

The Bigger Perspective (Part 2)

Last month we began to explore the exploding International market phenomenon. As I mentioned, the major aircraft manufacturers are booking over half of their orders for new aircraft deliveries outside of the United States.

China, Russia and India are all beginning to see increasing numbers of aircraft being sold and based there. Because the backlog for these deliveries is as long as 24 to 30 months, the initial appetite for the lift is being fulfilled by like-new aircraft being sold to, and operated in, these countries.

Clearly, ownership history is changing and we in the United States need to be more intelligent about what the go-forward values of these far-off-based aircraft will be. This readjustment of our attitude will be vital if we want to play in a world market. The responsibility will be on us to understand the value of these aircraft for future purchases for our US-based clients.

We will miss opportunities for good, well-maintained equipment if we do not come to grips with the impact of operational life outside of the US. Just discounting the value because it is not US-based will no longer apply. We must begin to learn that life away from our shores cannot be judged with a broad brush.

So who shares this responsibility with us to define and weigh the different locations around the world? Who should help us define what the high standards for maintenance and operations will be? In part, the owners of the aircraft should. They will have individual responsibility to see that records are maintained to a world standard and that maintenance intervals are kept to the manufacturer's program requirements.

The owners will need to develop, along with their respective home base airports, strategies to build hangars to house these expensive aircraft. In many countries the idea of hangars is not a common thought, which leaves the equipment out in the local elements. These conditions can play havoc on avionics, paint and all exposed fuselage and gear parts.

But who has the real responsibility to be

sure that this departing fleet is kept to world standards? I feel it is the respective manufacturers. They must collectively invest in the areas where their fleets are migrating, developing partnerships and increasing investments in the parts of the world that are beginning to embrace their individual fleets.

This month I called and visited with each of the major manufacturers, wanting to see what their attitudes and plans were to keep up with the far-off fleet development. On paper at least, they all had plans and a commitment to stay out ahead of this need for fleet support.

I was concerned, however, because in the past, the patter sounded more like the chicken and the egg. The manufacturers were all waiting to see if fleet numbers justified investment, while prospective owners were afraid to take the first step, not fully understanding the true meaning of fleet critical mass. As a result, fleet development remained very slow in many parts of the world, which led to poor or no manufacturer support for the products. In turn, this led to what we in the US considered a risky situation with respect to importing aircraft from many places outside of the US.

Here were some of the comments that I heard when polling the manufactures: All mentioned that there was an honest dialogue being created between sales and service. For many, this dialogue was not new, but not a regular path for communication. In the past, new aircraft buyers in far-off places often lacked confidence that service would in fact follow sales.

At present, however, the manufacturing groups all reported that they were exploring new, third-party relationships to increase the number of authorized facilities around the globe. They specifically noted Russia, China and India as targets for service relationship growth. In the past, owners were forced to travel out of their respective countries to receive factory authorized care, but at present, all of the manufacturers reported an effort to establish parts distribution networks that incorporated these new fleet centers.

They also reported that both field service reps and customer service reps were being

hired and staged in these areas as well. This new staffing should help the individual owners understand and fulfill the standards set by the individual manufacturers. They all seemed to recognize and commit to build on the trend of the fleet migration. They all feel that there is an absolute need to support these fleets by adding to, building upon and strengthening the needed maintenance, customer and parts networks in each of these emerging areas.

After extensive conversations with all of the top brass at the individual manufacturers, I feel very confident that the support needed to maintain and operate these assets will be provided and supported by the respective manufacturing companies.

I also feel that the additional personnel being hired to provide customer and technical support in the field will assure that record keeping and inspection intervals will be maintained to the highest standards.

All of this support will assure the world that the growing international fleet will have equal value to their sister ships which have never left home. We should be able to differentiate, with great certainty, the areas of the world that can be weighted differently, rather than just take a broad brush when establishing residual value components based on life away from the US.

Next month we will complete this three part series by looking at the legal and contracting elements of buying and selling aircraft that are to be, or have been, based in these far-off places.

› Jay Mesinger is the CEO of J.Mesinger Corporate Jet Sales, Inc. He is on the Associate Member Advisor Council of the NBAA and the Duncan Aviation Customer Advisory Board. He also hosts the Aviation Leadership Roundtable found at www.jetsales.com ■

