

Capital assets- aviation leasing

Business



Capital Leasing The representation of Information of the leasing party receives the same treatment with that of a person offering the loan, for accounting purposes. Many companies around the world need aircraft services (Loren and Bazley 12). It is also evident that extremely few airline companies have enough planes to cater for the demand in peak seasons such as December and the rest. This is as a result of the high initial cost of purchasing a brand new plane which is about \$50millions.

The idea to buy 10 planes is a golden opportunity; this is because we will have an admirable basis of leasing planes. We are going to use these first ten planes as a leverage to buy future planes. When customers order planes, the minimum order requirements will prevent them from making large purchases. This will make them come for these services. We must design strategic means to attract customers; this is by designing favorable terms. To be exact, we can get the ten planes at . 30 on the dollar. This is in reference to the fire-sale. The 10% over cost and the favorable relations with Boeing are strategic initial plots which will boost the business idea. The relationship with Boeing may also open up new market opportunities (Loren and Bazley 12).

The venture will use favorable terms to attract airline companies. We will use a strategy where the revenue per unit is minimal, while aiming at a high rate of leasing turn over. With this strategy, we will have the capabilities of venturing in different airlines companies. We have to influence the ideas from the customers; this is by demonstrating advantages associated leasing. We should begin with subsidized prices; this will create a strong customer basis. This will help in building a network where we will offer services to enhance the relationship. We should also publicize the venture so that <https://assignbuster.com/capital-assets-aviation-leasing/>

potential customer will contact relevant staffs. It will be advisable to increase public figure by participating in different public activities such as sponsoring games, among others.

It is beneficial to analyze the risk associated with the investment. Financial analysts should play a part in evaluating the above proposal to facilitate fine-tuning of ideas.

Works Cited

Loren, A. N., and Bazley, D. A. *Intermediate Accounting*. London: Cengage Learning, 2009.