

# *Sweat The Small Things...*

## *...before they get to be big things.*

**I**n the aircraft sales business there is no such thing as a detail that is too small. This hits home even more acutely when trying to accomplish an International transaction. Today, with our industry growing globally, more and more opportunities abound for buying and selling aircraft internationally. The over-supply of aircraft based in Europe and other regions abroad adds significantly to the complexity of an already complicated process.

If any of us are considering buying an airplane domestically for a domestic client we have a much easier job of gathering the facts for a purchase consideration. It is highly likely we might even have a friend or fellow sales professional living in the city where the target airplane is and they may be able to run over to the hangar for you for a quick look. Quick looks become difficult when the plane is located a half a world away, though.

This gulf puts more reliance on the selling broker to help establish the expectation of the aircraft targeted before the exorbitant expenses necessary to view and understand the aircraft are incurred by a buyer. If the airplane is located in another country, the conformity for US import and likely a Part 135 certificate must be determined before a contract is signed to purchase and the high movement costs are incurred to bring the airplane to the US for inspection. This evaluation by a buying team is not cheap.

If the plane is domestic and being purchased for a domestic buyer, US import is not a factor, and Part 135 conformity can occur with much less work when based on the US registry and what may already be an aircraft currently operating on a Part 135 certificate. If the aircraft is based internationally the need to determine the ability as well as cost for import and operations on the US registry, as well as Part 135 conformity can be significant. Therefore, you must bring a team of people internationally to see the aircraft and review the records. Doing this is not for the faint of heart.

Preparing for a trip like this should include many questions to the selling broker, and you must be sure you have asked those questions that are important to the ultimate buyer. Is this a smoking or non-smoking aircraft? (The likelihood of a Europe-based aircraft having been smoked in is higher than a US aircraft.) Has there been any damage by lightning strikes or bird strikes, or have any repairs been made to the aircraft? (This should include repairs where rectification was merely part off and part on.) That may seem 'just a maintenance event' to many, but the ultimate buyer should know ahead of costly travel and consideration.

Like many of our fellow sales professionals, we always go on-site to visit the airplane, review the records, and prepare an "On-Site Visit Report" capturing all evidence of recorded history on the operation of the plane. We report on what may be repetitive repairs or one-time occurrences. This report is not intended as a replacement for the industry recognized due-diligence accomplished by a buyer at a pre-purchase inspection, but it at least includes items that may help the buyer's team decide whether or not to travel short or long distances to view the aircraft.

We may not be able to guarantee that the aircraft has been a non-smoking airplane, but we can certainly report on the condition and even the smell, based on our visit.

It would prove financially disastrous if this visit is not accomplished as represented by a seller's representative, or the correct questions were not asked by the buyer's representative, especially considering that you would be flying a team of people potentially halfway around the world to perform the visual and conformity work, only to find things are not as they were expected to be. Thus, on top of spending huge sums on a trip ending in disappointment owing to items that could have been better reported, a sale does not materialize.

(Incidentally, I would venture to say this tragedy is usually not created by the actual seller who is probably not even aware of the questions being asked, or the answers being

given. They are merely left wondering why the buyers backed off.)

Small things can become huge things. As fellow sales professionals, do take the time to understand the aircraft you are representing. If there are questions asked that seem like small things to you, consider that if asked, they must be important to someone. Get the answers. The answers may in fact kill the deal, but it's better to kill the deal before anyone travels or makes offers, engaging attorneys and moving people all over the world.

The result of this will no doubt be additions to LOIs that include the seller committing to the condition of the aircraft to be viewed upon getting to the aircraft. Sellers may be tasked with reimbursing the buyer if once the buyer's team arrives at the aircraft the representation does not match with the records or physical aircraft.

Moving from a "hard deal" to a "soft deal" may also be an outcome of poor information, which can have a huge effect on a process meant to make deals more certain. This is a process that must be good for both sides. Just having prices low does not mean that small things can be overlooked.

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