand. As good as it gets in an up market, it simply doesn’t last forever.

When our industry is on fire, we suffer shortages in all categories of employment. The industry has worked diligently to promote itself among an emerging workforce. NBAA and several other associations are championing programs to heighten awareness beginning as early as grade school. But as economies weaken, as in any industry, the need for all categories of aviation professionals begins to diminish. The personal stress that can occur in a slow market is profound. As chief pilots and flight department managers are told of cutbacks or closings, lives change and dreams fade. This is the time when character and integrity as well as tenacity are your keys to personal success.

The sky is not falling, but the market is cooling off. I am the most optimistic person anywhere. But keeping one’s head in the sand would be an even bigger mistake than being overly pessimistic. Inventories *are* rising. This is partly due to movement within the market, not just because people are getting out. They may just be trading up or down. The increase in inventories is also due to a segment of the market that is selling but not replacing. These recent supply and demand changes have had an impact on both the value of aircraft as well as the length of time it takes to sell one. The entire process of the sale is different than it has been for the last few years. It takes more than just returning a phone call or answering a fax to close a sale.

Often the first thing that is asked of an aviation professional facing job uncertainties is the task of putting the aircraft on the market. This is when I get calls asking, “*Can I sell it? How long will it take? What is it really worth?*” Discovering a truly realistic value is the first task. The help of a reputable aircraft sales professional in determining current market conditions would be the best place to start. To meet that need, my company has for years offered a free product called the *Aviation Asset Manager Portfolio*. It provides a perpetual valuation based on many factors in the market and the unique characteristics of the aircraft. Go to my Web site, www.jetsales.com, click on the *Aviation Asset Manager Portfolio* icon and fill out the order form online. A visit to that section of our site will provide you with a good understanding of the types of considerations needed to determine current value. Another helpful area on the site is the

Market Trends section. It will give you a snapshot of current numbers of aircraft for sale by category. It also will show you a trend of these numbers over the last three years. That should get you started on structuring a solution for your organization’s aircraft.

Now for the most important aviation asset—you! This is another great reason to call on an aircraft sales professional. Not all people are selling. There are still people buying. (We sold four aircraft in January alone!) They will need pilots and flight department personnel. Get your resume together. Think about where you might like to live, target exactly what you want in your next position. Spread the word about yourself. Stay positive, focused and aggressive. Keep your spirits up. Be resourceful and when aircraft sales professionals call you, take the time to talk to them. Tell them about yourself, not just your aircraft. We have also started a free job posting section at jetsales.com. It is segmented by type of experience as well as geographically. It is free and may help you in your long-term planning.

If you are currently employed in a relatively secure situation, work harder than ever to develop efficiencies within your departments, creating value by what you do. Be a team leader in strategically planning the most effective use of your company’s aviation assets. Work hard to understand the pressures being put on your company as revenues and profits come under increasing scrutiny. Remember, business aircraft assets are not luxuries. They are vital to your company’s future. They make servicing existing clients easier. They make developing new ones easier. They create efficiencies for the one commodity they aren’t making any more of—time. As an aviation professional, seize this time of change and make your department shine. You may even be the reason that your company says, “*Lets keep those aircraft in place!*”

As an aviation professional, seize this time of change and make your department shine. You may even be the reason that your company says, “Lets keep those aircraft in place!”

On March 21st, at our regular Aviation Leadership Roundtable, we will be talking to a variety of aviation professionals—those from the employment field as well as professionals that have excelled in creating highly efficient flight departments. Please join us. To participate, simply go to www.jetsales.com, click into the *Aviation Leadership Roundtable* section and click “Enter

Conference”. It is free, and will last about 45 minutes. You will be able to exchange ideas live online. The only thing needed is a download of the software, RealPlayer™. It is available free from our site, and takes about twenty minutes to download on a standard dial-up connection, so try to accomplish that in plenty of time before the event.

Jay Mesinger is President of J.Mesinger Corporate Jet Sales and CEO of TheAviationHub. He is also host of The Aviation Leadership Roundtable and Vice President of NARA (National Aircraft Resale Association).