

# Leadership, Confidence and Decisiveness

**T**he above words or actions are not new. They have been used before and will never lose their relevance. However, if you are not exhibiting these behaviors now, start! I am not trying to say that the current global economic crisis can be minimized or softened because we see a glass half full rather than half empty. There is no way to minimize the difficult and rapidly changing economic challenges that lie ahead. They are real and serious.

What I am saying is that during these times, we as aircraft professionals will often be asked to provide leadership in the form of guidance in discussing the value and future of the aircraft markets. We must be thoughtful and confident in our responses and we must be able to provide input that allows for decisive actions.

Our role in the very near past was to simply find inventory. The challenge then was finding an aircraft, and in most categories it was like finding a needle in a haystack. Now the markets have shifted and finding the buyer is more like finding a needle in a haystack. I assure you all; we will be getting calls from clients whose buying and selling needs we have met for years. Those were the needs of our clients, but that need may have dramatically shifted right before our eyes.

Today the client doesn't want to discuss just buying or selling. Instead the client may be looking for guidance on how to keep their asset. They may well be struggling to understand the value of their asset in these quickly changing times. I have owners calling me daily asking what price I would ask if I were selling their aircraft today and I am often challenged by a caller when I describe what I view as the correct selling price. The caller may have purchased the plane in the last couple of years and can't come to grips with what I suggest is the current selling price. I am more often challenged by the caller when they tell me that other brokers say that if they could have the listing, they could get them much more than I am suggesting.

I certainly do not have a crystal ball, but this is the point at which we need to remem-

ber to have confidence in our understanding of the current market. I have a strong sense that like all assets, the value has, and continues to go down. There is no reason to believe that an aircraft is insulated or somehow viewed differently than any other asset in an owner's portfolio.

I will admit that I have made some very good buys recently for my acquisition clients. In some cases we've delayed a purchase by as much as eight months while waiting for a seller to acknowledge the economic environment we are in and the worsening economy we are headed towards. Why should a plane be worth as much as it was when the demand so out-stripped supply that people were no longer really paying for the aircraft as much as they were paying for the ability to have it now?

As buyers I have helped my clients find the seller that was in tune enough to understand this and to meet us not just in the middle but on our side; sellers who understood the mentality as well as the reality of this market.

I recently returned from the 61st annual NBAA Convention. As always, my hat is off to those wonderful staff members who so passionately, year after year, put together vendors, information, education and users under one huge roof to collaborate and broaden participant awareness of this industry from the top down. Bravo! That's the good news. The bad news was observing in everyone's face the effects of this global economic meltdown.

Fewer orders were written by manufacturers, fewer buyers were walking the floors and fewer deals were done. This year the Convention was not only a time of industry celebration, but also a time to discuss ways to operate and survive these troubling times ahead. For these discussions I turned to opportunities to visit with lenders. I have always believed that lenders, as much as any group, are part of the backbone of our industry. After all, is an asset really worth more than the lender says it is?

Until now, the lender has built the loan amount on what you paid, less the equity portion they require based on the credit wor-

thinness and liquidity of the buyer. Not so today. They all reported that when they do begin making new loan commitments, they will be doing so with far more conservative and lender-driven values. This means that they will be adjusting downward the amount loaned and taking risk away from their futures.

So now back to my words to live by. Provide LEADERSHIP. Buyers and sellers will want to hear us speaking as leaders, not just as aircraft salesmen. They will want to hear us giving advice that is well thought out and directed at not just creating comfort to the caller but laying out the truth about values and selling cycles. They will need accurate feedback that helps them assess the value of their aircraft amongst all of their other assets.

Be CONFIDENT. Exude this quality. Help others see the glass as it is. I do not mean to be doomsayers, just be objective and careful not to create false expectations. Giving less than positive information, if accurate and spoken confidently, may not give them the near-term answer they were hoping for, but the confidence that you have in the 'why and when' of the situation will be greatly appreciated.

Finally, help them be DECISIVE. If the need of the client is to sell, do not let them act passively and miss what might be a better price today by allowing them to believe that this may be a short-term problem and prices will rebound. This is a very rough period for us all. It may very well get deeper and last longer than we would envision.

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