

# Manufacturers ante up some funds to encourage dealers to get certified



BY ADOLFO MENDEZ

Five hundred. That's the number of boat and motor dealers Phil Keeter, president of the Marine Retailers Association of America (MRAA), would like to see get certified by the end of this year. "We have more than 400 dealers enrolled in the certification process right now and more signing up every day. I'd like to see 500 dealers certified this year. We've got around 200 certified now," Keeter says.

As the national trade association representing boat dealers and marine retailers, the MRAA is strongly behind industry efforts to receive Marine Industry Dealership Certification. Keeter is convinced that the certification process is one way the industry can grow the boating industry.

But getting certified isn't free. "Cost always becomes a factor in everything," Keeter says. He believes more dealers would become certified if manufacturers helped them pay for certification-related costs. "I would like to see manufacturers offer designated funds rather than co-op funds to be used toward the cost of certification," he said.

Many boat manufacturers are stepping up to the plate (for a round up of manufacturer support, see sidebar). Boat builders such as Elkhart, Indiana-based Godfrey Marine are providing financial incentives to encourage dealers to become certified. Tom Carney, executive vice president of sales and marketing of Godfrey Marine, says dealers often lament the costs involved to get certified although it's only \$2,495. "It's expensive," Carney acknowledges.

For this and other reasons, Carney says, Godfrey Marine created a "Flex Funds" program last year with dealer certification in mind. "As the name suggests, it was created so it could be flexible. Flex Funds not only incorporates advertising, but the types of things that are approvable that support the dealer and grow the dealer," Carney says.

## Good business

Godfrey's decision to help its dealers pay for the costs associated with certification

was an easy one. "It makes sound business sense. It helps them to strengthen the reason why they're in the boat business, which is profits and sales." In other words, manufacturers are only too aware that if dealers prosper, manufacturers prosper. If the dealers go under, the boat and engine makers have fewer retail stores to sell their products to, so it's a no-brainer that it's in the best interest of all key stakeholders to promote any effort that could keep the recreational boating industry viable and growing.

Manufacturers support dealers with more than just money, however. Like other manufacturers, Godfrey Marine offers in an in-house "university" to help train dealers to become better. Dealers get help with their sales, marketing, and service departments at these university events. "I would say Godfrey University falls within the lines of certification because it helps dealers understand who our customers are, what are the products that we build, and who are the competitors in their marketplace. We do bridge the gap of training them along with the certification, so they work hand-in-hand," Carney said.

Because manufacturers are willing to absorb the costs associated with their training universities—which can be "very expensive," according to Carney—it wasn't a tough sell to convince them to support dealers seeking certification. "That's just part of being a good businessman," Carney says, adding that dealers appreciate any financial support they get from a manufacturer.

"It's like a marriage partnership. We support them 50–50. We want the dealers to have some skin in the game, but we also want to show them that we're committed as well. A 50–50 formula works best in these types of agreements with dealers, whether it's a car dealer or a boat dealer," Carney notes.

Most manufacturers, however, only help dealers in the beginning, when dealers are first attempting to get certified. Dealers have to re-certify every year at a cost of \$2,495—it's a flat fee every dealer pays regardless of size or revenues. And, in most cases, the costs

to re-certify are borne solely by the dealers. The reason? "The cost is significantly less when you have to re-certify, because you don't have to go through as many details. It's already been done," Carney explains.

## Critical difference

Just how important is a manufacturer's financial support to dealer certification?



Phil Keeter

Carney says the majority of boat and motor dealers in his dealership network, which encompasses six boat brands, would choose not to seek certification if Godfrey Marine didn't provide any financial support. "We have the top 200 dealers of our 500 who do the bulk of the business. So I would say that the top 200 would probably get certified no matter what, but that leaves 65% who wouldn't pursue certification. Knowing that we're going to support them 50–50 makes it a lot easier for them to stomach the costs, even though in the long run it's the right thing for them to do anyway," Carney says.

Manufacturers supporting dealers in their efforts to become certified can go a long way to improve dealer/manufacturer relationships, which have often been tense over the years. "The key, I think, is to stay focused on the end result which is customer satisfaction," Carney advises. "It's the same as in the car busi-

ness—don't get so caught up in the relations piece of it between dealer and manufacturer that you forget what the end result is, and that's to keep the customers happy so they keep coming back to your store to buy your product."

But Carney also had some tough words for those dealers who ignore the slow but growing trend toward certification. "You won't see an instant lift in profits with dealer certification," Carney notes. "Initially, you will have a

lot of employees resisting it because now there is structure, and in the boat business, everyone's used to a very casual way of doing business. Certification puts the disciplines back into play and, at first, it may even cost you some

## Look who's helping dealers become certified...

### Godfrey Marine Group

- *Aqua Patio*
- *Polar*
- *Hurricane*
- *Sanpan*
- *Parti Kraft*
- *Sweetwater*

**How it works:** Dealers selling these lines get up to 50% of their total certification costs reimbursed via the boat manufacturer's "Flex Funds" program. The money is awarded once the dealership has completed its certification process.

### US Marine

- *Bayliner*
- *Trophy*
- *Maxum*

**How it works:** Dealers selling these brands get reimbursed \$500 for costs related to certification. Also, a Marine Industry Certified Dealership within the US Marine networks is eligible to receive retail labor rate reimbursement on warranty work.

### Chaparral Boats Inc.

Dealers who sell Chaparral exclusively will get up to 50% of the costs to become certified paid by the manufacturer upon becoming certified. Non-exclusive dealers get up to 25% reimbursement for their certification-related costs once they've been certified.

### Crownline Boats

Dealers get 110% of the dealer's retail labor rate for all labor associated with customer service work or warranty repair. There is no limit or expiration date as long as a dealership maintains its status as a certified dealer.

### Formula Boats

Dealers get 50% of the certification costs covered. Non-exclusive Formula dealers get reimbursed an amount equal to 25% of certification costs.

### Grady-White Boats

Dealers get 50% of the certification costs covered.



### Mercury Marine

Dealers can use Mercury Co-op advertising accrual to get up to 50% of total certification costs reimbursed, per available funds. The program applies to initial certification as well as to annual renewal fees. (Same applies for Mercruiser).

### Pro-Line Boats

Dealers can use Pro-Line Co-Op funds to cover up to 100 percent of the certification-related costs.

### Regal Marine

Dealers can get up to \$1,000

toward the cost of certification, once they're certified.

### Regulator Marine

Dealers can use Regulator Co-op funds to cover up to half of their certification-related costs. Also, dealers can get up to half of their travel costs to attend one of the

### ENGINE MANUFACTURERS

#### Honda Marine

The first 50 dealers get 50% of certification costs covered.

#### Volvo Penta

Dealers can use up to 100% of their accrued Volvo Penta advertising co-op to defray the costs of certification for the 2007 Model Year.

### TRADE ASSOCIATIONS

#### The Marine Trade Association of Metropolitan Atlanta

Reimburses member dealers \$500 for the certification launch workshop cost and another \$1,000 toward overall certification costs, if dealer is certified by end of 2007. In addition, if a dealer with MTAMA membership has more than one location within the state, the \$1,500 reimbursement offer applies to each location.

#### The Northwest Marine Trade Association

Covers 10 percent of the registration fees for the first 20 members participating in the certification process.

#### Southern California Marine Association

Reimburses each member \$500 upon completion of the certification process.

*Source: Marine Industry Dealership Certification*

money until you get everything in place and then you're going to start seeing the efficiencies because of the certification process.

"Unless the dealer elevates himself to a true business model, the manufacturer is not going to have any respect for the dealer or they're going to struggle to do

business with someone who doesn't know what to do on a day-to-day basis and we're at risk because if they go bankrupt, now we have to buy all the boats back and that's what creates the friction," he says.

The bottom line, Carney says, is that "it's in both of our best interests to im-

prove—the dealer, on the one hand, to become certified to better service the customer; and the manufacturer, to support them because the happier the customer, the easier the sale, the longer the dealer's in business, and the more money he's going to make." ⚓