



## **Do You Have the Value to Survive the Competitive Environment?**

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Every business is looking to succeed through points of differentiation. Dealers are looking to offer a unique boat line, service department, and services in such a way to capture customers. For example, a dealer built new facilities with air-conditioned service areas for the technicians, state of the art hurricane resistance building and other built in aspects that make life easier and more efficient for the technicians. In a tight labor market a technician might prefer nicer working conditions vs. working outside under the hot sun or lose productivity when it rains. It also provides a professional appearance for the customer, all of which inspires confidence in the employees and the customers. Efficiency and the ability to focus on revenue producing aspects of the business is the special elixir that dealers are after. So where does MATES fit into the picture? The dealership is already a member of several marine related associations as well as the chamber of commerce. Why does the dealership need one more membership? Here is where MATES is going to give your dealership the unfair competitive advantage.

MATES is tasked with establishing industry communication standards between dealers, manufacturers and other third parties (OEM). In order to communicate effectively with another party you have to be speaking the same language and have a definition of terms. One man's boat is another man's yacht. In other words, everyone has to agree on what length a boat can be and at what length a boat turns into a yacht. Everyone also has to agree that they will speak the English language when communicating about boats and yachts in order to understand each other. In today's world communication outside of the dealership is inefficient and strained consuming time and sapping resources away from revenue generating activities. I would like to carry you a scenario: warranty request. The scenario has two versions depending on how technologically savvy the manufacturer or supplier is. These scenarios will help you understand how we conduct business today.

Definitions:

DMS – Dealer Management Software

### **1A - Scenario warranty - facsimile**

DMS → fax → telephone (status) → return fax (authorization) → additional authorization fax → telephone (urgent status) → return fax #2 → completion and entered into DMS.

I have roughly described the scenario above by following the flow of information and the steps around that information. This is called an activity. This activity has multiple steps inside of it that we call an Event Process Chain. It is the chain of events for this activity. It helps us to understand our business and where we can improve efficiency through application of technology and general process improvement.

Situation 1A is rife with multiple possibilities for human error as well as inefficiency with man hours. Information is printed out from the DMS and then typed or entered into the manufacturer's information sheet formatted for warranty claims. Human error is possible at this point. The manufacturer sends a return authorization fax back the dealer which is entered into the DMS. More human error and man hours spent. The dealer determines that additional authorization is needed for the claim. Information comes again out of DMS onto another fax form – human error & man hours. An urgent telephone call is placed to the warranty desk and a second authorization fax is sent and then entered into the DMS – human error & yes even more man hours. The warranty is completed at the dealership. The warranty finalization is printed out of the DMS entered onto a completion form and sent to the manufacturer for payment. Yes...you guessed it! Here we find the possibility for more human error and more man hours. How much time do you think it took one person acting as the “interface” between the dealership and the manufacturer? Can you imagine if multiple people are acting as the “interface”? I can only wonder about all of the confusion and inefficiency. What happens if there was human error? Note: human error does not just cost time correcting any typographical errors. It can also cost delays if the wrong parts are authorized in the warranty. This can build customer frustration if their repair time expectations are off any amount of time. Many customers are time boxed in regards to the amount of time they have to enjoy their boats. They have only a weekend or are on vacation 1 week. This builds severe customer frustration robbing the dealership and the industry of the “FUN FACTOR” that boating is supposed to be about. Don't we have a national campaign called Discover Boating? Are we not trying to sell boating as fun? What happens when dealerships and manufacturers are not able to communicate effectively together to solve a customer's problem and fun is not realized? You lose a customer. It can cost money if a miscommunication occurs and a part of the job is not warranty. How are you going to easily go back and collect from the customer after they have finished the service and already taken their boat? Even if you do collect the money, don't you think a gaff like this will cost you points in your CSI?

Do you begin to see the problems with how we currently do business?

### **1B - Scenario warranty – web portal**

DMS → entry web portal → telephone status → verify status web portal → update DMS → physical job completed → completion web portal → DMS finalized

Above is the same scenario as 1A except we are using a web portal instead of a fax machine. It is no different though in regards to the problems that exist. They are the same. A web portal has allowed the manufacturer to gain efficiencies and better manage and control processes but has for the most part left the dealer behind in any of the true tangible benefits. Ultimately, even this method of doing business is costing the manufacturer. The web portal is a good way to reach the smaller, low tech dealers that run their business out of a garage or under the proverbial “shade tree” but is still inefficient for mid-sized to large dealers. The manufacturer could realize even greater efficiencies if they established a standard for communication with dealers and

implemented it improving the relationship ultimately for the end customer. Is that not what this is all about - the end customer?

### **Implication**

What is the cost of doing business as is? Can you afford to conduct business this way? How much value are you not capturing that another dealer will seize upon? Conducting business this way drives your cost up exponentially, negatively impacts your CSI and reduces your dealership's ability to react in the marketplace - its overall agility. You are sinking and do not even know it until the water is pouring in over the gunwales and your bilge pump has failed. At that point it is too late and your customer is shopping down the street.

So how do you gain the "unfair competitive advantage"? By joining MATES you will have the opportunity to define the communication standards. You will determine what a "boat or a yacht" is. You will also help influence what language will be used when communicating. The knowledge your dealership gains can be used to then implement the new exchange standards in pilot programs with the leading manufacturers and suppliers in the marine business. You will not only receive prestige in your community and state thru your association with these companies who have joined MATES but you will also be seen as a leader in the boating industry. Most importantly, you will seize upon the "unfair competitive advantage" by increasing your CSI, achieving greater productivity in the most expensive area of your business, human resources, and gaining an increased speed and agility for your dealership to be able to respond to customers and market demands. Your dealership can ill-afford to not be the leader in gaining the competitive advantage. I assure you that your competition is looking at joining MATES in order to move ahead of you on the competitive field of battle. If you refuse to embrace the next generation it will leave you and your business behind. You can not afford to take that chance. My dealership can not afford to take that chance. In order for boating to be successful, we have to find ways to keep costs down and maximize our dollars. Recently the boating industry has seen tremendous increases in insurance, gasoline prices and in real estate prices especially in gulf coast states. All of these factors seek to price your services out of the range of the average boater hence pushing people out of boating and placing a barrier in the path of those who would like to enter boating. MATES is one tool that you can use to significantly lower your costs so that boating can stay affordable, so that you can stay in business, so that you can grow your business. So join me in seizing upon the "unfair competitive advantage" by increasing your CSI, achieving greater productivity in the most expensive area of your business, human resources, and gaining an increased speed and agility for your dealership to be able to respond to customers and market demands. Join me in MATES.

*This white paper is written by Scott Hopkins, General Manager of Cedar Bay Yacht Club on Marco Island, Florida. Cedar Bay Yacht Club is a dry storage marina with 355 boats in storage, boat sales, engine sales, service department, ships store and boat rentals. Scott also serves on the Marine Industries Association of Collier County's board of directors as treasurer and the Marco Island Chamber Board of Directors. Cedar Bay Yacht Club is a Clean Marina being the first marina on Marco Island to achieve this designation and the 54<sup>th</sup> marina in the state of Florida. Cedar Bay Yacht Club has won the 2006 Southwest Florida Choice Awards being designated as the champion in the marina category. Cedar Bay Yacht Club has also won first place in the Florida Press Association's advertising awards in 2006. [www.cedarbayyachtclub.com](http://www.cedarbayyachtclub.com)*

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