



# Re-inventing SI-TEX

## Merging a familiar name with a new strategy

**A**fter his return from exhibiting at a large summer 2010 mako shark tournament in his hometown region of Long Island, NY, SI-TEX Vice President/Sales Allen Schneider was philosophical about his company's re-introduction to the public eye. "We ran into some boaters who really didn't know who we were or the extent of our product line. Many others were familiar with the SI-TEX brand from the 'old days,' but didn't realize we were still in business, much less based in their own backyard. Still others related past positive experiences with SI-TEX, speaking of fishfinders or autopilots on their old boats with an awed reverence, like one would talk about a favorite old car."

Rather than see this as a negative, Schneider and the new SI-TEX management team chose to view their public perception as a sign of serious upside potential. Referred to by some industry insiders as a "sleeper" brand or "best kept secret," the new SI-TEX organization has steadily been putting itself in a position to provide a wake-up call to the industry.

The process of reinventing SI-TEX began when industry veterans Schneider and Ted Bodtmann teamed up with Seiwa Electronics to acquire SI-TEX from Kodan Electronics in late 2009. Seiwa is headquartered in Hong Kong and has been the supplier of chartplotters to SI-TEX for more than 20 years. They acquired a full product line with a strong following in the light commercial fishing industry, with sport fishing and sailboats being the next most important market segments. Geographically, the strongest sales for SI-TEX came from the Gulf Coast, followed by the Mid-Atlantic and Eastern Canada.

Industry veterans Ted Bodtmann (right) and Allen Schneider teamed up with Seiwa Electronics in 2009 to purchase SI-TEX from Kodan Electronics. Bodtmann is the company's president and Schneider is vice president/sales.

They saw potential in the SI-TEX brand and set out to build a new company using this established product line as the foundation. Their timing, of course, couldn't have been worse, and it would take a serious departure from "business as usual" to have a chance of success.

### New team, new approach

"When we relocated from Florida to New York, we really set out to make a fresh start," said Schneider. "We moved into a brand new building and established all of our business systems from scratch. This enabled us to put together an efficient organization that takes advantage of the latest business technologies. As a result, we've been able to keep our overhead low and get a strong foothold in the market, even in this tough economy."

The company's cost-controlling measures and new business infrastructure have enabled SI-TEX to become profitable quickly. According to Schneider, these same factors position SI-TEX well to both expand its business in a cost-effective manner and weather future economic storms without running aground. "We've all seen large marine electronics manufacturers making drastic cut-backs and changes to endure these tough times. The new SI-TEX was built from the ground up to succeed in these tough market conditions."

A key to SI-TEX's business plan was assembling a team of sales organizations for North American and key international markets. Bodtmann and Schneider used their decades of experience and connections in the industry to foster business relationships with five top firms, each selected for its experience, regional reputation and track record of success. Easton, MD-based Bruce Hackett Company is representing SI-TEX in New Jersey, Maryland, Delaware, Virginia, Pennsylvania and North Carolina. The West Coast including Alaska, Washington, Oregon, California, Hawaii and Western Canada is being handled by Richards Marine Marketing of Heisson, WA, under the direction of husband-and-wife team Mark and Cheryl Richards.



SI-TEX recently expanded its Long Island, NY, offices to consolidate service and other functions in one facility. This will allow for better dealer/customer service and faster turnaround on warranty and service work.

KNJ Marketing of Stoughton, MA, is managing SI-TEX sales for Eastern Canada, as well as the Northeastern US. Principal Paul Barton worked with SI-TEX in Florida for almost 10 years before forming his outside sales firm with SI-TEX as a key client in 2001.

Pilot Marine of Jacksonville, FL, is handling the Southeastern US. The firm has two decades of experience representing the SI-TEX brand.

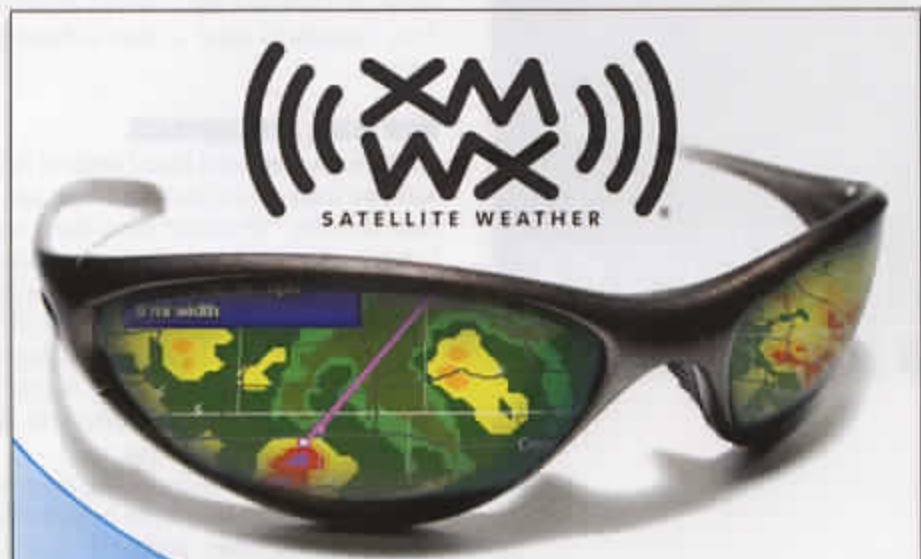
International sales specialist Peter Berris of the Roburn Agency is in charge of sales for Latin American and the Caribbean, two key emerging markets for the company, according to Schneider.

"Securing these sales representatives was probably the most important thing we did, after hanging the sign on the door," said Schneider. "Our biggest hurdle in re-entering the marketplace has been getting dealers to take a new look at SI-TEX. Some might have done business with the 'old' SI-TEX, others weren't familiar with us at all. Our reps have done a great job of opening doors for us. It's been interesting to watch dealers come full circle—from thinking they couldn't sell SI-TEX to realizing that we do have a lot to offer. Especially with some of the unique, competitively priced offerings we've introduced to differentiate ourselves."

### Small is more

Bodtmann and Schneider have also made a conscious effort to differentiate their company and its corporate culture from the rest of the industry. "Over the past several years, the industry has seen manufacturers buying one another and/or combining product offerings. As a result, product lines have been scaled back to eliminate 'redundancies,' personnel have been shifted around and the rules of business have changed. In an industry that was historically built around people and personal relationships, that's not good for business," said Schneider.

So, as some other companies are getting larger and more complicated to navigate, SI-TEX has gone out of its way to be "counter culture"—small, responsive, friendly and easy to work with. They have an unwritten rule that the phone always gets answered by the third ring. And it's just as likely as not that Bodtmann or Schneider will be on the other end of the line to help dealers and customers alike. That comes with being small, of course. But unlike some small companies that try to



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One of the challenges ahead for the new SI-TEX is maintaining its small-company feel and responsiveness to customers while striving to expand. "We expect to grow and expand, but that's not going to change the kind of company we are," says Bodtmann. "Allen and I came up through this industry in a different era, when relationships and service mattered as much as anything."

look bigger than they are by directing phone-in customers through an auto attendant to "punch one for sales, two for service or three for marketing." SI-TEX takes pride in providing old-school personal service.

"Dealers and customers are pleasantly surprised when we answer the phone directly and start answering their questions or helping them fix their problems," said Bodtmann. "We get a fair amount of calls from customers looking for help with SI-TEX products that are 20 years old or more. It amazes us how many calls we get on products that were originally sold in the 1980s and are still working on boats. And it amazes the customers that we do our best to support these products and help them out."

### New products drive sales

Even during a year that could only be called tough for the marine industry as a whole, the SI-TEX management team has genuine reasons for optimism. Sales for 2010 have been "very good" according to Schneider, with the new EC Series of multifunction chartplotters doing particularly well. They have also seen steady gains in autopilot market share. "We are very encouraged by the growth in sales of the SP70 and SP80 autopilots," said Schneider. "A lot of this came from commercial customers replacing original SI-TEX pilots after over 10 years of hard use in very harsh environments. This tells

us two important things: that our pilots stand up well to the harsh world of commercial fishing, and that once a mariner has a SI-TEX pilot, he's very likely to buy another when it finally does wear out. Extrapolating this across the marine electronics market at large tells us how important it will be for us to take advantage of this brand loyalty and convert old SI-TEX customers into new ones."

Improving and expanding its autopilot line has been a top priority at SI-TEX for 2010. New options have been added to existing pilots, including mechanical steering choices, variable flow adjustable solenoid valves and Teleflex Smart Stick options. Taken in combination with SI-TEX'S in-house autopilot expertise (Schneider was Northeast regional sales manager for Simrad for 10 years and has specialized in pilots his entire career), the company is expecting further market share gains in the autopilot segment.

Bolstering this optimism is the impending introduction of SI-TEX'S new SP36 autopilot for 2010-2011. This pilot was specifically engineered to provide several competitive advantages in the marketplace, including a three-axis rate compass, sunlight viewable color display, competitive pricing, virtual feedback capabilities and the ability to handle a wide range of vessel types up to 100 feet in length.

*Expanding and improving its autopilot line was a top priority during 2010, led by the introduction of the SP36. The company said it was also encouraged by sales of its EC series of multifunction chartplotters.*

### Looking to the future

"We've put the right pieces in place and have been blessed with a strong start in a very tough economy, but we realize this is no time to rest on our laurels," said Schneider. "New products and innovation are the lifeblood of this industry; we need to be looking ahead at five years down the road."

Towards that end, SI-TEX is working at further enhancing and expanding its autopilot offerings over the next few years. The company also plans to leverage its reputation for commercial-grade fishfinding equipment by introducing a series of new products in this sector. That process was scheduled to begin with the introduction of a 6-inch color machine this fall.

Aside from staying ahead of the new-product technology curve, SI-TEX has another challenge it must address for the future: keeping its small-company feel and responsiveness as it strives for growth in the areas of market share, product offerings and personnel. "We expect to grow and expand, but that's not going to change the kind of company we are," said Bodtmann. "Allen and I came up through this industry in a different era, when relationships and service mattered as much as anything. We brought this attitude with us to SI-TEX, we've organized a sales force that shares our corporate culture, and we plan on keeping it this way as we move forward. We may be selling technology, but it's still people who define your company." **ME**

