

Consultant: Small Word, Huge Meaning:



Tips for Sourcing the Right Expertise for your Aircraft Transaction...

Jay Mesinger muses on the role that specialists in relevant disciplines play in a successful aircraft transaction.



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Over my years of service to the aviation industry, I have been called many things! One of the most important is consultant, which Webster's defines as "a person who gives professional advice or services to companies for a fee". I wish I could command a fee for all of the advice I give out daily, but having informed clients is sufficient compensation.

We come to work every day to gather and impart our wisdom and make a contribution to the Business Aviation community.

An aircraft transaction consists of many parts for both the buyer and the seller. The consultant's job is understanding those many components and guiding his or her client through the maze of activity surrounding a successful purchase or sale. No one, however, can be an expert in every facet of

a deal. The best consultants are those who stay within their swim lanes.

I can speak eloquently about the market, detect trends and recite key factors of residual loss rate. I am not an expert in taxes, operational regulatory nuances or the legal aspects of contracts. While I have considerable experience in watching all those pieces, I never delve into those areas. My job is to link my client with the appropriate specialists.

Dissecting the Transaction

When selling, the term 'consultant' is often replaced with the term 'broker'. It is best to hire a broker who is skilled in the category of aircraft being listed. Someone who buys and sells single-engine piston aircraft has a very different set of market relationships than someone selling turboprops or jets.



The global marketplace can further set apart brokers. The Internet makes listing an aircraft internationally easy. The more difficult piece is being able to support the listing internationally when tasked to accompany a demonstration or maintenance event such as a pre-buy. Finding a brokerage firm that has worked over the years to develop key maintenance, legal and other broker relationships in remote regions is important.

Note: The broker hired to list and market the aircraft should be paid by the seller. In other words, the party receiving the services of the consultant should foot the bill.

The acquisition side of the transaction is more complicated. I often see aviation attorneys hired by buyers to handle the purchase, for the most part with satisfactory results. There can be issues, however, since a person who earns a living primarily from legal activities may lack the market knowledge of someone who spends every waking hour tracking markets and trends.

Some buyers feel that paying a lawyer's hourly charge is a less expensive way to acquire the aircraft. Regardless of which route you choose—hiring a lawyer or engaging a broker—the buyer should pay the fee.

As the broker representing the seller I often receive calls from parties who claim to be working for a buyer and ask that my client (i.e., the seller) pay for the services of their specialists. This request always boggles me. Why would the seller pay the buyer's representative, especially when the consulting fees often are not disclosed to the buyer?

There is always the question of transparency and representing the best interests of the client. I caution prospective buyers and sellers to be careful when discussing financial arrangements. Beware of situations where the brokers or consultants are working for themselves rather than their clients.

An Involved Process

Our internal checklist addresses over 100 separate tasks to be reviewed during a transaction. When you interview a consultant to assist your company with an aircraft transaction, look well beyond "How much do you charge" and delve into the process they are outlining.

Will they have professional technical staff present with the aircraft at key junctures in the process? Do they have knowledgeable people building the sales specifications? Will the appropriate specialists be available? All these considerations are more important than the price of the engagement.

If you pay substantially less than the typical fee, you may be unaware of what truly experienced professionals would provide. If you pay the going fare, however, you may have a higher likelihood of obtaining satisfactory service. I am not suggesting you overpay for the sake of not wanting to pay the least, or selecting your consultants on price alone. It takes only a few phone calls and inquiries to determine what is too cheap versus what is market rate.

In addition to the transactional piece of the process, there are many other areas of consulting services to consider. As I mentioned above, issues involving taxes, regulations and Flight Department management, for example, each require their own set of special skills. There are consultants who deal with operational issues internationally.

Doing your homework is essential. Obtain referrals, check references, and build a successful team for a predictable outcome. Stay tuned, I will explore additional consulting services next month. ■

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