



From left to right: Anne Behrend – Chief Financial Officer. Charles “Bucky” Oliver – Owner, Founder and Treasurer. Chad Anderson – President. Peter A. Antonenko – Chief Operating Officer. Jahid Fazal-Karim – Co-owner and Board Member

International, personal and always ready to deal

Jetcraft helps clients buy and sell aircraft. Its network is international, so that its attention can be local. In a business where each deal is different, and complications are inevitable, the company prides itself in doing what it takes to close a deal. Strong management personalities backed by an enthusiastic team make this aim more than hot air.

Jetcraft brought two aircraft to the 2014 Istanbul Air Show. The 2007 Challenger 300 and 2009 Global 5000 were placed on the general aviation runway, across from Dassault’s Falcon 7X and Falcon 2000LXS and Bombardier’s Challenger 604. Next door was a Gulfstream G280.

The show was more of an aviation trade show than a conventional air show, with a huge white tent filled with components and technologies next to two rows of aircraft on the runway. There was no aerial element to the show, but before the event officially opened, the small red-and-white Hürkus zipped back and forth over the runway. It is an experimental aircraft intended to become Turkey’s first civil-aviation training aircraft.

The two planes in front of the Jetcraft “chalet” – more reminiscent of a Miami Beach condo than a rustic alpine house – are for sale. They attract people who wait in line to look at the interiors. Usually, the visitors just want to see the inside of a private jet. Occasionally, they are looking to purchase one.

Turkey is an appealing market for Jetcraft. There has been strong growth in business aviation in the past seven to eight years. It is also a regional hub, often pulling in clients from Eastern Europe and Eurasian countries such as Uzbekistan and Kazakhstan.

Yildirim Demir, Jetcraft’s representative in Turkey, was on hand to talk to potential clients. He had sent out air show invitations on behalf of Jetcraft and then followed up with phone calls three weeks before the show. Then he called again the week of the show. Demir worked for Bombardier in Turkey for over 15 years before joining Jetcraft. People know him. As they walk up to greet him at the show, it is hard to tell whether they are friends or clients. They are probably a bit of both. Together with Demir, they view the aircraft, have coffee and talk.

Jetcraft’s business is based on personal relationships and trust. Company president Chad Anderson says a lot of what they do involves “expectation management.” Anderson says people tend to think the aircraft sale and pur-



Jetcraft President Chad Anderson (left).
Headquarters in Raleigh, North Carolina.
Jetcraft's Turkish representative Yildirim
Demir (bottom right)

People tend to think the aircraft sale-and-purchase process will be easier than it is.

chase process will be easier than it is. Sometimes expectations are not realistic in terms of how quickly the process should happen, and sometimes they can be thwarted by unforeseen circumstances. “We help them deal with surprises,” Anderson says. “This could come from a crew misbehaving on a demo flight, where you need to replace the crew at the last moment, or a rogue mechanic making bad statements about an aircraft that are not necessarily fact.”

As a firm that offers general transaction guidance, as well as legal, tax and technical assistance, Jetcraft itself is always confronted with new situations. Sometime these situations make good stories. “You find a bush in the engine or funny powder underneath a sidewall,” says Anderson. “We got lucky once – we found some cash in a safe under the floor. But we returned the money.”

If it is necessary in order to make a deal happen, Jetcraft will also buy an aircraft. This usually becomes the equivalent of taking someone’s current aircraft as a trade-in. The company has also stepped in to secure the new aircraft. Jetcraft represented the buyer of a Global 6000 who owned a Classic Global Express and needed to sell that aircraft in

order to buy the Global 6000. When it looked like technical issues would delay the sale of the Global Express to the point that it would be too late to buy the 6000, Jetcraft bought the 6000 and held it until the client could fix the problems with his current aircraft.

Because Jetcraft does buy aircraft, the company must have access to significant capital. “You always need more money,” says Anderson. He says Jetcraft has strong relationships with lending institutions, and that he is very grateful for the ones that have stuck with the company through thick and thin. At any given time, Jetcraft tries to have at least \$100 million of investment capacity.

Having money gives the company, and its clients, options. Along with taking trades or jumping in when the new aircraft has to be purchased before the buyer is ready, the company can choose to pay for improvements to a client’s aircraft, if the margins make it worthwhile. It can also buy the occasional new aircraft, have it completed at Jet Aviation, and then sell it. It can choose to pay for a demo flight. Jetcraft puts high value on flexibility and doing what it takes to get a deal done.


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Charles “Bucky” Oliver in the 1970s. His early businesses included the sale, rental and charter of aircraft, as well as a flight academy



AVIATION ROOTS

Charles “Bucky” Oliver is the founder and chairman of Jetcraft. He is a storyteller and aims for effect. As he recounts, the founding of Jetcraft was an accident.

He had started learning to fly in 1961, taking lessons in Jackson, Wyoming, where his grandparents had land. “Because I wanted to and I could,” he says. “And my parents didn’t want me to, therefore I did.” When he moved to Chapel Hill, he continued with the lessons. “Somewhere in that time period,” he says, “about ’62, I made a mistake of lending a guy in the airplane business \$5,000 and ended up as a freshman at Chapel Hill owning a business at the Raleigh-Durham airport.”

The borrower could not pay Oliver back, and the only way to collect the debt was to take over the business. “Knowing more now, I would have written off the \$5,000 and let the whole thing be,” he says. Asked later if he really wishes he

had done this, he says, “No. I was absolutely happy about it. It was fun.”

Oliver quit his studies in economics and dedicated himself to expanding his business at the airport. “I graduated in airplanes but did not graduate in college,” he says.

He bought a Learjet 25, then more Learjets, and began a charter operation. In those days, Oliver did just about everything for the business, including a lot of the flying. Jetcraft flew rock groups, flew an envelope to upstate New York so that a company could make payroll, flew to Atlanta to pick up a quart of paint that could not be transported on commercial airlines and flew to New York to pick up food missing from a graduation ceremony at Duke, where a member of a royal family had finished his studies. These were the days before FedEx. In fact, Oliver had been told that FedEx founder Fred Smith was going to start a business delivering small packages in Falcon aircraft, and he had said it would never work.

Oliver turned the flight school he had acquired into an aviation academy, provided the first 24-hour maintenance center on the East Coast, was the first to provide avionics installations in corporate aircraft, was one of the first Citation service stations and began to lease aircraft. He also established a relationship with Learjet and began to sell new Learjets, as well as doing occasional demonstration flights for the manufacturer.

In the 1980s, when it became clear that consolidation would mean an end to many operations the size of Oliver’s, he sold most of his businesses and focused on aircraft sales. In 2000, Oliver brought in John Ames as president. Ames had been with Falcon and TAG Aviation, and he added years of industry experience to the Jetcraft team.

Among other changes, Ames started the Jetcoast program. It all began when Jetcraft bought a damaged Dassault Falcon 900B from an insurance company and began to rebuild it in concert

with Midcoast Aviation in St. Louis and Dassault. It took two years, but it was a success and the aircraft was sold.

One night, while Ames, Oliver and Midcoast president Kurt Sutterer were sitting around a fire at Oliver’s ranch in Wyoming, they came up with the idea of buying new Challenger 604s from Bombardier, completing them at Midcoast, and then selling them. It was a good way for Midcoast to get the attention of manufacturers, and for Jetcraft to add a few new aircraft to its inventory.

The first completion at Midcoast went well, and the aircraft was sold. Jetcraft then exercised the options it had on a few more 604s. Jetcraft went on to sell thirty Challenger 604s through Jetcoast and almost twenty Challenger 605s.

Midcoast is now Jet Aviation St. Louis, and the program has leapt forward. Jetcraft brought a Global 5000 to Jet Aviation for completion, and the aircraft has been sold to a U.S. company. The company was investing in what it



Jet Aviation’s St. Louis facility. Through its Jetcoast program, Jetcraft brings green Bombardier aircraft to Jet Aviation St. Louis for completion



Bombardier Challenger aircraft completed at Jet Aviation St. Louis

knew – it had done previous completions with Jet Aviation and had also bought a 604 through the Jetcoast program.

Jet Aviation will deliver the first Global 6000 to Jetcraft in May of next year. Jetcraft hopes to secure a buyer for the aircraft by the end of this year. There are two more Global 6000s currently in St. Louis for completions, as the program continues. Jetcraft is also in the process of acquiring future 7000 deliveries.

LEADERSHIP CHANGE

On December 31, 2007, Ames was killed in a snowmobile accident. Executive responsibilities went back to Oliver, until he passed them on to Anderson in 2010. Anderson had been hired in 2005, coming from the corporate aircraft finance division of Bank of America.

As the advantages of a global business were becoming increasingly clear, Oliver learned that Jahid Fazal-Karim had just left Bombardier, where he had been senior vice-president of worldwide business-jet sales. Fazal-Karim has a degree in aerospace engineering from the French National Civil Aviation School in Toulouse and had been at Airbus before Bombardier.

When Fazal-Karim left Bombardier, he had planned to take six months off, both to relax and care for his parents. During this time, several people asked him to find planes for them. In fact, so many people came to him with the request that he developed a vision for a brokerage business. Oliver contacted him and said he was looking for a president and CEO to run Jetcraft. “I said I didn’t just leave Bombardier to be an employee somewhere else,” says Fazal-

Karim. “I did want to be an entrepreneur. I come from a line of entrepreneurs.” So the two agreed on a partnership with a shareholding structure.

FLEXIBLE

Anderson and Fazal-Karim were scheduled to be at the Istanbul Air Show, but neither could attend. Anderson had to stay in the U.S. to manage deals and Fazal-Karim was delayed in Hong Kong, where he too was working on pending transactions. Their business is dynamic and contact-based. Jetcraft employees all know that if a client or potential client contacts them, Anderson, Fazal-Karim and Oliver will give the person their full, immediate attention. Other things fall by the wayside. This includes lunch, sleep and other expendable details.

Jetcraft was nonetheless well represented at the air show. Yildirim Demir was accompanied by Laetitia Roch of Switzerland and John Schwartz from the U.S., as well as Luisa Martins, who is originally from Italy and currently lives in Switzerland, after spending many years in South Africa. Sari Sawaya arrived from Dubai to join the group on the second day.

Jetcraft now has almost forty employees, as well as a variety of partnerships and cooperations. When Fazal-Karim joined the company, there were between 12 and 15 staff members.

The company wants to be able to give clients local support. “If we are selling a Chinese plane in the U.S.,” says Fazal-Karim, “you have a Chinese team and then also people in the U.S. The clients feel like they are doing a local deal. They are talking to counterparts in their time zones that have their culture.”

Multicultural deals are challenging. Fazal-Karim says a classic example is when sellers are Asian and buyers are North American. The expectations tend to be very different. He says that because Asia is a young market, a majority of Asian sellers are selling airplanes for the first time. They do not know what to expect. They move slowly. American buyers are more likely to be more familiar with the process, and they may want a decision within 24 hours.

There are many small differences in aircraft and aviation that Jetcraft has grown to recognize over the years. Europeans are forbidden to fly with a log book on the airplane, so log books must be sent over separately. European planes often have higher levels of corrosion, because of the chemicals used on runways for snow removal. In China and Moscow, where there are not enough hangars to meet demand, aircraft exteriors are often a little more weathered.

“The clients feel like they are doing a local deal. They are talking to counterparts in their time zones that have their culture.”



Jahid Fazal-Karim, Jetcraft Co-owner and Board Member

THE WORLD OF AIRCRAFT BROKERAGE

Co-owner and board member Jahid Fazal-Karim points to certain Wild West elements that still exist in the aircraft brokerage business. “I’m still actually very surprised how unstructured and how kind of a free-for-all it is,” he says. “If you look at the real-estate business, it is a much more structured business for agents and brokers. The yacht industry is also much more structured.” He says there are people who will post a photo of an aircraft for sale, even if they have no right to represent the plane.



In 2011, Jetcraft turned 50 and celebrated with an anniversary cake at the NBAA trade show. Jetcraft brought a 2013 Learjet 60XR to Jet Aviation Palm Beach for the 2014 La Bella Macchina (bottom left). Jetcraft regularly takes aircraft to air shows and trade shows (right)

“They are more willing to invest in a deal’s successful outcome than anyone I have ever met.”

There are also differences in how cultures view pre-owned aircraft. Fazal-Karim says that in Turkey clients are open to the value advantages of pre-owned planes. In China, people tend to want new planes. Clients from African countries also tend to prefer new aircraft. In North America, Latin America and Europe, pre-owned aircraft are welcome options.

Even in countries where buyers favor new aircraft, some residents do buy pre-owned planes, which was a saving grace for Jetcraft during the recent years of crisis in the business-jet industry. When owners in the Americas and Europe were more likely to sell than to buy, Jetcraft could use its global presence to match their aircraft with buyers abroad.

Fazal-Karim is optimistic about the business-jet market. He sees substantial growth left in emerging markets. “China can be as big as the U.S. in terms of business airplanes,” he says. “All the ingredients are there. The challenge is now more in infrastructure and how easy it is for people to fly private.” He also sees economies in mature markets recovering and expects a correlation between economic growth and business-jet purchase.

Jetcraft has reached what he considers the right size, and he now wants to optimize its structures. The challenge is to merge cultures and operating procedures in a way that allows it to operate as a unified company, while also leaving salespeople enough flexibility to do business in keeping with local culture.

Jetcraft did 60 deals last year. Fazal-Karim hopes to soon increase this to 80 per year and, at some point, reach 100 transactions annually.

Fazal-Karim and Oliver are known to be incredible deal makers. Anderson says, “They are more willing to invest in a deal’s successful outcome than anyone I have ever met. They couldn’t be more opposite individually, but if you put them at the same table, their deal thinking is very in synch.”

The two men seem to be in their natural element. It is fun for them. Fazal-Karim says, “I love deals. It’s always been something I’ve loved to do. I like to find solutions. I will never say ‘No’ to anything until I have explored every possible way to say ‘Yes.’”