

FEBRUARY 2008

# Boating

## INDUSTRY CANADA



### NEW DATA!

*Economic Impact of Recreational Boating Study – Key Stats*

### MANUFACTURING & FABRICATION

*NorseBoat*

### PRODUCTS & INNOVATION

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Get to Know  
NMMA's Thom  
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BY ANDY ADAMS

# Economic Impact

This is quite an issue! We have a summary of the brand new Discover Boating Canada's study, "Economic Impact of Recreational Boating", the best and most credible source of Canadian marine industry research available. You will want to keep this issue handy as you plan your business decisions in 2008.

On January 14, the Canadian Marine Manufacturers Association (CMMA) members voted unanimously to restructure the association as the National Marine Manufacturers Association Canada (NMMA Canada). Thomas Dammrich has been President of the NMMA for the past eight years and this issue of *Boating Industry Canada* has a detailed interview with Thom on page 22. Our interview covers his background, his many accomplishments at the NMMA and some of the goals that he has set for the new NMMA Canada. Let's get to know Thom better.

Princecraft, Doral, Campion, Misty River – these are some of the large-volume boatbuilders that we still have in Canada. Unfortunately, they are in a tough position right now, as most of the boat building in Canada is on a small-volume basis. See page 6 to learn about NorseBoat, a successful builder of innovative, trailerable, small sailcraft. This is an inspiring story of a boat builder who is succeeding even in international export markets.

Another story, this one about trying to inspire boat dealers, comes from a presentation given on January 17 during which the Brunswick Dealer Advantage program was introduced to Canadian boat dealers at the Toronto International Boat Show. You'll find the story on page 26.

We have often heard marine industry manufacturers say that their dealers have "left money on the table" every single year in the form of volume discounts not taken advantage of, co-op advertising budgets that went unclaimed, and/or unused opportunities for training or assistance that could have been beneficial. In other words, boat dealers seem not to avail themselves of all the opportunities before them. After learning about how to qualify and participate, our impression was that the new Brunswick Dealer Advantage program was very easy to participate in.

Simplicity may well be the key to success. We have seen programs that would take an accountant to figure out. Dealers who handle several lines, all supported by different and complex plans, may not invest in the time it would take to fully appreciate the value.

In the "Economic Impact of Recreational Boating" study, the authors spend a fair bit of time discussing the impact of the Canadian dollar's appreciation in value on our industry in the past year. During the last quarter of 2001, a Canadian dollar was worth \$0.71 US. By the end of 2006, that same dollar was worth \$0.858 cents US – a 20.8% appreciation. The resulting decline in Canadian marine product exports, and a corre-

sponding rise in imported products, came as an unwelcome outcome. But then, in the first 10 months of 2007, the Canadian dollar rose another 24.5% against the American dollar leaving everyone scrambling.

Adapting to such rapid and dramatic changes is extremely difficult for everyone involved. In the Forum column, we talk about the concept of inventory management – the urgent need for the marine industry to turn their inventory over more often in order to achieve the sales volumes needed to generate the amount of revenue they enjoyed in previous years but also to avoid being stuck with any new, non-current product at the end of the season.

This issue's "insight" is that that rapid inventory turnover is probably the single most important goal to achieve in 2008. In this, our first issue of 2008, we wish you great success in the coming year and promise that *Boating Industry Canada* will be there with the news and information you need.

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## CONTENTS

VOLUME 5 ■ NUMBER 1 ■ FEBRUARY 2008

### Features

- MANUFACTURING & FABRICATION** 6  
*NorseBoat – Canadian Manufacturer Succeeds with Innovative Small Craft*
- RESEARCH FEATURE** 10  
*The Economic Impact of Recreational Boating in Canada: 2006 Summary Report Highlights*
- PRODUCTS & INNOVATION** 14  
*Canadian Hydrographic Services Electronic Chart Products*
- PROPULSION** 18  
*MerCruiser's New Axis System is Set to Revolutionize Small Cruiser Handling*
- BUSINESS MANAGEMENT** 26  
*Canadian Introduction of the Brunswick Advantage Program*
- CANADIAN PROFILE** 28  
*SPOT – New GPS Satellite Safety Device*

### Departments

- Insight** ..... 3
- Impact** ..... 22
- Forum** ..... 30

**On the Cover:** Thomas Dammrich, President, NMMA at the Toronto International Boat Show. See page 22.

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# Kevin Jeffrey and NorseBoat

## A Successful Canadian Boat Builder and Exporter

BY GLEN CAIRNS

*It has been four years since Kevin Jeffrey of Belfast, PEI put his 17.5 ft. NorseBoat camp cruiser up for sale. No stranger to small business and marketing, Kevin has had a varied career, creating solar homes with traditional exteriors, founding an organic association in Atlantic Canada and serving as its first Executive Director. Over the last four years, Kevin has had to adjust to the realities of marketing his product. Boating Industry Canada was interested in just how he has faced these challenges – so we sat down with him recently to find out.*

**BIC:** What prompted you to get into the NorseBoat project?

**KJ:** I had a background as a sailor with extensive cruising experience and I wanted a portable camp cruiser instead of a larger cruising boat. I also wanted to be able to work on a new challenge with like-minded people.

**BIC:** Why “NorseBoat”? What was the thinking behind the name?

**KJ:** I wanted a name relating to small open boats in which you could do adventurous things. The heritage behind this craft is both the open sea boats of the Norse sailors and the seaworthy, partially decked beach skiffs used by fishermen in the 1800s along the New Jersey shore.”

**BIC:** Having come up with the concept, why did you go to Chuck Paine? I know he’s a famous designer, but he must be expensive and he hasn’t done small jobs like this. Did you have to talk him into the project?

**KJ:** He was readily agreeable to the project. His origins were in smaller, classic boats such as his 26 ft. Francis (a double-ended sloop designed in the 1970s). He was pricey, but using him as a designer allowed us to have the confidence to go directly from his drawings to

the moulds. Initial sea trials proved his worth in terms of performance and aesthetic appeal on the water.

**BIC:** You had the tooling and the first six boats built in Maine after which you moved the production to PEI. Was this move a cost issue?

**KJ:** No, I found a boat shop that built larger boats designed by Chuck Paine. In fact the shop was only 20 minutes from Chuck’s office, so he was able to keep an eye on the progress as we built the plugs and moulds.

**BIC:** This month you will be moving into your new facility in Lunenburg. What attracted you to this location?

**KJ:** Lunenburg is the perfect place to build our boats. It is a welcoming, marine-oriented community with a great appreciation of classic boats, it has good access to a protected harbour where we can show and demonstrate the boats,

there are experienced boat builders in the area, and it's a prime tourist destination (one of the 10 most visited places in Canada). Visitors come from many of our export markets (the US, other parts of Canada, and Europe). In addition to a fibreglass moulding shop and assembly area, we will have a wooden boat building shop, a boat fit-out area, a canvas shop, and a street-front showroom and retail space.

**BIC:** All Canadian boat builders have faced tough challenges with the sudden rise in the Canadian dollar. What are your thoughts on this?

**KJ:** I'm more concerned by bad news in

the US economy than the exchange rate. It seems likely the dollar will settle back closer to 90-95 cents US. We are also beginning to focus on the European market.

**BIC:** To sell in the EU you need to have CE approval. Was this difficult to get?

**KJ:** Not really. We hired a Canadian consultant who walked us through the process and, other than the expense, it went quite smoothly.

**BIC:** So how do you approach the European market?

**KJ:** We have an agent in Paris, France who is very enthusiastic. He has shown

## PUTTING TOGETHER A BOAT BUILDING TEAM

In a small company there has to be a co-operative sense of teamwork. For his new Lunenburg location, Kevin Jeffrey has brought together three people with extensive and diverse backgrounds.

Jamer Buote is heading the composite fiberglass operations. A native of New Brunswick, Jamer has spent most of the last 20 years working on the west coast, most recently on large resin infusion projects. Working with infusion guru Gordon Lacey, he participated in making some of the largest parts that have been infused in North America. He will bring this experience to the NorseBoat with the goal, in the near future, of having all fibreglass parts resin infused. This will improve quality control, lower costs, and create a safer environment for employees and for customers who visit the shop.

Scott Dagely has been in the wooden boat building and refit game for many years and operates his own shop in Petite Rivière, just south of Lunenburg. Scott has built all the wooden versions of the NorseBoat, as well as the wooden kits and all wood parts for the glass and hybrid versions. The hybrid, identical to the wood version except for the glass hull, is indistinguishable from it at more than a few paces. *Wooden Boat* magazine has done much over the years to spread the aesthetic of classic boats as well as created a market for boats that look like wood but aren't.

Larry Weagle rounds out the team; he will be working with both Scott and Jamer as required. Larry is perhaps one of the most experienced yacht builders in Nova Scotia, having been with Covey Island Boatworks for more than 20 years.

Kevin Jeffrey is very focused on giving these skilled workers the freedom to expand the business in any direction that may present itself. At this time, it looks like that direction may be wooden boat repairs or training in infusion process.



The upper deck and flybridge of this 65' yacht were infused in one piece.



The deck and flybridge in the previous photo ended up on this yacht, Wanderbird. A 65' world cruiser at the other end of the spectrum from the NorseBoat.



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Photo: Tim Edwards

NorseBoat Founder Kevin Jeffrey (left), and Fiberglass Production Manager Jamer Buote, outside the company's new facility in Lunenburg, Nova Scotia.



The new NorseBoat 12.5 sailing & rowing cruiser is based on proven traditional lines blended with distinctively NorseBoat concepts. This boat has an innovative underwater shape for high performance and an extremely shallow draft with the boards up. The NorseBoat 12.5 can serve as a yacht tender, a sassy high-performance day-sailer with classic lines, a mini camp-cruiser, and it is light enough to be transported on the top of a vehicle.

the boats at both the La Rochelle and Paris Boat shows. We are also setting up an agent in Australia.

**BIC:** I see you can fit four boats in a 40' container, but it still must be expensive to ship halfway round the world.

**KJ:** Not really. In fact shipping boats across North America is a greater challenge.

**BIC:** Do you sell all your boats directly in the North American market?

**KJ:** We have a few dealers in key sailing areas, but with a relatively small production rate we don't have the margin for a dealer network. As we increase volume and drive down costs, we will be able to use dealers. We use a system of owner representatives – customers who enjoy promoting the boats and offer sailing trials to prospective clients.

**BIC:** How does the owner representative concept work in practice?

**KJ:** As one owner put it, "you can't be an introvert and own a NorseBoat." All you have to do is sail or row it, or even park it in a visible spot and it draws a crowd. Owner-agents provide local sales support in return for commissions on sales. Sometimes we send them customers who want to see or sail a NorseBoat, and sometimes the owner-agent brings a new customer to us.

**BIC:** Do you have a "typical" customer or do they run the gamut?

**KJ:** Cruising sailors downsizing, sea kayakers moving up, daysailors who want a high-performance boat with clas-

sic lines, and power boaters who use a NorseBoat as his or her tender. We have customers all over NA including unlikely places such as Idaho, Missouri, Kansas and Alaska. Most customers are price sensitive, although we have sold some boats as tenders to large yachts. Some are downsizing from larger, more complex, boats.

**BIC:** You offer your boats in fibreglass, wood and what you call "hybrid". How do you see demand splitting up for each category?

**KJ:** The majority of sales are fibreglass boats, and knowing that it would be the most popular, this is the construction method we started with. However, as an editor for *Wooden Boat* magazine said, "the NorseBoat deserves to be made out



of wood." Several years ago we developed a modern wooden version of the NorseBoat that could be prebuilt at our yard or supplied as a kit for amateur construction. Our latest offering is a hybrid NorseBoat, which has a glass hull from our production glass boat and wood interior and deck from our all-wood boat. This model has been really popular, and in many ways it offers the best of both worlds.

NorseBoat is now introducing a 12.5 version, designed by Nova Scotian, Laurie

McGowan. The new boat has a traditional hull shape with innovative NorseBoat concepts. The 12.5' is a more nimble boat suitable for smaller bodies of water, or as a yacht tender. Like the 17.5, the NorseBoat 12.5 is available professionally built or as an easily assembled kit for amateur construction.

This month, Kevin and his team (see sidebar) are moving into their new Lunenburg shop. With a backlog of orders, it's going to be all hands on deck to meet the demand for the 17.5 and the new 12.5. ●



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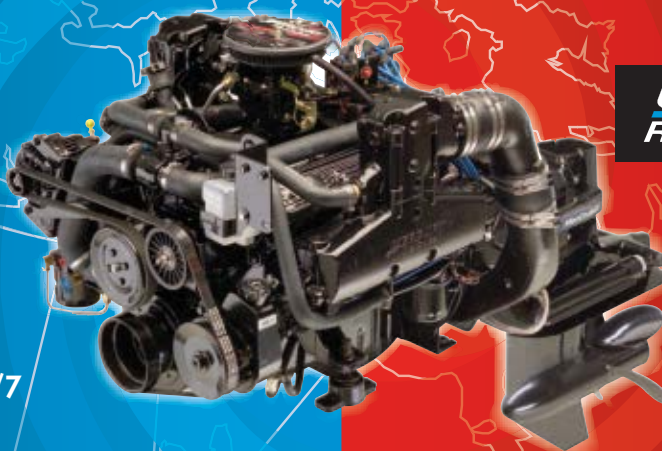
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## Economic Impact of Recreational Boating In Canada

# 2006 Summary Report

### The Big Picture

Impacts	Real Gross Domestic Product [000]	Employment	Labour Force Income [000]	Operating Surpluses [000]	Sales and Excise Taxes [000]	Total of Wages and Salaries, Operating Surpluses and Sales and Excise Taxes [000]
Direct	\$5,376,634	111,747	\$3,767,763	\$1,412,324	\$1,616,140	\$6,796,227
Indirect	\$3,258,040	42,728	\$1,854,872	\$1,243,658	\$953,825	\$4,052,355
Induced	\$15,234,910	219,131	\$11,947,917	\$3,251,480	\$754,813	\$15,954,210
<b>Total</b>	<b>\$23,869,584</b>	<b>373,606</b>	<b>\$17,570,552</b>	<b>\$5,907,462</b>	<b>\$3, 324,778</b>	<b>\$26,802,792</b>

*Note: All data sourced from the 2006 Economic Impact of Recreational Boating in Canada except where noted.*

### What Boaters Spend Their Money On

#### 2006 Final Direct Expenditures (net of sales taxes) [\$ billions]

Boat Insurance	0.22
Private Construction	0.23
Other Expenditures	0.34
Purchases of Imported Boats and Accessories	0.64
Purchases of Canadian-built Boats and Engines	1.21
Travel and Fuel	2.10
Expenditures at Other Retail Outlets	2.26
Fishing Tourism-related Activities	3.03
Marina/Dealer/Yacht Club (excluding new boat purchases)	3.78
<b>Direct Spending Accruing to Canada's National Economy</b>	<b>13.80</b>
<b>Sales Tax</b>	<b>1.80</b>
<b>Total</b>	<b>15.60</b>

Nearly half of all boaters' spending was tourism-related. The Summary Report indicates that boaters spent \$2 billion on travel by automobile, creating a huge impact on the automotive and petroleum industries. Over and above that, anglers using boats for fishing spent \$3 billion in tourism-related activities each year.

Between spending by anglers, cruisers, trailer boaters, cottagers with boats and land-based visitors, boating-related tourism added up to \$6 billion – 50% of which had a direct economic impact of boating (before taxes). If boating tourism was fully integrated with tourism activity overall, it would account for 10% of Canada's tourism dollars.

The report also points out that we shouldn't forget about American boaters and their impact on our tourism industry. Along with its resident boaters, Canada also attracted many boating tourists from the US. There are 4.3 million boats registered in the eight Great Lakes states – home to one-third of all US boaters.

Funded through Discover Boating Canada, the new "Economic Impact of Recreational Boating in Canada: 2006 Summary Report" was introduced to the boating industry at the Toronto International Boat Show in January 2008.

Although the data was gathered throughout 2006, these are the most recent statistics available. The purpose of the study is to help Canada's recreational boating and marine industries to best plan and manage their own businesses. Primarily, however, the study was intended to prove the value of recreational boating in Canada to our government. Through Discover Boating Canada and the NMMA Canada's activities, this data will be applied at the federal, provincial and even municipal government levels to help defend recreational boating's interests – in the face of current and future legislation that may affect our interests.



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## Dividing the Economic Effects by Region

### Regional Economic Impact of Recreational Boating [\$ millions]

Atlantic Region	1,149.4
Quebec	5,881.4
Ontario	13,063.2
Prairies	3,388.4
British Columbia	3,320.4
<b>Total</b>	<b>26,802.8</b>

The study shows that Canadians bought 65,938 new recreational boats in 2006, spending \$1.85 billion in total. Also, 8% of Canadians who don't currently have a boat say they plan to purchase one in "the next three years." And, \$1 million spent on new boat purchases in Canada generated \$1.46 million in real gross domestic product and created 22 new jobs, with an average salary of \$44,806.

## Types of Boats

### Estimated Canadian New Boat Sales [units]

Human Powered Boats	23,853
Inboard Boats	3,008
Outboard Boats	21,284
Personal Watercraft	3,889
Sailboats	1,870
Stern Drive Boats	12,034
<b>Total</b>	<b>65,938</b>

### Boat Manufacturing in Canada

Canadian boat manufacturers employed 6,575 people. These employees built boats worth \$1.7 billion wholesale. Of that \$1.7 billion, \$600 million were exports. The average salary paid to the people employed by the manufacturers, including benefits, was \$47,430.

### Manufacturing by Region

Total Canadian boat manufacturing of \$1,734 million, plus other manufacturing of \$243 million, gives a total of \$1,977 million.

### Total Boat Manufacturing Revenues [\$ millions]

BC	277
Prairies	166
Ontario	204
Québec	1,012
Atlantic	75

In particular, credible economic data is essential to establish the value and importance of recreational boating's own interests and points of view in situations where land development, environmental and water access legislative changes are anticipated.

In their 2006 Summary Report, the authors portray that the big picture of recreational boating expenditures of \$15.6 billion, resulting in major impacts to the Canadian economy of more than 373,000 jobs, \$17.5 billion in wages and salaries, \$3.3 billion in sales and excise taxes (paid to various levels of government) and overall economic activity totalling \$26.8 billion.



## Expenditures at Marinas

In 2006, Canada had 959 marinas; the vast majority were family-owned and operated businesses. Recreational boaters supported those small businesses with more than \$3.2 billion worth of expenditures.

### Spending by Category at Canada's Marinas [\$ millions]

New Boat and Engines Sales	1386.36
Pre-Owned Boat and Engines Sales	489.24
Repair Services	490.40
Parts and Supplies	208.70
Services	135.32
Fuel	127.28
Accessory and Gear Sales	116.58
Storage	115.57
Rentals	112.27
Food and Beverage Sales	55.40
Other	44.81

**Total** **3,281.92**

In addition, yacht clubs also attracted another \$410.37 million in expenditures.

### The Biggest Change that the Industry Must Face is the Rapidly Changing Value of the Canadian Dollar [\$ millions]

During the last quarter of 2001, one Canadian dollar was worth 71.0 cents in US currency. By the end of 2006, one Canadian dollar was worth 85.8 cents US, a 20.8% increase. The resulting decline in Canadian exports, net of re-exports and the rise in imports (shown in the chart below), was to be expected. A \$454 million surplus of trade in recreational boats and engines in 2002 plummeted to a deficit of \$105 million in 2006 – an overall \$559 million decline in trade over four years.

Year	2001	2002	2003	2004	2005	2006
Exports*	733	789	631	618	602	600
Imports*	315	346	399	501	609	746
Balance of trade**	434	454	239	125	0	-105

\* Canadian Boats and Engines (net of re-exports)

\*\* Recreational Boats and Engines (adjusted for re-exports)

Source: Strategis

A 20.8% increase in the value of the Canadian dollar, relative to the US dollar, has presented Canadian manufacturers with significant challenges from 2001 to 2006. That appreciation over six years pales in comparison to the 24.5% rise in the Canadian dollar during the first 10 months of 2007.

### What One Canadian Dollar Buys

Date	2/1/2007	3/7/2007	2/11/2007
<b>Currency</b>			
US Dollar	0.8584	0.9438	1.0685
Chinese Yuan	6.7114	7.1685	7.9681
EURO	0.6461	0.6932	0.7379
Japanese Yen	101.999184	115.513457	122.609122
Mexican Pesos	9.25069	10.16467	11.4338
UK Pound	0.435	0.468	0.513

Source: Bank of Canada



The “Economic Impact of Recreational Boating In Canada: 2006 Summary Report” was produced by Discover Boating Canada, which is a public awareness effort managed by NMMA Canada on behalf of the recreational boating industry.

The study was produced in partnership with the Atlantic Marine Trades Association, the Quebec Marine Trade Association, the BC Marine Trades Association, the Mid-Canada Marine Dealers Association, the Ontario Marine Operators Association and the National Marine Manufacturers Association.

The “Economic Impact of Recreational Boating in Canada” study was first done in 2001. However, the 2006 Summary Report is not a second wave and data should not be “trended” from one study to the next. “Care should be used in making comparisons,” the authors informed us.

*Boating Industry Canada* interviewed the authors of the study, David Crapper of Genesis Research Inc., and Peter Gunther of Smith Gunther Associates Ltd., who carried out much of the research.

They told *Boating Industry Canada* that this report is much larger than the first one and has more detailed data. Also, certain definitions have been changed, resulting in data that cannot be compared between 2001 and 2006. For example, the definition of a “tourist” has changed.

Better vessel data from Transport Canada licensing has improved accuracy. However, in determining the total number of boats in Canada, the challenge has been to determine how long a boat remains in service. For this study, the authors give personal watercraft a life expectancy of 10 years, fiberglass runabouts 20 to 25 years, and aluminum boats have almost indefinite life spans.

The authors also mentioned that the effect of the rising value of the Canadian dollar couldn't be clearly understood at this point. The rise has clearly damaged the Canadian boat builder's ability to sell export boats, while the corresponding price drops for imported boats is expected to result in a significant boost to retail sales.

David Crapper suggested that although plans are not yet firm, there is discussion about repeating the study on a more regular basis, to provide the industry with trend data. *Boating Industry Canada* will monitor this discussion, and will report as soon as any decisions about a regular study have been announced.



# Canadian Hydrographic Service

## Responding to the Needs of the Boating Public

*Having recently taken back the business of creating electronic charts of Canadian waters from the firm Nautical Data International (NDI), we invited the Canadian Hydrographic Services (CHS) to update our readers on their activities and products. - Editor*

BY DR. SAVI NARAYANAN,  
DOMINION HYDROGRAPHER, DEPARTMENT  
OF FISHERIES AND OCEANS

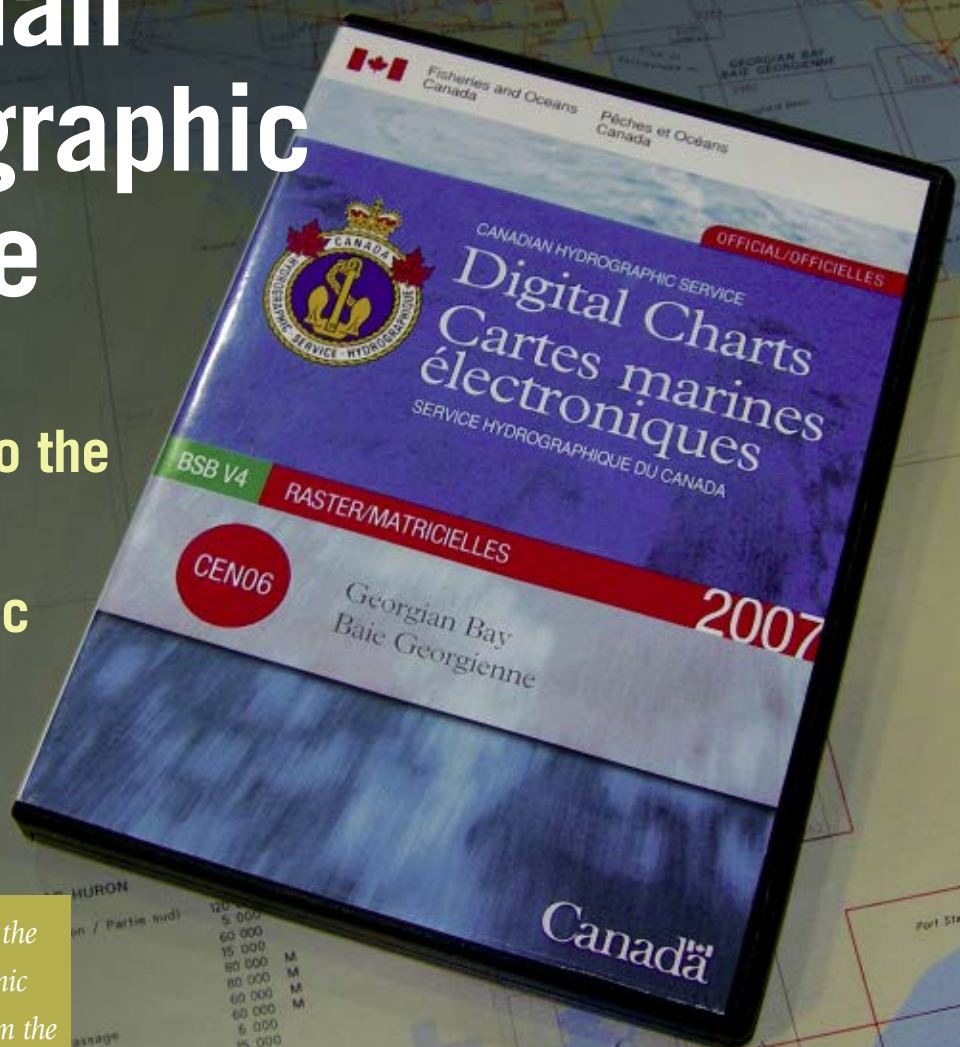
**T**he sinking of the MV Asia in Georgian Bay in September 1882 highlighted the need for accurate charts to allow the shipping industry to

safely navigate Canadian waters. Consequently, the Georgian Bay Survey was formed in 1883 to re-chart the Great Lakes, which in 1904 became the Canadian Hydrographic Service (CHS) with the mandate of surveying Canada's waters and producing accurate charts to promote safe navigation.

Since then, for over 120 years, CHS has been a leader in the development of

technology and applications supporting safe navigation. Staff include R. Michael Eaton who received the Order of Canada in June 2005 for his contribution to electronic charting.

CHS is among the few Hydrographic Offices that is ISO 9001 certified. Canadian charts are recognized as being among the best in the world, conforming to the highest of international







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## [PRODUCTS & INNOVATION]

standards. As an active member of the International Hydrographic Organization, CHS promotes international collaboration in the development of relevant technologies and standards for collecting hydrographic data and creating navigational products.

Over the years, the role of CHS has evolved and expanded and is currently an integral part of the technology used in Fisheries and Oceans Canada (DFO). Not only does the role include the production of navigational charts and related products, but CHS is now increasingly engaged in the provision of data products required by clients including scientists, engineers and coastal planners. However, even with this expanding new service the provision of accurate navigational charts must remain a priority for CHS.

Since its inception, there has been much technological advancement in the collection of hydrographic data and the presentation and distribution of charts. Traditionally, charts and other navigational products were distributed in paper format; however, we are in the "digital age" and hydrographic data is now often presented and distributed in a digital form.

These digital charts are approved as meeting the carriage requirements in Canadian waters, when used in conjunction with a type-approved Electronic Chart Display and Information System (ECDIS), under the Charts and Nautical Publications Regulations, 1995 of the Canada Shipping Act, 2001. The Charts and Nautical Publications Regulations

require all vessels 100 gross tonnes or greater operating in Canadian waters to carry CHS or CHS-authorized charts, updated via Notices to Mariners or CHS electronic update service for Electronic Navigational Charts (ENCs), for the area of intended voyage. Vessels of less than 100 tonnes are also required to carry up-to-date charts unless they have "local knowledge" of the area in which they are operating.

CHS produces approximately 1,000 charts in paper format. Of these 1,000 paper charts, 674 are available as Raster Navigational Charts (RNCs) in proprietary BSB format. CHS has currently 660 ENCs, equating to 352 paper charts, in the S-57 vector format and will continue to add new charts to this portfolio every year.

Sections 42-46 of the Oceans Act gives the Minister of Fisheries and Oceans the authority for the production and sale of hydrographic charts. In addition, Canada's Oceans Act authorizes CHS activities in the distribution of navigational products, as well as in the delivery of DFO's scientific mandate.

As of March 30, 2007, CHS resumed the responsibility for the distribution of its digital data, a function that was outsourced in 1993. CHS now produces all of its digital navigational products, sets up standard license agreements for the dealers and Value Added Resellers (VARs) and renews digital data agreements with other Hydrographic offices.

CHS web site ([www.charts.gc.ca](http://www.charts.gc.ca)) provides information on their products. Access to, and use of, CHS digital data/products is controlled by licence agreements. CHS digital charts (raster and vector) are bundled by geographic areas on CD collections and distributed through a network of licensed dealers. The list of licensed dealers is available on the CHS web site in a searchable format.

CHS licenses data to VARs to produce commercial products for a variety of purposes. Though navigational products produced by VARs do not meet the carriage requirements as set out under the Canada Shipping Act, they have nonetheless captured a large share of the market. Therefore, it is imperative that CHS make every effort to ensure that the most accurate and up-to-date charts and data are available for use by VARs when they create their products. A list of licensed manufacturers (VARs) is posted on the CHS web site.

CHS' web site also provides information on how to become a dealer or a VAR, how to register a product after purchase, and how to get support if needed.

CHS also makes data and products available with a licence for a variety of applications such as habitat research, offshore development, coastal engineering, underwater mining, resource development, coastal zone mapping, etc. Some of this data can be freely accessed through the Geoportal web site [www.dfo.geoportal.gc.ca](http://www.dfo.geoportal.gc.ca) while others must be custom-packaged and delivered on request.

The long-term goal of CHS is to distribute its products and data as quickly and efficiently as possible, using the best available technology – including web technology – in the best interests of its clients and customers. ●



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# Joystick Happiness

BY ANDY ADAMS

The true joy of joystick handling is that it opens up the wonderful world of cruising to novice boaters who have no prior big boat handling experience. Revolutionary in boating technology, the MerCruiser Axis system will truly change boating forever.

Like virtually everything else in today's world, boating has benefited dramatically from the introduction of computer processing power. New engines have become more powerful and efficient through electronic engine controls. While this gain may be hard to measure, it is easy enough to feel when you start up a boat with new Electronic Fuel Injection (EFI) engines.

That same processing power, applied to the steering systems of Volvo Penta Inboard Performance System (IPS) pod drives, gave the world the first joystick-controlled drives. That started a revolution in low-speed maneuverability and dock-side handling. The MerCruiser Zeus system followed soon after



but what really excites us is that MerCruiser has extended this revolution into their stern drive packages – with the introduction of Axis.

We cannot deny that the IPS and Zeus systems brought about a revolution in boat handling. Those two systems, however, really only apply to larger yachts. These yachts are usually purchased by experienced boaters who can often do a pretty impressive job of dockside maneuvering with just twin engines. On top of that, these larger boats were often equipped with bow and stern thrusters. The manufacturers of thrusters had long offered joystick type thruster controls, so joystick handling is not new by any means. It's just that this type of control was only available on larger yachts.

The real revolution is that the Axis system brings the ease of joystick controls down into the stern drive market, with engines starting at 260 hp. This is the sort of power that comes in many entry level express cruisers. It is rare to see those 28 to 34 ft. express cruisers equipped with thrusters and, more rare again, to see one equipped with pod drives. Stern drives are the popular power choice.

The Axis system introduces a new level of confidence and control, combined with the intuitive simplicity of the joystick control. Anyone – even a novice boater – will find that making their way down a narrow channel, maneuvering through a crowded marina, or trying to get into a slip with the wind and current running against them, is now far easier with an Axis-equipped boat. This system can give you the control and confidence to enjoy boating like you never have before.

## THE TECHNOLOGY

The Axius system's computer technology is really borrowed from the Zeus drive system. In the Axius system, by eliminating the mechanical tie bar and by controlling each of the twin stern drives independently, a whole world of new low-speed steering control is possible.

Axius is available (with the Bravo Three drives controlled by the SmartCraft Digital Throttle and Shift [DTS] system) on

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## [PROPULSION]

MerCruisers from 260 hp and up. Compared to pod drive systems, Axius is less costly and doesn't require any changes to be installed in a boat's hull design that would otherwise have had twin stern drives of similar horse power.

In addition to the dockside handling benefits, the mainte-



**SmartCraft Joystick Docking**



**SmartCraft Joystick Docking**

nance-free Electronic/Hydraulic Power Steering System will prove to be very desirable for novice boaters. MerCruiser claims that this system provides an engineered "steering feel" for precise handling. What we feel is most significant, however, is that this type of hydraulic power steering ensures maneuverability – even when the drive trim settings aren't correct for the engine speed and the hull attitude. The system will minimize that "heavy steering" feel.

# The Bronze Age IS DEAD

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Boat U.S. NEWS  
12/06/07

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In addition to the basic Axius system, there is the Axius Plus Piloting System that works with the SmartCraft Vessel View electronic information centre. Vessel View allows you to access and monitor all of the boat systems from a central location on the dashboard. The Vessel View screen covers engine information, diagnostics, trip information, fuel management, boat speed, location, and even such fine details as the gear temperature, oil pressure and more. It's a five-inch, surface-mounted, multicolour display similar to what you would see on a fish-finder, and it is easily visible in both high and low light conditions.

In combination with the Axius Plus system, a boat owner can enjoy the advantage of Auto Heading. This feature is activated by simply pressing a button on the Axius Plus control pad and it uses

an integrated electronic compass to lock onto the boat's heading, – keeping the boat on course. Functioning like a convenient autopilot system, Auto Heading will enable a novice boater to keep their boat on course – even in windy or rough conditions – making it far easier to take a small cruiser from point A to point B safely.

Taking the integrated Global Positioning System (GPS) and computer systems to yet another level, there is also an Advanced Auto Yaw Control. This Yaw Control works with the joystick docking system to complete otherwise challenging



moves. For example, as you engage the joystick docking system to move your boat parallel away from a dock, the Advanced Auto Yaw Control will maintain a precise heading, eliminating the need to use joystick rotation to keep the bow direction. In practice, it adds a substantial measure of additional control.

Axius also received an award for being one of the Top 10 Best New Products of 2007 at the Toronto International Boat Show in early January 2008. It's particularly deserving of recognition because Axius brings the ultimate in advanced computer boat control into a boat size and price range that's much more likely to be purchased by novice cruising families – exactly the people who need this simplicity most. In an industry that spends a significant amount of money on the Discover Boating program, MerCruiser's Axius system is an important advance in boating accessibility. ●



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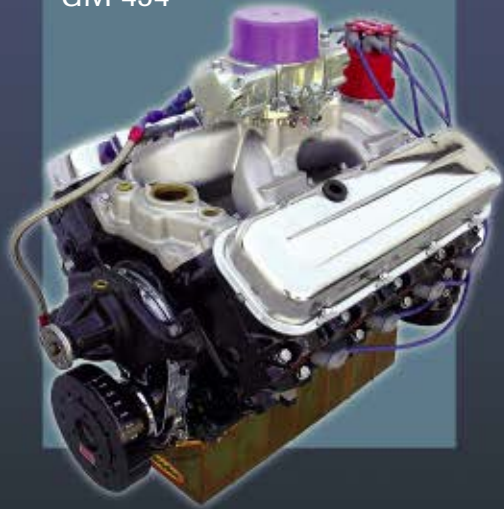
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BY ANDY ADAMS

# NMMA President Thom Dammrich



in Accounting, taking that impressive educational background into executive positions in the association business almost right away. In fact, Thom has been an “association guy” for 30 years. He admits he wasn’t really a boater before joining the NMMA, but he certainly is now, heading out cruising on Lake Michigan whenever time permits.

We did this interview on a Saturday afternoon and noticed that being on call 24/7 was standard practice for Thom. Only hours after finishing our interview, he was catching a flight for multiple meetings overseas, returning 72 hours later only to hit the road again the very next day. Admittedly, this is boat show season – a very busy time of year – but there is no time really that Thom isn’t busy.

In the eight years that Thom Dammrich has been leading NMMA, he has increased the budget from \$30 to \$68 million per year and has added staff, programs and resources at every turn. In spite of the pace and the scope of NMMA, Thom is more often than not wherever he needs to be in person.

NMMA Canada (formerly CMMA) has been operating on a \$700,000 per year budget. In future, although these Canadian funds will continue to be a segregated part of the overall NMMA budget, Thom hopes to make those dollars go further by applying more NMMA staff resources to the issues important to the Canadian industry. As important, the NMMA Canada will continue to be governed by a Canadian Board. This restructuring is a win-win situation.

There’s a lot of enthusiasm and positive momentum around the restructuring. NMMA realizes that Canada boasts

**IF YOU UNDERSTAND** the importance that a strong association can make for an industry, you’ll realize the importance of the decision taken by Canadian Marine Manufacturers Association (CMMA) members on January 14, 2008 at the CMMA Annual General Meeting – when they voted unanimously to restructure the organization as National Marine Manufacturers Association – Canada (NMMA Canada).

The man leading the association is Thomas J. Dammrich. It’s time that the

Canadian industry got to know him a little bit better, because on a North Americawide basis, he will be leading the primary marine industry association.

It was the fall of 1999 when Thom Dammrich joined NMMA, coming from an electronics industry association where he successfully increased the overall operating budget from \$2.5 to \$17 million during his time there. He attended De Paul University in Chicago and earned a B.A. in Economics, an MBA in Finance and also a Masters of Science



a great boating market and we, as a country, are very important to the industry in general.

When Thom first joined the NMMA in Chicago, he told me that the greatest challenge he faced was in creating a greater sense of member ownership for the organization. That meant that he needed to focus the activities more. As he put it, "We needed to do fewer things better."

"I said to the Board that we needed to focus on things that we can agree on and to stop discussing the things that we don't agree on – at least initially." "Eventually," Thom explained, "we were able to focus on five main areas. Today, the NMMA is responsible for Public Policy; promotional programs such as Grow Boating, Discover Boating and the boat shows; Research and Statistics about the industry and its stakeholders; a Quality Assurance program for both Products and Dealer Certification; and Communications.

By focusing on just these five areas, it became much easier for the membership to understand and support the Association's activities. By gaining consensus and buy-in across the industry, Dammrich was able to increase both the organization's budget and also its effectiveness.

"I mention public policy and lobbying first because it's so critically important. I often tell our members that they've received full value for their NMMA dues just in terms of the bad things we keep from happening in the legislative and regulatory arena. We have regularly averted damage or problems that could have had a negative impact on the boating industry," Thom explained.

Often, decisions around such important issues as water access, engine emissions and environmental legislation, could inadvertently have a severely negative impact on the marine industry if NMMA wasn't there to stand up for the importance of our industry.

The lobbying program could not be successful without hard data and statistics. Only professional, credible research is acceptable to the decision makers. The US government needs to understand when the decisions they make about

other topics have serious social or economic consequences for the marine industry. Dammrich is obviously proud of NMMA's track record in that regard. He also mentioned how valuable the "Economic Impact of Recreational Boating Study" (see pages 10 to 13) will be for Canada.

Canada is currently facing similar public policy challenges. Environmental, land use and various types of social legislation that are all in the works could



potentially have a negative outcome for Canada's marine industry. One of NMMA Canada's first tasks: staff up with a new Vice President of Governmental Relations to work with Global Public Affairs, the association's public affairs representatives in Ottawa.

Boat shows are often the primary way that dealers sell boats and the NMMA runs many shows across North America. NMMA has either owned or operated the Toronto International Boat Show, Toronto's In-Water Boat Show and, more recently, the Vancouver International Boat Show. Toronto's is a particularly important show to the NMMA, and some people believe it is second-in-size only to the NMMA show in Miami. That alone underscores the importance of the Canadian market to the Association. It also demonstrates how the NMMA has been active and involved in Canada for a long time. The NMMA was actually the organization that helped to found the CMAA in 1993 and NMMA money has long subsidized resources and programs here in Canada anyway.

The Discover Boating program is a great example. Grow Boating is the overall main program and Discover Boating, which was in its infancy when Thom joined the NMMA in 1999, now enjoys an annual operating budget of \$16.5 million; Canada's Discover Boating budget is \$1 million that is

spent on television, print, web site and direct mail initiatives. Participating members can even benefit from the sales lead generating program.

Quality Assurance is another of NMMA's five key focuses. NMMA certifies boats and trailers and has also created the Dealer Certification program. Although Buckeye Marine remains Canada's only Five-Star Certified marina, many more Canadian dealers are on the Top 100 list and moving up.

When we visited Buckeye Marine and interviewed Gary and Chris Poole about the program, they enthusiastically supported it and believed that the business benefits far out-weighed the costs and effort involved.

They also stressed that the dealer NMMA Certification Program applied very effectively to smaller businesses, not just the big shops. In fact, the Poole family felt that dealer certification was a bargain and a quality service that small marinas could not easily afford to duplicate.

To me, this is the essence of association value – shared resources of the association can accomplish important goals that individual businesses cannot.

Finally, I asked Thom about the NMMA Vessel Certification program. Canada only has a few large-volume, pleasure craft builders, but many smaller shops. Obviously, you have to start as a small builder to grow to be a big builder.

As Thom explained, "The vessel certification process is especially important to those smaller builders because they may not have the resources to research the construction techniques and processes. Nor will they have the communications resources to give potential buyers the quality assurance that those buyers will recognize when they see the NMMA sticker on the transom. We are getting an increasing number of consumer calls asking about certification. As a result, we will be allocating more marketing dollars to support it".

Although Thom Dammrich and the NMMA's activities have been benefiting the Canadian marine industry for many years now, 2008 seems certain to be the year we really recognize these benefits. ●

# Playing and Winning at the Share Game

## Brunswick Dealer Advantage Expands To Canada

BY ANDY ADAMS

**O**f course it's a share game...most all the marine dealers are in a market share game and the game has many dimensions.

It's about your market share on your lake or in your store trading area...it's your share of the fishing market, wake sports market or the total market at the boat show. It could be about your share of the used and brokerage market or of the sales and service talent to staff your shop...it's all about share.

Because share equates to profitability in the long run and market share is critical to the mission.

Once your business is established and your primary investments are made, you need to maintain your share to keep the efficiency up. A half empty showroom, half empty storage building or half empty shop is unlikely to be profitable.

Expand that thinking. Imagine you are responsible for the Mercury engine plants or the Sea Ray boat building plants. If you are running at less than optimum capacity you lose profitability. The overhead and fixed costs greatly impact that bottom line. Engines and composite materials have to be ordered far in advance, the buildings never go away and neither do the taxes, heating and maintenance costs, but the valuable, skilled staff can leave if someone makes them a better offer.

When an economic downturn hits your market (and one seems to hit the marine business every few years), your primary goal is to maintain your market share to protect your profitability.

It's no surprise then that Brunswick who have, by my count, 28 different boat lines and probably the industry's largest engine line, have a huge market share to protect.

The US market was down last year and Brunswick Corporation rolled out its new Brunswick Dealer Advantage as a strategic business move to protect its

share. At the Toronto International Boat Show this year, Brunswick announced that the Dealer Advantage program would be made available to marine deal-



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The Brunswick Dealer Advantage program is a menu of benefits and services either offered through the company or through program partners

designed to help Brunswick marine dealers reduce costs, increase revenue, and (as we suggested earlier) to improve productivity.

To borrow their words, the Brunswick Dealer Advantage program targets three specific areas: enhancing the retail customer buying experience; attracting and retaining employees; and, operations excellence and cost reduction.

"Through communication with our Canadian dealers, we've identified specific areas where Brunswick can leverage its resources to assist Canadian dealers build long-term value in their businesses," said Dustan E. McCoy, Brunswick Chairman and Chief Executive Officer in a video that was played at the meeting. "This is a win-win partnership for both our dealers and for Brunswick, as stronger dealers contribute to stronger Brunswick brands."

It is a wide-open program. Qualified dealers include all Canadian marine dealerships that are in good standing and carry Brunswick boats and/or Mercury engines, as well as Mercury service only dealers. There is no cost to qualifying dealers to participate in Brunswick Dealer Advantage program; dealers may opt to participate in all or as many benefits as they desire, depending on their unique business needs.

The Brunswick Dealer Advantage program features three levels of participation: Silver; Gold; and, Platinum based on the amount of the dealership's retail business with Brunswick. The deeper the relationship with Brunswick, the higher the dealership's level of eligibility and the more benefits they can access, which is obviously the incentive side of this.

The list of Brunswick Dealer Advantage benefits available in Canada includes preferred pricing on services

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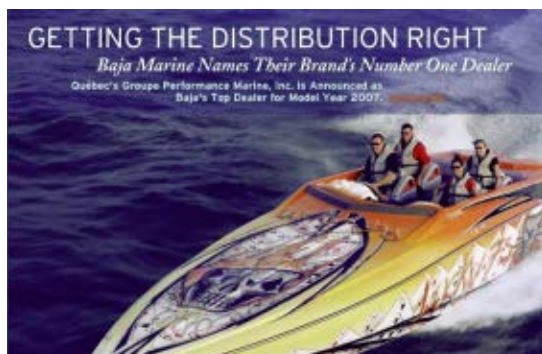
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such as customized retirement strategies and succession planning; supplier pricing on automobiles for dealership use and personal vehicles for employees; discounted rates on computers and equipment, Internet advertising, Web site management and design, and lead management solutions.

In addition there is preferred pricing on programs to enhance the customer buying experience including extended product protection. There are also long-term business enhancement programs such as discounts on achieving Brunswick marine certification and participation in a 20 Group (that allows dealers to learn from peers with whom they don't compete directly). In the presentation, Betsy Lazzara, Brunswick Dealer Advantage Director hinted that there are also more programs in the works.

"The pilot program that Brunswick launched in the U.S. in 2007 proved very successful – with more than 25 per-



cent of eligible dealers participating within less than 10 months of kick-off – giving us confidence for a Canadian launch," said Betsy Lazzara. "In Canada, we anticipate aggressive growth in its first year and continued expansion and additions in the years to come. We are already pursuing additional programs and benefits specific to the Canadian market for introduction in the spring and summer months."

For some dealers, participation will certainly mean a rationalization of their

lines in order to achieve the concentration and volumes needed to qualify. Will that be worth it?

Every dealer faces a slightly different market share environment but, in the coming year when the Canadian Loonie is at near-parity levels, this could be a great year in the business and a time to really hit a

home run with a top-selling line.

Then again, you want all the best products to satisfy the greatest number of buyers. And, if the economy collapses, you may be better riding one big horse that straddling two. Privately, we think the US sub-prime disaster is just temporarily masking the real devil that is US government debt.

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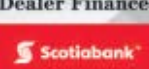
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# New GPS-Enabled Satellite Messenger a “Spot On” Choice for Boaters

By FINTAN ROBB

**SAFETY IS ALWAYS** a big concern for boaters of all kinds – from the seasoned sailing enthusiast to the novice fisherman. That is why boaters are constantly on the lookout for the latest and greatest in safety devices – from the newest personal flotation devices to advanced communications tools that help them maintain contact with folks on shore.

Boaters' concerns are certainly justified. According to the Government of Canada, there are approximately 2.8 million small boats and personal watercraft in Canada – a number that continues to grow. Overall, recreational boaters are involved in approximately 65% of Search and Rescue incidents, with boating fatalities standing at approximately 200 each year. In most cases, these deaths were preventable.

Communications on the water often present a challenge for boaters. In many cases, they are travelling well out of cellular range. Satellite phones will work on the water, but they are expensive, can be damaged by water, and do not provide any Global Positioning System (GPS) functions. While dedicated GPS locators can provide a person's coordinates, they can't be used to send outgoing signals in the event of an emergency. Sometimes, it is hours before anyone realizes that a boater is missing.

Now, an innovative combination of satellite and GPS technologies is coming to the rescue of all kinds of boaters in the form of an affordable, waterproof (it also floats), rugged package that weighs a mere seven ounces. Considered to be the world's first, the SPOT Satellite Messenger is a GPS-enabled device that uses reliable commercial satellite technology to transmit details of a user's location and needs from just about anywhere in the world.

This new device is an ideal way for boaters to notify family and friends when travelling through communication

“dead zones”. It can also let emergency services know where a boater is should disaster strike on the waters. It even provides a way to map a sailor's progress and keep that information for future reference.



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## COMPANY PROFILE

SPOT is not only compact and affordable, it's remarkably easy to operate because it only takes a press of a button. Its four function keys transmit messages based on varying levels of need:

**Alert 9-1-1** – This button automatically sends a message to an international emergency call centre which will contact local emergency responders to dispatch search and rescue teams to a user's location. Signals will be sent every five minutes for seven days.

**Ask for Help** – Pressing this button sends a request for help to multiple cell phones or e-mail addresses (maximum five each). This feature is handy for notifying friends and/or family members of less critical needs (e.g., supply shortages). A link to Google Maps™ is also included.

**Check In** – This feature simply pings friends and/or family members letting them know that the boater arrived at their destination safely, where they are, and that they were okay during their time away.

**Track Progress** – This button will send and save a person's location while they are on the move, to allow contacts to track their progress using Google Maps™. It's a terrific feature for a boater who wants to remember an exact fishing spot or track their route through unfamiliar areas for future reference.

SPOT represents a significant opportunity for boating industry retailers to bring added peace of mind to their customers. From novice boaters on fishing or sailing expeditions, to experienced crew members and marina operators, SPOT Satellite Messenger helps ensure personal safety at a price that everyone can afford. SPOT is available at dealers and retailer outlets across Canada for \$169.99 CAN with an annual subscription fee of \$99.99 CAN. Track Progress is available for only \$49.99 more per year. [www.findmespot.ca](http://www.findmespot.ca).

*Fintan Robb is Senior Marketing Manager for Globalstar Canada Satellite Co., a leading provider of mobile satellite voice and data services to businesses, government and individuals. For dealer or more product information, e-mail Fintan at: [frobb@globalstar.ca](mailto:frobb@globalstar.ca).*



## PEOPLE

### GE CAPITAL SOLUTIONS ANNOUNCES NEW CANADIAN VICE PRESIDENT, GENERAL MANAGER FOR MARINE

GE Capital Solutions, Commercial Distribution Finance (CDF) has announced that Jocelyn Wyatt has been named Vice President and General Manager, Marine for Canada.

Wyatt joined CDF in 2005 and has executed a number of projects that have improved CDF Canada's overall customer service offering. This customer expertise, along with her experience leading the National Processing Centre, will prove to be great assets in her new role.

The appointment of a new leader for marine is part of a recent industry realignment for CDF in Canada. "The realignment aims to create an improved customer experience with specialized, industry-focused teams, building efficient processes on every level," says Peter Ringler, President, CDF Canada.



"Industry focus will allow every part of CDF's business to understand, support and create solutions for the success of each customer."

"At CDF we are committed to providing the best customer experience possible by aligning all key customer resources into dedicated industry teams," said Wyatt. "The CDF Marine

team will be positioned to respond more readily to the unique needs of our Marine customers."

Wyatt holds a B.Sc. in Chemical Engineering from Queen's University. She joined GE in 1991 and has held various roles across different GE businesses including Mortgage Insurance and GE Energy, both in Canada and the United States. She has been active in the boating industry for many years both as a consumer and member of the Canadian Power and Sail Squadron.

Additional information about CDF can be found online at [www.ge.com/cdf](http://www.ge.com/cdf). GE Capital Solutions provides leasing, lending and capital investment products and services to help business customers grow. It has over \$90 billion in assets, serves more than 1 million clients around the world and is headquartered in Danbury, CT, USA. For more on GE Capital Solutions, go to [www.ge.com/capitalsolutions](http://www.ge.com/capitalsolutions).



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# The Concept of “Thin-ventory”

**THE IDEA STARTED** at the Toronto International Boat Show. I was talking to a dealer who owns a small family marina catering to avid fisherman. He carries several lines of specialized fishing boats, as well as a wide selection of engines.

“This is killing me,” he said. “On one side, all my suppliers want me to take more product this year and on the other, the floor planner is tightening down on me. I’m getting squeezed.”

Recalling the comment, and wanting to explore the situation in more depth, I called Jeff McDermott, VP, Sales, Recreational Products at GE Capital Solutions. “Well, I don’t know that dealer,” he said “and, of course, every situation is different. We’ve actually opened up credit for qualified dealers”, Jeff said.

“I’ll tell you what I am concerned about most,” Jeff continued. “I’m worried that with the rise in the Canadian dollar, people may not quite appreciate how changes that have lowered prices of many boats – and that seems to be stimulating sales – can still leave dealers earning correspondingly lower

total revenue. What it comes down to is that most dealers will have to process and sell more units to earn the same revenue in 2008 that they earned in 2007.”

So, look for a finance provider who offers a solution that best manages the currency fluctuations we’ve been experiencing.

Let’s go back to my conversation at the boat show with the dealer who felt that he was getting squeezed. This dealer already has a solution. He plans to concentrate on his best product line, knowing that he may lose some specialized sales, but believing that this “focus” will give him a better chance to reach the volume plateaus and earn discounts and marketing money with that one boat builder. This is the start of “thin-ventory” thinking.

Next, by concentrating his marketing effort on one product line, he is more likely to gain credibility in the eyes of his consumer. This way, his ads can all feature one brand of boat and his messages will not be diluted.

Another step in the thin-ventory management process is to increase turnover. The dealer could call all buyers who have put deposits down, and try to deliver their boats and close sales earlier. This dealer may have to offer his buyer an incentive; he could, however, increase revenue simultaneously by, say, offering a sweetheart deal on a matching trailer if the buyer takes delivery in February or March.

Get the money now. This way, he thins out his inventory, banks the money early and can continue working on new sales, rather than leaving the next sales thrust until the May long weekend.

In spite of US economic uncertainty, our Canadian economy is performing well. Dealers we talked to reported solid sales at the Toronto International Boat Show, and at least one company – Regal – reported that they had achieved record sales volumes at this show.

You’ve all heard the old adage: early to bed, early to rise, work like hell and advertise. So, get going earlier than ever this season, push to close any business possibilities out there, and advertise aggressively to build your volumes during the high season.

Jeff McDermott was simply suggesting to turn over your inventory as often as you can, maximizing your total revenue in a year where there’s certain to be pressure on margins. By turning over inventory faster, you are in a much better position to weather another unexpected economic downturn. Work with your suppliers to shorten the order and delivery cycle. Make sure your money is not tied up in non-current product.



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