

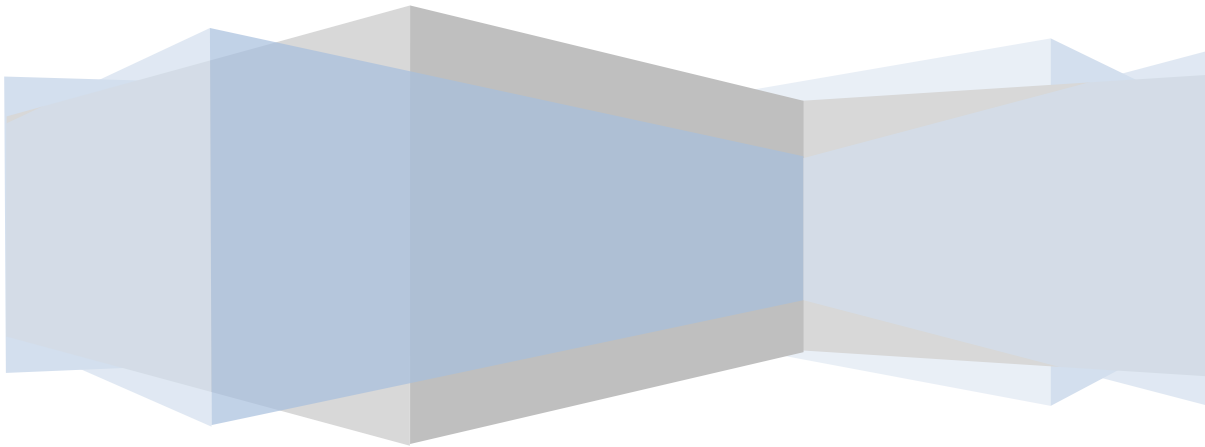


BURKARD YACHT SALES

Selling A Vessel 101

**What You Should Know
Before You Sell Your Boat**

By: Chris Burkard



The goal of selling a vessel is to receive the maximum benefit from the sale in a timely manner. While that one sentence covers it and it appears simple, selling a vessel is a multi-step process that requires detailed market analysis, vessel preparation, great photos and details for the listing, proper staging, excellent marketing and proper follow-through. The dollar amount of a sale and the timeliness of a transaction are directly related to the amount of effort exerted in the listing, prepping, marketing and follow-through of the deal.

One of the most important processes of placing a vessel on the market for sale is **Market Analysis**. A vessel placed on the market considerably above market value will likely sit on the market with little or no activity. Both the broker and seller at this point have wasted their time and effort while the goal of selling the vessel is no closer to being achieved. In the same instance, placing a vessel on the market well below market value may achieve a timely sale, but dollars were lost in the transaction by both the seller and broker. A proper market analysis should set the asking price no higher than 12% above what the sales price is likely to be and lower if possible. Building in large margins only causes buyers to consider other vessels that fall within the pricing structures. Buyers also tend to search in even numbers. If their budget is \$500,000.00 and they use that figure as a cap in their search, your vessel priced at \$517,000.00 will not be included in their results. If the research shows the vessel is going to sell in the mid to upper \$400's, there is no reason to set the asking price over \$500,000.00 unless you want to exclude potential buyers from seeing your vessel. Market Analysis is not just a

onetime event. This process should be ongoing, as the markets continually fluctuate. Fluctuations can occur when vessels come on the market for sale, are sold or removed from the market or because of seasonal or economic fluctuations. Market conditions should be monitored on a regular basis and sellers kept informed as changes occur.

The next important step in selling your vessel is **preparation**. Buyers want to buy like-new vessels in near perfect cosmetic and mechanical condition for a substantial savings over the price of a new vessel. While this is usually an impossible goal, there are many things that can be done to remove buyer objections ahead of time and give the appearance of low usage and excellent maintenance.

Survey

Have the Vessel Surveyed or at the very least, mechanically inspected by a qualified marine technician. Have vessel washed before Survey but ensure it is dry for Surveyor.

Take this survey list and have the vessel repaired. The buyer is going to survey and find the very items your survey will uncover. Letting the buyer discover them is a good way to lose the deal or end up discounting the vessel heavily to make up for the survey deficiencies. In addition, marine repair facilities tend to overestimate pricing quotes to cover unforeseen events during the repair process. Having the vessel repaired by a reputable company in most instances is less expensive than the price reduction that is going to occur anyway.

Cosmetics

Buyers want to see a clean, shiny, well-kept vessel. A dirty and dull vessel either will turn off a buyer completely or may elicit low offers. Rightly so, buyers that see a dirty, dull vessel will nearly always come to the conclusion that if a vessel is not being cosmetically maintained, it is unlikely being mechanically maintained and if an offer does follow, it is likely to be thousands lower than it could be. Have the vessel completely detailed inside and out, have the metals polished and the fiberglass polished and waxed.

Maintenance – Several maintenance items commonly cause contracted deals to collapse leaving buyer and broker with no deal and no proceeds for all of the effort exerted.

(1) **Change Oils** (engine and transmission) and Filters

- a. If engine oil is older than 6 months and/or has more than 100 hours – change (run vessel for minimum of 15 hours prior to survey)
- b. If transmission oil is older than 3 years and/or has more than 250 hours – change

(2) **Fuel System** - third most common cause of deal loss

- a. Fuel filters should be changed immediately prior to survey and sea-trial

- b. If the fuel is older than 6 months, fresh fuel should be added along with stabilizer and algaecide (as much fresh fuel as possible)
- c. If fuel contains heavy contaminants (algae, dirt), - Fuel should be cleaned professionally and stabilizer and algaecide added

(3) **Belts, Hoses and Engine Zincs**

- a. If belts are older than 3 years or show any signs of cracking and/or make noise – change
- b. If hoses show signs of micro cracking in the outer casing (5 years or 500 hours) – change
- c. Check Engine zincs and if more than 1/3 wear – change

(4) **Cooling System** (engines and generator) – most common cause of deal loss when failure during survey and/or sea trial

- a. If raw water impellers are older than 12 months / have more than 100 hours / have been sitting for more than 3 months – change
- b. If coolant is older than 2 years or 250 hours – replace. Cummins requires special PH balanced coolant – surveyors will check P.H.

- c. Heat Exchangers, Oil Coolers, Fuel Coolers, Inter-coolers and After Coolers

If these have not been acid bathed in more than 2 years and/or 250 hours – clean

- (5). **Running Gear** - second most common cause of deal loss

- a. Check vessel for any signs of vibration, prop damage, engine alignment, shaft-log wobble and cutless bearing wear. If anything is not 100% - repair

- (6) **Bottom Condition**

- a. If bottom paint is older than 12 months or showing signs of flaking or peeling – renew bottom paint
- b. Replace hull and running gear anodes (zincs) as necessary

The Listing

The Listing is also very important. It is the introduction to your vessel and is, in many cases, read over multiple times by potential buyers. I would venture to say that buyers spend more time combing over listings than physically inspecting vessels for purchase. A proper listing should have detailed and factual information along with a great profile photo of the

vessel and detail photos of all areas, including machinery spaces. There is no possible way to tell what is going to excite a potential buyer. One thing is sure, vessel listings that lack detail and photos are usually skipped over for vessels that have more detailed listings. The greatest vessel with a poor listing is unlikely to sell over an average vessel with a great listing. It takes time to create a proper listing, but in order to maximize the number and quality of potential buyers, it is necessary to properly represent the seller and the vessel.

Staging a Vessel

The next step is properly staging your vessel. The entire sales process up to this point has one goal and that goal is to attract potential buyers to the point of making the arrangements to come and view the vessel. Buyers not only want to purchase a nice clean vessel, they want to purchase a vessel that shows signs of having received little use. A cluttered and unorganized vessel, no matter how shiny, can turn off potential buyers. De-clutter the vessel prior to showing it. Owners should remove all equipment, gear, personal items, food and anything else that is not included in the sale. A slip or berth should also be well chosen. It should provide a nice view of the vessel and also provide easy boarding. There is no reason to add any difficulty to a potential buyer. Painting the picture and getting the buyers to feel comfortable aboard will elicit far more offers. Remember we have no way of knowing the skill level of a potential buyer ahead of time. Little things such as vessel spacing from the dock can either create a harrowing memory for the potential buyer or a pleasurable event as they step aboard their new vessel for the first time. Sellers and brokers need to put

themselves into the shoes of a potential buyer and pay attention to every little detail.

Marketing

Marketing is vessel specific and a plan must be created in order to best place the vessel in front of potential buyers. While the internet and sites such as YachtWorld have become more and more important over the years, they are not the end all. There are many vessels that benefit from other forms of marketing such as boat and yacht publications, newsprint, internet owners forums, Craigslist, boat shows, direct mailers and e-mail direct marketing. Not all methods work for all types and sizes of vessel, and in most cases, multiple marketing strategies are utilized. Many of these marketing strategies are included as part of the normal sales process, while others, such as print advertising, direct mailers and boat shows may come with nominal fees. Discussing the marketing strategy for your vessel with your broker is a good way to understand the complete sales process and ensure that everything is being done to get the most out of your investment.

Follow-through

This is the final stage of the selling process. Follow-through does not exactly describe this entire process accurately. Again, there are many steps involved in proper follow-through. Initial contact with buyer should be pleasant, informative and should establish either the next contact or the next step. Many buyers ask for information that is not contained within the listing such as service records and or

detail photos that are too specific to include in the listing. This information should be remitted to a potential buyer quickly. Showings must be coordinated by the broker and must be convenient for the seller and buyer. Once a showing is complete, either the next step is initiated or the next contact should be set.

BURKARD YACHT SALES is licensed and bonded by the State of Florida. Our local business licenses are in Naples, Collier County. Our Broker of Record is a Certified Professional Yacht Broker (C.P.Y.B.) through the National Yacht Broker Certification Program Advisory Council.

Burkard Yacht Sales targets the Gulf Coast Florida region, including Naples, Marco Island, Fort Myers, Cape Coral, Punta Gorda, Port Charlotte and Sarasota. Our marketing efforts reach the entire U.S.A., Canada and the International communities.

We would be happy to discuss your needs regarding your yacht sale in more detail. Contact one of our Sales Executives today.

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