

INSIDER | MIKE SIMPSON

MIKE SIMPSON | FOUNDER | SIMPSON MARINE

“In China and Hong Kong, relationship-building (guanxi) is vital”

IBI MEETS UP WITH ASIA'S MOST PROMINENT LEISURE MARINE DEALER, MIKE SIMPSON. HAVING DEVELOPED HIS BUSINESS IN THE REGION OVER THE LAST 30 YEARS, WE GET HIS VIEWS ON BOTH THE HONG KONG AND CHINA MARKETS AND ASIA IN GENERAL

WORDS: MIKE DERRETT

► Mike Simpson, a guru of leisure boating in Asia, and an accomplished aviator. A passion for World War 2 Aircraft, he's seen here with his Harvard in the UK



Photo: Mike Derrett

Talk about the leisure boating business across Asia and one business name stands out from the crowd, Simpson Marine and its founder Mike Simpson. From its head office in Hong Kong, Simpson Marine reaches right out across Asia with offices in China, Indonesia, Malaysia, Taiwan, Thailand and Singapore, a network that has been developed over the past 30 years since Mike established Simpson Marine on a yacht in Hong Kong's Aberdeen Marina in 1984. Mike Simpson spoke to IBI on a recent visit to his homeland in the UK and explained how the market has developed in Hong Kong and across Asia, giving his views on the future of the leisure boating business.

He formed Simpson Marine after starting in the boating industry running a charter fleet in Greece and moving on to Taiwan to manage the build of his own 46' Warwick design sailing yacht to 'sail around the

world'. Subsequently, he sailed to Singapore where an American businessman was so impressed with the design and build of the yacht that he offered to buy it. Within five minutes a deal had been finalised. Simpson says not only was it his first sale, but also the fastest he has ever done. The successful sale prompted him to return to Taiwan and build another yacht which was once again sold quite quickly. Eventually he ended up on a yacht in Hong Kong at the Aberdeen Marina Club in 1983 in a low-profile way, still selling yachts on an opportunistic basis.

Things went well, and in 1984 a new company, Charter Boats, the forerunner of Simpson Marine, opened for business in a squatter shack at Aberdeen Marina. As the Chinese proverb says, the long journey starts with small steps. Having established premises, Simpson realised he had overheads and costs that had to be paid for and started promoting the business. In 1985 he noticed the impact that modern boatbuilding was having on the sailboat market and moved away from selling one-off, custom-built yachts by taking a dealership with Beneteau. This was a major move for his business and one that has proved highly successful, with Simpson Marine still one of the largest Beneteau dealerships spanning much of Asia.

A key member of the Simpson Marine team in the early days was Robin Wyatt, who joined the business in 1985 and for 25 years was the mainstay of the sales team, helping to create the most successful leisure boat sales network Asia has seen.

ELEMENTS FOR SUCCESS

What are the key elements for success in the Asia market? According to Simpson, one has to start from the premise that in Asia, relationship-building is key

to everything, something that people used to doing in business in the West find difficult to understand. The ability to build relationships is vital alongside the realisation that as Westerners we are foreigners in Asia and there is the need to have empathy and understanding of other cultures. As boating is new in Asia, dealing with locals and developing their trust, as well as maintaining an excellent aftersales service, will ultimately build new customer referrals and new orders from existing customers.

Talking about his 30 years in the industry, he is as passionate about the business as he is his other love, flying. Having built up a network of hundreds of industry contacts, he exudes enthusiasm about the lifestyle of the boating business and renewing contacts at recent Cannes and Monaco shows.

SPIDER'S WEB

"Satisfaction and recognition of what you've done is just as important as financial reward," Simpson says.

In China and Hong Kong relationship-building is even more vital. In these two countries the concept of 'guanxi' is very strong. He describes it as an old-fashioned telephone switchboard with wires, or these days, wireless connections crossing over each other to all parts of the region, a vast spider's web. This Chinese network extends right across Asia with many of the wealthiest in Indonesia, Singapore, Thailand and Malaysia being of Chinese origin with strong international Chinese connections.

One of the key expansion strategies for Simpson has been to use local people in his overseas offices combined with Western expatriates who provide management and technical support. This has proved highly successful in building up the Simpson Marine network to 14 offices spreading out from Hong Kong to China, Indonesia, Malaysia, Singapore, Taiwan and Thailand.

TOUGH TIMES

Talking about the tough times for the industry in Asia post 1997, he notes: "Being one of the pioneers of leisure boating in the 1990s, it was sometimes a struggle to open local markets and when a market did open up, other brokers would of course set up shop in competition. Asian markets are however quite volatile and the next downturn would see many of them disappear. But we stuck it out and consolidated and over the years became stronger. In a volatile market you have to be adaptable. During the Asian economic crisis of 1997, for example, the new production yacht and superyacht markets virtually disappeared. We survived by developing our brokerage operations, selling second-hand yachts, often out of Asia to Western markets which were relatively unaffected by the crisis. Into the 21st century the Asian

“The military coup in Thailand has rocked the Thai market, one of our fastest-growing markets last year”



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economy slowly picked up again and I focused on consolidating our regional network in order to hedge the risks of individual markets. This is paying dividends today.”

Regarding other markets, Simpson outlines that: “The military coup in Thailand has rocked the Thai market, which was one of our fastest-growing markets last year. Meanwhile, Hong Kong and Singapore have had excellent years despite a serious shortage of marina berths. Having a regional approach is vital to our business.”

ASIA MARKET OUTLOOK

Looking at the market outlook across Asia, he has quite firm views and commented on the number of market newcomers who are convinced that China is a market paved with gold.

“The China market has huge potential but has suffered a downturn in recent years because of the crackdown on corruption by the new government. As the recent market downturn has shown, it’s an extremely tricky market to manage and to succeed you need to search for and train local staff and provide strong service support, in itself a difficult task in China where leisure boating is still in its infancy and infrastructure is thin on the ground. The bottom line is that the China market is still relatively small and the Chinese local builders are getting very smart at using Western designers and factory management to improve quality standards. Having a yacht based in China is a very conspicuous example of wealth and it’s going to be a slow market until the anti-corruption drive is eased and the economy gets back into its stride again.”

THE FUTURE FOR SIMPSON MARINE

Where does this leave Simpson Marine in the Asian market? The competition is intense with Chinese companies buying up Western yacht manufacturers such as the Ferretti Group and Sunseeker and smaller builders such as Sanlorenzo and Marquis.

“The Chinese have bought these companies to obtain technology and industry know-how and to jump-start their entry into the international yacht market. They have certainly changed the game and are investing heavily, particularly in the China market. We do not have their financial strength, but we do have strong management and corporate structure, 30 years of regional market experience and technical expertise and we have great teams in every country where we have a presence. I intend to build on these strengths to face the challenges ahead,” concludes Simpson **TBI**

“The China market has suffered a downturn in recent years because of a government crackdown on corruption”



Photo: Mike Derrett

▲ Mike Simpson