

Video Case Study

Strategy at Regal Marine

Regal Marine, one of the U.S.'s 10 largest power-boat manufacturers, achieves its mission —providing luxury performance boats to customers worldwide—using the strategy of differentiation. It differentiates its products through constant innovation, unique features, and high quality. Increasing sales at the Orlando, Florida, family-owned firm suggest that the strategy is working.

As a quality boat manufacturer, Regal Marine starts with continuous innovation, as reflected in computer-aided design (CAD), high-quality molds, and close tolerances that are controlled through both defect charts and rigorous visual inspection. In-hose quality is not enough, however. Because a product is only as good as the parts put into it, Regal has established close ties with a large number of its suppliers to ensure both flexibility and perfect parts. With the help of these suppliers, Regal can profitably produce a product line of 22 boats, ranging from the \$14,000 three-passenger Rush to the \$500,000 42 foot Commodore Yacht.

“We build boats”, says VP Tim Kuck, “but we’re really in the ‘fun’ business. Our competition includes not only 300 other boat, canoe, and yacht manufacturers in our \$17 billion industry, but home theatres, the Internet, and all kinds of alternative family entertainment.” Fortunately for Regal, with the strong economy and the repeal of the boat luxury tax on its side, it has been paying down debt and increasing market share.

Regal has also joined with scores of other independent boat makers in the American Boat Builders Association. Through economies of scale in procurement, Regal is able to navigate against billion-dollar competitor Brunswick (makers of the Sea Ray and Bayliner brands). The *Global Company Profile* featuring Regal Marine provides further background on Regal and its strategy.

Discussion Questions

1. State Regal Marine’s mission in your own words.
2. Identify the strengths, weaknesses, opportunities, and threats that are relevant to the strategy of Regal Marine.

3. How would you define Regal's strategy?
4. How would each of the 10 operations management decisions apply to operations decision making at Regal Marine?

1.

The company's mission is to get their product lowering costs through marketing strategies with suppliers and with the highest possible quality. It is a company where design, technology and business strategy are equally important to achieve his goal: increase sales and achieve customer satisfaction.

2.

Strengths and opportunities Weaknesses and threats

Strategy of differentiation: unique features.	Keep in touch with the customers
Reduce cycle times.	Respond to the marketplace
Improve processes.	Changing consumer tastes
Use of alternative products.	Compounded by material changes
Innovation.	Improving marine engineering
High quality goods. Best in class.	Combined with the need of provide good value for customers
Wide product line: 22 boats.	Need for different types of workers due to specialization in different
Computer-aided design.	departments.
Large number of suppliers to ensure flexibility.	
Real scale boat for testing before commercialising.	
World-wide distributors, not only in USA. First class dealers to maintain a good public image.	
Partnering and participation in the ABA (American Boat Association)	

3.

Regal's strategy could be summarized in two famous expressions: "divide and conquer" and "customer is always right". The specialization of its workers in various departments makes the production more effectively and efficiently. Using the best materials and highest technology is important for this purpose too. Moreover, the idea of satisfying the

customer with high quality product, fast deliveries and services is also part of its strategy.

4.

Ten Critical Decisions

- | | |
|---------------------------------|--|
| 1. Service, product design | Three-dimensional CAD system |
| 2. Quality management | |
| 3. Process, capacity design | |
| 4. Location | USA |
| 5. Layout design | Paper design and CAD system |
| 6. Human resources, job design. | Specialization in departments: sales, manufacturing, engineering, and marketing. |
| 7. Supply-chain Management | Suppliers, processing and final product |
| 8. Inventory management | Specify department: engineering. |
| 9. Scheduling | Negotiating with suppliers, material distribution according to the departments, processing and sale. |
| 10. Maintenance | Specify department: manufacturing. |