



## 11 Tips to Prepare Your Marine Business for What's Ahead

If you're like most marine business owners, you've weathered your share of ups and downs. But you've been "up" for a while.

The past few years have brought tremendous consumer demand, mixed with some brand new opportunities and challenges.

Now, with uncertainty caused by factors like continued supply chain disruption, inflation, rising gas prices and interest rates, continued workforce challenges, war and now talk of potential recession, it's no surprise that many business owners have begun questioning what's next and how to best get ready for it.

Here are a few tips to help you prepare for whatever is ahead.

1. **Know Your Numbers:** When times are good, your team is busy keeping up with demand. There's plenty of money in the bank, and customers are lined up outside your doors, waiting for a boat to buy or service to get scheduled. So, taking the time to track down each penny spent or earned doesn't feel particularly urgent or important.

This can lead to bad habits when it comes to monitoring dealership, department and individual team member performance.

When times are uncertain, turning those bad habits around are critical. You want to know what money is coming in, what's going out, and what profits are being generated compared to your dealership, department and individual team member budgets and forecasts. The goal? Be able to respond quickly to changes in the market.

Your financials can be tracked monthly, but you can react even faster when you track a few key numbers more often.

Knowing your numbers is particularly important in times like these. You don't want concern about what's next to result in missed opportunities now, nor do you want to be caught off guard by a change in demand.

2. **Use Your Influence:** As a business owner, you have a lot of responsibility on your shoulders. It's natural to be concerned about how economic conditions could impact the marine market, your team and your business.

Don't forget, however, that your words, attitude and behavior often influence your team and your customer.

A wise person once said, "Be the change you want to see in the world." Be mindful of how you – as an owner or manager – influence your employees and your customers, and use that influence to drive the outcomes you seek.

3. **Get Your (Written) Processes in Order:** During the last recession, 91.6 percent of Certified Dealers survived, while only 65 percent of all boat dealers survived. Why? What did [Certified Dealers](#) do right that others did not?

One of the biggest differentiators is the written processes they developed, trained their team on, and updated. Written processes, when used consistently, allow a dealership – or any marine business – to be nimble, communicating changes in direction and guiding their team on how to carry them out.

4. **(Re)Master the Sales Fundamentals:** If you measure success in dollars and cents, the past few years have been very successful for most marine business salespeople.

While they've been challenging too, the challenges haven't tested what we often think of as sales fundamentals like lead nurturing, overcoming objections and negotiating. As a result, those sales fundamentals may have gotten a little rusty.

With uncertainty ahead, now is the time to sharpen up those sales skills once again. How? I'd recommend you invest in training, coaching and role playing to ensure your team is ready to generate sales that support dealership profitability, no matter what the market conditions.

5. **Manage Your Inventory:** When you think about the impact of past recessions on the marine business, it's tough not to envision the aging inventory that sat outside boat factories and in dealership showrooms.

Today, inventory levels are much, much lower throughout the supply chain than they were prior to the Great Recession.

In fact, our challenge in this time of uncertainty and supply chain issues is as likely to be not having enough inventory to meet demand, or perhaps the wrong inventory, as it is too much inventory.

The difference between those who outperform the market during an economic

downturn (not unlike normal times), and those who underperform the market may be how well you understand what's selling and available in your local market now – and how well and quickly you use that information.

For example, if the new boats that fit what customers want are unavailable – or if customers are looking for the affordability of pre-owned inventory – you need to have an effective strategy for going out and getting it. Want help? Check out [MRAA's May Spotlight in Pre-Owned Boat Success here](#).

6. **Consider Your ABCs:** A big factor in how well a marine business performs in times of change comes back to how quickly it can recognize the change taking place and respond to it. That's why mapping out ABC scenarios now gives you an advantage.

Often, an A scenario provides a business plan for when the market is doing better than you expect, a B scenario provides a plan for when the market is performing the way you expect it to, and a C scenario provides a plan for when things are worse than you expect.

Think of it as your shortcut to responding to whatever is ahead when the future is unclear.

7. **Rethink Your Revenue Centers:** History has proven that marine businesses with a diverse and healthy line-up of revenue centers are more likely to ride out the ups and downs of the market than those that put all their eggs in one basket. That assumes, of course, that those diverse revenue centers are profitable.

When the future is unclear, an effective strategy to prepare for what's next is to assess the profitability of each of your revenue centers and, where possible, tighten up your team's approach to their key drivers of profitability.

For example, if your Service Department isn't as profitable as it could be, you might pull your department together to brainstorm ways each team member could contribute to an effort to improve your efficiency.

8. **Make Cash King:** If you're like most marine businesses, you set some new records the past two years in how much cash you've generated. So, where did it go?

Now is the time to do an assessment of what cash your business has on hand and available, should the market take a steep turn for the worse. And how you can free up more, if you need it.

At a minimum, the experts recommend you keep cash on hand that is the equivalent of six to eight months of expenses, but the more you have in savings, the more protected you and your team are if times get tough.

- 9. Communication Is Key:** During times of uncertainty, it's especially important to communicate with your team about what's happening – or not happening – in your business. They see the news headlines, just like you do, and they may be wondering and worrying what recent developments could mean for their job and their family.

Often, leaders wait to communicate about change until they have developed a clear plan to respond to it. However, the “no news is good news” philosophy can backfire.

Employee performance can take a hit if they are distracted by concern over what might happen to their paycheck or their job. In addition, if they're unsure of whether your company can weather the storm on the horizon, they may seek out other opportunities to ensure stability for themselves and their family.

Don't provide false reassurances. Do consider how you to instill confidence in them that you'll keep them in the loop about how your business is adapting to the change that is underfoot and what that means for them.

- 10. Don't Lose Focus:** Assessing your company's financials and operations – and adapting your approach to meet shifting market conditions – are often critical in order for your business to survive and thrive in times of uncertainty. However, without customers, you won't have a business to adapt.

Therefore, one of the most effective ways to prepare to weather any storm is to amp up your team's focus on the customer experience.

When you surprise and delight them at each touch point with your business, not only will you improve customer loyalty, but you'll also boost the likelihood that they will become your advocates, recommending your business to their friends and family.

- 11. Look for the Silver Lining:** So much of the advice folks provide on adapting to a changing market focuses on reacting to the forces at play, like consumer confidence and discretionary income.

But those who thrive during a market downturn are often the ones who seek out and find opportunities in times of challenge.

For example, when prospective customers can't afford to buy a new boat, you might generate revenue by becoming their guide to repowering or refreshing their current boat. Or to seeking out the right pre-owned boat to fit their wants and needs.

Could you add a revenue center by adding boat rental or a boat club? That might also generate an increase in parts and accessories sales – and boost future boat sales leads.

*Want more tips to prepare for what's next? Contact MRAA at [liz@mraa.com](mailto:liz@mraa.com) or 315-692-4533.*