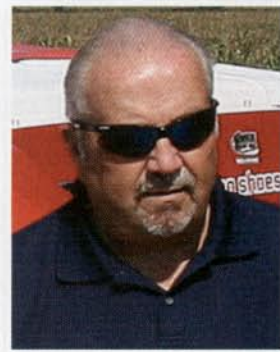


Reviving a Legend



People ask me why would I want to get back into boatbuilding with Checkmate. I guess I just can't stay retired. I started making some phone calls to some of my old contacts: "Would you be interested if I got back into the business?" I had a lot of positive response, so I put a deal together to purchase Checkmate.

We changed the name and split the corporation into a real estate company and the manufacturing company. I hired Dean Reynolds, who had worked for me at Baja for a lot of years, to be my GM. He can drive anything. Of course there are four or five of us here who could drive just about anything we can build.

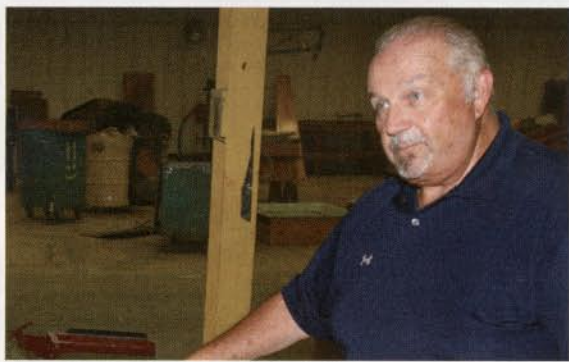
I thought there was a lot of opportunity to use the contacts I had built over the years. Some of my early Baja dealers presented us with a real opportunity to set up a new and updated dealer network. To get the dealers excited, we looked at the product and pumped some energy into it, changed the colors, changed the graphics and upgraded all the materials. The most important thing is what we *didn't* change—Checkmate's reputation for its great gelcoat work and balsa-cored construction. At Baja, I was always jealous that I could never get my boats to shine like theirs.

One thing we found that was very important saltwater dealers is a fiberglass liner. So we now have liners in all our boats. They're easier to clean, make for better construction and a stiffer boat.

In addition to maintaining the solid construction, we've kept the Checkmate brand true to its heritage of running great with outboards. The 21' Pulsar is the clas-

sic Checkmate and the boat runs true. It's straight as an arrow, the molds are great, and the bottom is a great bottom. We have some customers who put a 300-hp outboard on the boat and bumped it up to almost 90 mph.

Believe it or not, one thing that has helped the market come to us on the East Coast and in the Midwest is the rise of noise and speed limits. Many lakes have 50-mph,



60-mph or 70-mph speed limits and the tickets are huge. So the outboard market has slowly shifted to more direct boat/engine package sales for the manufacturer.

Plus the horsepower has crept up from 150 hp to 200 hp to 225 hp to 250 hp, now to 300 hp and even 350. All of a sudden, we have perfect product that handles just about anything anyone makes.

We sell most of our boats with maximum-rated horsepower, and I feel safe in saying that anything we sell runs at least 60 mph. For an inland lake boat that you can you know you can buy for \$50K, that's an awesome package to run that fast.

To spread the word about the new Checkmate, we built some demos and designed a program around smaller dealers. We said, "Look, we don't want you to stock 12 boats. We'd like you to stock three or four boats, and we'd like you to market this way." They also need to embrace the power of the Internet. It has come alive, and if you don't have a site, people won't know what you've got. Buyers also want to know what it's costing, so you've got to put a realistic price on it. The program has worked and now we have 28 dealers.

Our marketing approach is partially borrowed from some experience I had with Harley Davidson. In 2000, I was trying to buy a Harley store. The dealer and I could not get together on pricing, but I went to work for him as a consultant because I thought he could make more money. What really struck me about Harley was that the company actually limited how many bikes a dealer could buy in a year. The store I was working with was limited to 100 bikes a year, and we had to buy 20 at retail. What that meant was two things—the dealer could make a reasonable profit on his new bike, and was willing to take a trade-in and sell that bike to somebody at a reasonable profit for a used bike.

I thought the same thing could work for boats. Why should a dealer have to stock five to 12 boats and be loaded up with a \$500,000 floor plan when he could stock three or four Checkmates? He could sell from those and he could own his margin and make a reasonable. Smaller numbers work in today's marketplace. The repossession and the overstock dealers are causing conventional dealers to sell boats at below cost in some cases, which is destroying the value of everybody's boat. Until the market clears out, that is the way it's going to be.

I didn't want my dealers to get stuck with old inventory. So if a dealer in Indianapolis sells a boat, and I don't have it, rather than us trying to build it and get it to him, if we have another dealer who has one we could get those two heads together and they're both happy. One gets his boat quick and one gets rid of his inventory. So literally I could almost make two sales.

So that's where Checkmate is right now. You have an honest view from the man in charge. We hope you like what you see in our new products. For more information, visit checkmatepowerboats.net. **PB**