

# *It is the Worst of Times, It is the Best of Time*



***The economic crisis of 2008-09 is unprecedented, a dizzying downturn unlike any since the Independence of Singapore 45 years ago. Giant boat companies failed, housing prices plummeted and a credit crunch crippled businesses and individual alike. Iconic brands filed for bankruptcy and consumers everywhere cut spending to the bone on boats. Many yacht builders laid off most of their employees as orders for new yachts dried up. Luxuries such as yachts are among the first casualties in any recession, yet the atmosphere at SGBoating is decidedly upbeat.***

Phones were ringing, our employee has a snap in their steps, new yachts were being commissioned and sea-trial and deals were being done. SGBoating was bristling with energy and optimism. To be sure, SGBoating is unique. A privately-held corporation, where we consider ourselves boaters first. In fact, we're hands-on owners and we've been servicing and solving boating issues as a boater and began selling yachts in our early 20s.

Indeed SGBoating has a distinct family feel – our employees are family members or relatives of the owner. The company have sold and delivered many pleasure boats here in Singapore and today, nearly 100 boats are cruising the waters within Singapore and beyond.



Thanks to the popularity of our represented boat brands such as Fairline, Meridian, Chaparral & Robalo, the company entered the recession at the end of 2008 with a very healthy pipeline of orders. SGBBoating is right size: small enough to be quick, nimble and smart, yet large enough to bring many economics of scale to bear in the process of delivering out yachts. While many boat dealers are corporately owned and carry a

lot of debt, a combination that can create a stranglehold, we're fundamentally a debt-free company. SGBBoating is a corporation but it's wholly owned by very passionate boat owners, including myself.

We don't answer to corporate board, bean counters, banks, or other masters – we make our own decisions. Boating business is our life's work and that's what we love to do. For myself it's what I've chosen the past 26 years, and it's the only business interest any of us have. Period.

Our experience doing this has allowed us to develop a certain kind of wisdom and a skill set that helps us to avoid the common pitfalls of the boat business. We have a very close, longstanding and mutually beneficial partnership with our principals boat builders in US & UK and they have been building boats for more than 200 years combined.

In short, we believe we've seen it all, and we've learned a lot. It's why we've managed to remain successful, both in good economic times and bad. Nobody likes to see a downturn of this magnitude, but while others have been pulling back, closing office or failing, we have been busy introducing new boat models. We've used the time to upgrade to upgrade our work force and hire good staff from other companies. In other words, we've taken advantage of the downturn to strengthen our company's human resources and the brands we represent.

The economic downturn offer greater opportunities for new boat buyers because boat builders pipeline is not full up right now, most are eager to build yachts and keep factories running, so this is a great time to buy a new boat. Not only can we offer a lot we couldn't offer before: we can deliver a new boat sooner than we've been able to in year.

We're also much quicker to take a trade-in, structure a deal differently, or focus on anything else a serious buyer might have in mind. Anything!

When the economy comes back, and it will, the pipeline will be full again and we simply won't have the same ability to give customers everything they want. And, of course, when the demand is high, prices tend to be higher too.

Cash is king, and for those who have the cash this is a great time to get a great new boat. But for those who have excellent credit, from what we see there's plenty of money available for loans as well. A qualified buyer with a substantial down payment can probably expect a loan at just under 5 percent.

So when you have negotiate the best deal and ready to sign on the dotted line to order a new boat, there are several ways to structure the purchase process depending on the buyer's circumstances,

but the “typical” path is as follows: At the point that a buyer is ready to tie-up a production spot, he may do so with a letter of intent (LOI) and a 10% fully refundable deposit. A second 10% deposit is due when the boat begins construction. What is called the “shipping payment” is due when the boat is complete at the factory and scheduled for shipment. The shipping payment is 75 percent of the purchase price. The last payment of five percent is due upon final delivery of the boat after commissioning and buyer’s acceptance.

When someone orders a new boat from SGBoating, everything destined for the new yacht is insured. A-to-Z. SGBoating has a very large umbrella policy with a top-rated insurer to cover it all: In short, no matter what happens the customer will not lose out.

Over the past year there’s been no compelling reason to buy because a buyer could wait a week or two and maybe see a lower price. Once it’s generally accepted that the bottom has been reached, a lot of people are going to jump back in and start placing orders for new boats. The time will come – and I think it will happen suddenly – when the “right” conditions won’t exist anymore. That’ll be because builders will have more orders and the lead times will be longer. When that happens the opportunities you see today simply will not exist. So these opportunities are limited, limited to those who move ahead and take advantage of them sooner rather than later.

