

BUYING SMART



At the end of an acquisition, a buyer will sit back and mentally review the "deal". I would probably not get any argument about what components would make up a "smart, great buy". The first of course, is price.

Then price and last but not least price! Sure, the fact that the plane looks great and passed its pre-buy inspection is also considered. Of course the fact that it meets all or most of your initial expectations is part of that celebration in your mind. I am sure the team photo includes your flight department personnel, your maintenance personnel and with out a doubt, your aircraft sales professional.

Oh! So there's no aircraft sales professional in your picture. And don't tell me that right after you closed the "deal", you found out there was a plane that had the one piece of equipment you really wanted but could not find. Please don't tell me that particular plane was also cheaper! What went wrong? Look at the team photo. The answer will probably be there, or should I say not be there. You guessed it.

I have a story to tell you about "what went wrong". I am going to give you some perspective on what happens when you take it upon yourself, thinking everyone is working hard for you when in fact they are working for themselves. Worse than that the very thing you thought you could avoid, the commission, was not only paid by you, it was paid to someone who did not work for you and furthermore, you do not even know how much you paid that stranger. Now the story...

Like most aircraft sales professionals, my office works on an exclusive basis, buying and selling aircraft only when we have a signed contract with our client to work exclusively on his or her behalf. The terms that include the length of the exclusive and the commission amount are all spelled out in advance of the project. That done, we as a buying or selling team move into a market place

and get to work. A true team approach. I work for my client. I am paid by my client. Simple enough. If you, as a buyer, think by not aligning with someone to help you, you will find a bigger picture of a market, get more people working for you and get a better deal, I do not think you fully understand the market. First of all finding a bigger picture of a tiny market is not a reality. Maybe in other types of markets that are bigger and less traveled, a larger group of people scouring it could be more effective.

Frankly, I have not really found that market yet in any type of purchase I have made. In this particular market, especially at the top, it is tiny. In the last week alone my office had six people call us to tell us that they have a client who is looking for one of the aircraft we are currently representing. They would not give out the client's name but insisted that they had a relationship with them to acquire a plane. Since this client was doing a trade it became very clear, very quickly to us that each person was describing the same aircraft to trade, hence each one was out scouting for the same client trying to claim them as their own and buy the plane for the same client.

Each person asked if they could register the client as their own and, oh yes, before each conversation ended, each one asked me for a commission! It was pretty comical because each one asked for a different amount and those figures were all over the board. Not one time during the week of calls did I ever have a call from an aircraft sales professional that said; "My client, Mr. or Mrs. So-and-So, who has hired me to represent them would like to have information on your plane". Now, if the identical trade had not been mentioned, I might have thought there were an incredible number of potential buyers out there.

Furthermore, if I related that information to my seller, he might have thought we were asking too little for the aircraft and he might have instructed me to hold firmer or worse, raise the price for all the wrong reasons.

Now, if I would have taken a registration from any of those people claiming to represent the (actual) buyer and the next day the buyer's hired (contracted) sales

professional called me and said that his or her client, Mr. or Mrs. So-and-So wants to see the plane, I would have been forced to say; "I am so sorry, Mr. or Mrs. So-and-So have already been registered by their other sales professional that called yesterday".

The real hired professional would have then said; "they are not being represented by that person, I have the exclusive agreement." My registration with that "other" person on behalf of Mr. or Mrs. So-and-So would have prevented me from communicating with the correct sales professional with potential costly legal issues. Everybody loses. My client who hired me to expand their marketing world would lose the real client. So I would have shrunken the marketing world, not expanded it.

The real client would lose out because they would be caught in this mess and would potentially have to either miss this plane or pay more for it due to multiple commissions. The real buyer representative would lose out because they could not present what probably was the best choice to the client and I would lose out because I would have to wait for another offer. No one wins. There is no smart buy made. With activity increasing and more people getting into the market, this scenario is played out every single day.

There are great buys available, there are great planes waiting to be purchased. There are great people, skilled and professional waiting to be a part of your team and deliver to you a winning combination. There is a picture waiting to be taken. Be proud of the team, be proud of the picture and be smiling in the photo. Believe me you will pay someone something. Know how much and to whom it is being paid. The right choice of aircraft professional will cost you less not more in the final deal.

Please join us March 17, 2004 (12:00 PM MST) for our Aviation Leadership Roundtable Conference. More information is available on our website at www.jetsales.com.

■ Jay Mesinger is the CEO of J.Mesinger Corporate Jet Sales, Inc. He is the Vice Chairman of NARA (National Aircraft Resale Association) and on the Associate Member Advisor Council of the NBAA. He also hosts the Aviation Leadership Roundtable found a www.jetales.com.