

'Enough' Is The New Plenty

You have undoubtedly heard all of the following sayings, "50 is the new 40"; "Pink is the new Black"; "Frugal is the new Excess". Last week I was visiting with some old friends who I have not had a chance to see in a year or so. Each of us discussed our respective businesses and how we were fairing in this economic storm. When it got to me and without even thinking, I described my business today with the word "enough". Then I went on to say that fortunately we were OK and doing enough business.

Then I realized I use to say when asked the same question that we were doing *plenty* of business. We were over the top, selling everything we got our hands on, be it new or pre-owned aircraft, to first-time buyers, established flight departments, corporations, or high net worth individuals. Today, in contrast, we are doing "enough" business.

The more I thought about that, the more I realized that enough was really plenty when you consider what it takes to survive this storm and be ready to come out on the other side strong and vibrant.

Today, doing enough business does not just happen by accident. My entire team comes to work every day with the idea that there are still people who seek our guidance to know when and where to step in as a buyer or seller in today's turbulent market. We also continue to provide direction for our clients as to how to determine the difference between a great buy and a poor buy on an airplane. We come to work prepared to navigate the economic freefall this storm has resulted in by creating a future not only for our clients but for us as well. I am very proud to say that we are doing enough.

Enough about enough. Let's talk for a moment about what it takes to buy an airplane from the buyer's perspective. Our industry has spoken mostly about the economic downturn from a seller's perspective, and has given much time and space to the pains of selling in today's market. However, I do not want to neglect the pain associated with buying an airplane as well.

Imagine looking around your financial

world and realizing that 30-50% of your overall value has been wiped away. What is left has never been as precious as it is today. Buyers have never been as cautious as they are today and with great justification I might add. It is really hard to step into a sizable purchase like an aircraft when you know the market has dropped significantly and you are not sure where the freefall will end, so waiting a little longer seems to make the greatest sense.

Other factors play in as well. Here are a few of the most frequently asked questions we hear from buyers today:

- "Can we get financing?"
- "How much should we offer?"
- "Buy now, or keep waiting?"
- "Are prices heading back up?"
- "What is the aircraft really worth?"

All of the above are great questions, and well thought-out answers help shape the buyer's confidence to enter the market. We call these market factors our '*new normal*'. The new normal is not the recent past we have all just experienced: The past that saw prices inflated with premiums applied to full retail pricing that was justified by sheer availability... the past that was filled with aircraft demand in which there was no way to match supply and have balanced pricing.

Typically the shift from a high-demand and low-supply market to a high-supply and no-demand market does not occur in the blink of an eye. Often there is a subtle shift or wave into a more balanced market first. This wave allows for a more understandable change in pricing so confidence in the market

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does not erode overnight. However, this is not where we all found ourselves this time, as the wave turned out to be a storm that was immediate and devastating for all participants, robbing us of our confidence. Not our confidence in why business aviation is important, note, but at what price.

The bottom line is that no one having experienced a real loss of their own worth during this economic storm is going to buy anything today that does not equal a price that is at, or very near the bottom. How do we help clients and prospects gain confidence in the market today? For us the solution has been to acknowledge the reality of the buyer's perspective and to help sellers adjust their expectations to the new pricing reality.

In order to get to a place where we as aircraft professionals can boast that we are doing enough business, we must work daily to instill confidence in the new market normal with our clients. We must encourage them to trust in the shift that has occurred and guide them as they step back into the aircraft market, based on a comfort that we are at, or are close to a bottom – *the new normal*.

For those buyers who ask "why not wait?" we must be willing to ask "why are you waiting?" If the answer is lower prices, then we must encourage our buyers to quantify that with an offer based on a number that they perceive is the bottom of the market, and then make the offer. After all, when a sale is made, business begins again and life returns to our industry.

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