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CORPORATE JETS

KEF widens its "hard assets" role with new boss

Brian Rogerson

Key Equipment Finance in the UK has joined the growing list of lessors focusing on the burgeoning corporate jet business.

Bruce Nelson, who joined Key Equipment Finance (KEF) as regional director of the UK and Ireland in February 2006, is seeking corporate jet business up to a $30m (£17m) ceiling.

The market, spurred by terrorist threats and consequent airport delays, is currently buoyant.

KEF is making progress in the corporate aviation leasing sector where business is originated through intermediaries. The complexity of corporate aviation deals, however, means getting the right staff with the requisite industry and legislative knowledge – and Nelson is always on the look out for corporate aviation-experienced staff.

He shrugs off the tight margins that are a feature of the hardening heavy goods vehicle market – another goal for KEF.

"Yes, margins are tight for straight purchases," he said. "However, when we build in RVs into operational leasing we come into our own. We have much to offer the market in the way of bespoke leasing."

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Nelson's appointment was a significant move for KEF since his industry experience included the leasing of a wide range of assets, first as managing director of Industrial Equipment Finance (IEF) and later as divisional managing director of Hitachi Capital Business Finance.

KEF, headquartered in the US, is part of the Cleveland-based KeyCorp, one of the US's largest bank-based financial services companies with assets of around $95bn (£53bn) and net income of $1bn (£555m).

In Europe, KEF provides asset finance for a wide range of industries, primarily helping businesses to invest in new technology systems such as storage solutions, but also to lease vehicles and aircraft.

It is Nelson's speciality in such "hard" assets that is to drive growth in the UK and Ireland.

"We have had a good start," he said, "and some new team members have joined us."

"With the team in place," he added, "we have started to write business in the sphere of production machinery. This includes machine tools, printing equipment, as well as transportation and commercial vehicles."

Nelson, who reports to European managing director, Alun Richards, at KEF's UK headquarters in Ascot, is not afraid to take a view on residual values (RV).

He said: "We have been prepared to set RVs in the US and Europe on our technology equipment and are now doing the same with hard assets – which they have been doing for many years."

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Nelson agrees that the KEF brand carries some weight and helps the sales process. Nevertheless, he stressed: "Although the brand is good you never can have a high-enough profile. Telling the market that we are here and what we are about has been part of our mission this year."

Nelson operates with a team of eight sales staff and a shared back-office in Ascot. Looking ahead he is extremely optimistic for growth. He said: "Without wishing to sound over the top, I believe that we are bringing a fresh approach to the markets. We are prepared to rule nothing out, to consider any decent deal – and we are enjoying ourselves."