

‘Deal Shapers’

For years, those of us in the business of buying and selling aircraft have been considered the dealmakers - those people that aspire to make the deals. Today, I don't think it is enough to just call ourselves dealmakers. In fact if your shingle says “Dealmaker,” you’re probably being overpaid for the job! In today’s world of globalized markets, thin veneer segmentation, and prices in certain areas continually ringing the bell, making a deal is not enough. It doesn’t even come close to describing the effort or process that it really takes to complete a transaction.

Our office, like the offices of most aircraft professionals, is experiencing a more complex than ever execution process for a completed transaction. With prices of some aircraft at all-time highs and yet prices for others at mediocre levels, the frustrations of everyone are high.

So what is a deal shaper? It is an aircraft sales professional that has taken the lead in melding together people to create teams that can affect an outcome. Today, buying or selling teams can consist of as many as twenty to thirty people per side! There’s no more lone ranger making deals. It takes patience, listening skills, leadership skills, and following skills all rolled into one deal shaper.

With today’s lenders making either funding decisions not based on any past or recent transactions or not having the benefit of comparables to guide them, their process is much more stringent. Hence more lending and funding focus. With lenders having to fund aircraft that aren’t even registered in the lender’s home country, yet having to fund ahead of even the seller’s country that’s providing a deregistration, the process is more complex, with more players trying to mitigate risk while not jeopardizing the deal.

This deal-shaping takes great leaders. Even the emotional side of learning the new steps in buying or selling as a result of this globalized industry is very involved, while we as shapers try to coach our clients through what they may perceive as a mine field, yet still staying focused on the end result.

The lenders are not the only ones with greater demands based on this globalization.

The legal teams of both sides must decide who blinks first, and when, shaping a transaction that no longer spans across the country, but now across the world. Which side gets jurisdiction? Which side hosts the pre-buy? All of this while paying more for an aircraft than ever before. No longer is the aircraft valued against the last sold. It is now all about availability.

This expectation shift must be shaped into a deal, and it must be analyzed yet cannot be justified; very tricky for the deal shaper. What is even trickier is for the deal shaper to be able to say “Stop! This deal is not good. This deal must be abandoned!” The real shaper will be able to turn a fast moving ship of professionals on a dime if troubled waters are ahead. The title “dealmaker” denotes a person who is so named based on the completed deal. On the other hand, the “deal shaper” will keep molding and shaping until the right deal is transacted.

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So far we have focused on the deals that have new complexities based on new bell ringing prices and non-domestic components. Deal shaping does not just take place today at the top or around the world. It also takes place in the segments that last month’s article called, “Everything Else.” This is the remainder of the market that is lackluster and mediocre; the areas that are not experiencing rapid turn times and amazing prices.

In fact, in much of the market, time on the marketplace is increasing slightly and prices are experiencing the typical 3-5% depreciation per year that has always been the norm for our industry. Most people thought that didn’t happen today. Most people look up to

the top of our marketplace and consider that those conditions exist throughout. Not so. In fact, just shaping those expectations against a backdrop of the top end of our market means that the shaper has to set expectations that are contrary to most sellers’ beliefs.



Most sellers, although curious about how aircraft could sell on day one for huge numbers, think their 20-year-old aircraft will experience the same ride. On the contrary, aircraft that are much older than 10 years old are not even embraced by the world marketplace. So the deal shaper has to begin by shaping expectations, and then creating a marketing campaign that moves the offering to the top of an often very crowded field. There are no less people to shape in this segment, they just all speak English!

Lenders are asking for opinion letters and longer lead times for funding. 1031 Exchange processes take time and inject even more players into the mix. More to shape, more to lead, which means more chances for failure if dealmakers don’t quickly reinvent themselves. This reinvention of individual aircraft sales professionals can also lead to a greater value among our group of sales professionals. This new billing can create a greater need from our clients as they get used to this leadership and participation from someone they used to think was just a salesman or dealmaker.

So sharpen the skills, get involved with the new lingo, and go out and shape your future and those futures that you have been entrusted to create. Build outcomes that are predictable and valuable for the team that has been shaped.

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