

## **If It Were Easy, Everyone Would Be Doing It, Part Two**

by Jay Mesinger

In this month's *Business & Commercial Aviation* column, I wrote about the process of buying an aircraft in an inventory-rich environment. I stressed that as easy as it might look from the outside, for someone not skilled at buying, there are several pitfalls and traps that can sour a deal. This article will take up the other side of the transaction: the process of selling.



Just a few months ago, there was so much demand compared to supply, that all a seller had to do was return a few phone calls to get the offer they wanted. It seemed to be so easy for sellers, the hassles that inevitably would come with pre-buy and closing would be mitigated by the high selling price.

But now things are different. Phone calls to sellers offering ridiculously high prices for aircraft have stopped. The prices being offered are significantly lower than just a year ago. It's not as much fun to be a seller today. What should a seller do? As always, call a skilled sales professional for help.

That's because selling starts with an informed assessment of the current market. People call me all the time for advice about selling. The first bit of advice I give today is: if you don't need to sell, wait. That's free advice, but it could end up netting the prospective seller much more money down the road. Waiting during a downturn in prices—if you can afford it—can lead to a better selling price later, because eventually, conditions will improve. Anyone that's weathered the storms of multiple up and down markets will tell you that's true. On the other hand, if business objectives or financial reasons call for you to immediately sell so you can upgrade or trade down, what you give up in the selling price, you can make up on the acquisition side.

Our office has produced a valuation tool that is specifically designed to help answer the question: "If I'm going to sell, how much is it worth and why?" It's called the *Aviation Asset Manager Portfolio*. Since it is aircraft-specific, based on the unique history and usage of an individual aircraft, it has the vital information needed for good decision-making. You can go to our Web site, [www.jetsales.com](http://www.jetsales.com), go to the *Aviation Asset Manager Portfolio* icon, and fill out the order form online. Or you can call our office at +1 303.444.6766 or 800.671.6766 and we will fax you a form. It's free, but incredibly valuable. We have over 500 current subscribers, many from the largest flight departments in the world.

Selling today is also about visibility and creating a groundswell industry-wide interest in your aircraft. Listening to all offers and looking for ways to make one of them work is the key to success. As soon as the price and terms are agreed to, it is time for the inspection. Expect the buyer to choose the facility to inspect the aircraft. This facility will likely be a factory authorized location for the make and model of your aircraft. Typically, a set of phases or A/B checks will be suggested as the most comprehensive set of inspections. If a transaction begins to unravel, this is usually where it happens. Be patient, and wait until all the data is in. Don't negotiate corrective action until the

inspection is complete and all the information is presented. Avoid daily debates over each item, or you'll never feel good about the process, and you'll probably negotiate less effectively than you would if you had waited.

Buyers probably won't want to close until all corrective action is complete, and the aircraft is returned to service by the inspecting facility. Obviously, sellers want to close sooner and buyers want to close later. A general rule of thumb is for closing to take place 3-7 business days from the time the aircraft is returned to service. The terms, timeline and scope of the inspection should all be clearly outlined in the sales/purchase agreement. An agreement should be negotiated and signed before taking the aircraft into pre-buy. These precautionary moves can save money and avoid potential conflicts. When working for a seller, our office runs a title search at the beginning of the listing period. Often title problems can delay or disrupt the transaction. Plenty of time should be allowed so that last minute issues don't derail the sale.

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The closing process is fairly easy and usually takes place over the phone. The lien release, if there is a lien, will be held in escrow by the title company on behalf of the lender. The title company will also hold the Bill of Sale, signed by the appropriate parties for the seller. Disbursement instructions will give the title company clear directions for settlement. There is no replacement for a crystal clear contract and good tax planning advice. So as

always, keep your eyes open, surround yourself with pros, and prepare for a successful, yet complex, transaction. As a seller, it takes hard work to put together a smooth transaction process, but remember, if it were easy, everyone would be doing it!

On July 18th, at 2:00 (EDT) our monthly *Aviation Leadership Roundtable*, we will be talking live online with several aviation professionals experienced in today's buying and selling issues. Please join us. To participate, simply go to [www.jetsales.com](http://www.jetsales.com), click into the *Aviation Leadership Roundtable* section and click "Enter Conference". It's 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. I look forward to seeing you there.

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