

The Business of Diving

A Guide to Success in the
Recreational Dive Industry



PADI

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Introduction

Today's business climate requires professionalism and competence in any enterprise, otherwise, it's doomed to mediocrity or failure.

The scuba industry is full of dive center and resort success stories, and many of these businesses thrive in highly competitive markets. Unfortunately, there are also businesses that fail in ideal demographic and geographic areas. The reasons for these successes and failures aren't mysterious — businesses that are professionally run ultimately succeed; those that aren't, fail.

The Business of Diving — A Guide to Success in the Recreational Dive Industry shows the reader effective strategies for specific success in our industry. It's not a "how-to" book per se, since markets and business environments vary greatly from one region to the next, but it's not a general business book either. This book is industry specific, with special emphasis on applying modern business skills and knowledge to a dive center or resort.

Scuba enthusiasts have historically started dive businesses, but as discussed in the Business Planning chapter, enthusiasm is helpful when running a business, but not enough. It takes realistic business skills to succeed, especially in today's market, which encompasses far more sophisticated competition and customers than ever before. Each chapter of this book explains some of the important skills that help business owners decide what's best for their particular endeavor.

In some instances, tangible examples illustrate proven methods that may be adapted for any given situation. Overall, there's an even mixture of information and example intended to teach the reader something new in every page.

Because business isn't an exact science, we don't claim that these are the only effectual techniques to run a business. Our goal was to condense a vast business knowledge into this book without being unduly dogmatic or inflexible. After all, a primary business skill is getting good advice and adapting it to any particular endeavor.

This book also includes a bibliography in each chapter, which gives additional reference information for every particular subject. We believe you won't find a book like this in any library or bookstore. *The Business of Diving — A Guide to Success in the Recreational Dive Industry* is a unique document for our industry, and no other book has treated the same subject and encompassed so much business information specifically for the dive center and resort.

As you'll see in the first chapter, the dive industry has grown tremendously in recent years, and will continue to grow and prosper. Whether you're new to this industry, or a seasoned professional, we hope this book will help you become a better business person.

Drew Richardson, MBA, Ed.D.
President, PADI Worldwide Corporation

One

The Dive Industry Today

As one wit put it, the dive industry consists of “filling tanks with air and teaching people to let it out.” Though grossly oversimplified, this quip highlights the aspect of diving that sets it among only a handful of other recreations: Largely, it must *train* customers before they can *be* customers.

This fact has shaped the dive industry since the late 1950s, when safety concerns began the trend that eventually made proof of training a prerequisite to having cylinders filled. Today, diver certification has become so well established that even nondivers know that before they can scuba dive, they need instruction. Diver training has become the primary customer acquisition and retention tool for the majority of dive centers – something we’ll look at more closely in Chapter Four.

Yet, education alone cannot support the dive industry, much less a dive center. Diver customers also need a *means* to dive (equipment), and a *reason* to dive (experience, i.e., travel and local opportunities). Together, these “Three Es” form the dive industry’s three-legged foundation.

The Three Es

The need for education, equipment and experience has made the dive center and the dive resort, where divers find all three, the focus of the dive industry. That's why the dive industry's infrastructure supports dive centers and dive resorts.

Education

PADI and other training organizations support the dive center and instructors in teaching diving. As most people in the industry realize, the typical dive center relies on diver training for customer acquisition. The training process calls for an initial investment, assuring income for the dive center. More importantly, it affords the skilled dive operator the chance to develop customer relationships and customer loyalty from the start.

PADI's educational support consists of developing educational programs and products for PADI Dive Centers, PADI Resorts and PADI Instructors to implement; issuing certifications and maintaining certification records; maintaining and monitoring instructor/professional standards; consulting with instructors and dive centers; and promoting recreational diving to the public at large.

Because a customer's first contacts with scuba involve training, the educational materials, the instructor and the entire training process must be fun, credible and professional. These may determine whether or not the customer stays with diving or seeks another hobby, much less whether he stays with a particular store. The prudent dive center or resort owner, even if he doesn't personally teach diving, chooses a training organization and instructor staff with this in mind.

Besides creating new customers, education plays a role in entertaining customers through advanced and specialty training. Additional diver courses are fun; plus they provide incentives for dive travel, local diving opportunities, and equipment investment. Thus, education creates a direct link between the diver and the other services the dive center offers.

Equipment

Whereas a dive center or resort has a relationship with primarily one diver training organization, most dive retailers deal with several equipment manufacturers to supply its inventory. This commonly

includes a few “major” manufacturers that provide full lines of scuba equipment and several specialized manufacturers such as those that supply accessories, unique items or exposure suits.

The relationships between the retail dive center and its supplying manufacturers are among the most important in the industry. Essentially, the dive center and each manufacturer create a partnership that supports not only each other, but the diver who purchases the equipment. This relationship comes into play as soon as the customer decides to invest in equipment – whether it’s a complete tank-regulator-gauges-BCD package, or just a pair of reef gloves.

The customer, especially a newer diver, relies on the dive center and the instructor to recommend equipment suited to his needs and desires. After the purchase, the customer relies on the dive center for fitting and adjustment, annual servicing and warranty repair if needed.

Experience

A common industry myth used to be that money spent on dive travel was “wasted” because it wasn’t spent on dive equipment. This, of course, makes little sense because without a *reason* to dive, customers need neither equipment nor education. The successful dive center keeps its customers active and investing in equipment and education primarily by providing opportunities to dive.

Dive travel stands out as the most visible form of dive experience. Dive centers away from prime dive destinations capitalize on dive travel by organizing and leading group dive trips, and by coordinating trips for individuals or small groups. Dive centers and resorts at prime dive destinations handle the other end – welcoming traveling divers, taking them diving and seeing to a fun time. Dive travel has risen to the point that, according to some surveys, it makes up over half the dive industry’s total gross annual sales (not all of it through dive centers).

Most dive centers also offer local diving opportunities. These include led local dives that require minimal time or money investment, yet allow divers to have fun and remain active. Diver training in wreck diving, underwater photography and other activities also comprise entertainment. When a diver invests in specialized equipment, such as an underwater camera or a dive light, it affords new underwater activities, such as photography or night diving. Thus, both education and equipment tie into and bolster the entertainment leg of diving.

Dive Customers and the Industry

Like every other industry, the dive industry survives by catering to the wants, needs and desires of its customers. In an industry with safety issues and self-regulation, it's easy to mistakenly believe that someone other than the customer can decide what the customer should have. However, that's not the case. The customer decides and has the power to back his decision: If he doesn't get what he wants, he goes and finds something else on which to spend his money.

Although the dive center is the dive industry *focus*, then, the dive industry prospers by meeting the customer's needs. Safety cannot be compromised, but the customer doesn't want safety to be ignored. Rather, the customer wants the dive center and the dive industry to creatively meet his expectations and desires within the framework of safety. Those who do so will succeed, those who don't may fail.

Dive Industry Players

Like any industry, the dive industry has a gamut of players, each fulfilling particular roles. For those new to the dive industry (or explaining the dive industry to someone not familiar with it), here is a list of primary dive industry entities. Bear in mind that more than one of the following definitions will apply to many industry companies, because many fill more than one role. The most commonly accepted term is listed, followed by other common references.

- | | |
|-------------------|--|
| Charter dive boat | (also "dive boat"): A commercially operated boat that specializes in taking customers diving. |
| Dive center | (also "dive store, dive shop, dive retailer"): Full-line, full-service retail business that offers dive training, equipment and entertainment (travel). The "typical" dive center offers a wide range of diver education programs, equipment service as well as sales, and a broad selection of travel opportunities. However, the mix and emphasis of what the center offers varies with local needs. |

Divemaster	In a resort setting or on a charter dive boat, the individual who supervises diving activities. Within the structure of diver education, the certification level that denotes qualification to supervise diving activities and assist with diver training; this rating is usually a prerequisite to becoming an instructor.
Dive resort	(also “resort operation”): A business at a dive location that emphasizes taking customers diving. The “typical” dive resort arranges or owns dive boats, rental dive equipment, completion of training programs, accommodations and other services vacationing divers need. Many dive resorts are also full-service dive centers.
Independent representative	Salesperson who represents multiple manufacturer lines to the dive retailer. As a rule, such an individual doesn’t represent competing lines.
Instructor	(also “scuba instructor, dive instructor”): An individual qualified to teach and certify divers. These individuals follow the programs and standards set forth by the international training organizations that monitor training and issue certification credentials. An “assistant instructor” is an individual qualified to assist an instructor, usually as a way to gain experience prior to becoming an instructor.
Live-aboard	A dive boat designed to take divers on multiday trips. Live-aboards offer divers sleeping quarters, food, and dive support for the duration of the dive trip.
Manufacturer	(also “equipment manufacturer,” “dive manufacturer”): A business that develops, makes and wholesales dive equipment.
Media	Dive community publications, consisting primarily of consumer magazines, but also including a few trade magazines, scuba video producers and book publishers.
Resort association	An association for dive resorts, including live-aboard, boat, or hotel resorts. Just as retail associations provide support for retailers, a resort association provides specific support for resorts. The PADI International Resort Association is an example of a modern resort association.

Retail association	An association of/for dive centers that provides business support services, and group representation as needed before governments, at trade/consumer dive shows, industry groups and other bodies.
Trade association	An association that markets the scuba industry through trade shows, promotions, and special studies and projects. Examples include the Diving Equipment and Marketing Association (DEMA), Dive Travel Industry Association (DTIA), Dive Australia, etc.
Training organization	(also "training agency," "certifying agency," "agency"): An entity that does some or all of the following: Develops diver training standards, programs and materials; monitors diver training activities; issues diver training credentials; qualifies dive instructors and monitors their activities. Some training organizations call themselves "federations" or "clubs." Internationally, there are dozens of training organizations. However, the vast majority of training falls under PADI sanction.
Travel wholesaler	An entity that sells travel packages for the resorts it represents to retail travel agents, or to dive retailers. This allows the dive retailer to offer an assortment of dive travel destinations and options without having to personally handle the travel arrangements for his customers. The PADI Travel Network is a travel wholesaler for PADI Members.

Dive Industry Statistics

Dive Industry Size

Because of its diversified nature and informal reporting structure, it's difficult to estimate the size of the international dive industry. As of 1994, DEMA (Diving Equipment and Marketing Association) estimates that in U.S. dollars, the dive industry, worldwide is a \$3.5 billion industry. For international comparisons, estimates in the U.S. place gross retail sales at about \$1 billion, with dive travel (including dive travel not booked through a dive center) adding about another \$1.6 billion in U.S. wholesale dollars; estimates suggest diving is a \$20 million industry in Germany; \$20 million in Italy; \$15 million in France; \$5 to \$6 million in Switzerland; and \$3 to \$4 million in Austria.

According to industry estimates, there are approximately 1700 to 2200 dive centers in the U.S. (of those, approximately 60-65% are PADI International Resort and Retailer Associations Members). Estimates vary, in part, due to differing definitions of "dive center." For comparison with some other countries, estimates put the number at approximately 1540 in Japan, 320 in Australia, and 70 in Switzerland.

According to worldwide estimates, there are approximately 4000 to 4500 dive centers in the world (approximately 55 to 60% are PADI Members).

The number of divers worldwide is estimated to be between 6 and 7 million, with the U.S. accounting for approximately 3 to 3.5 million of these active divers (3.2 million in 1993, according to the Human Powered Outdoor Recreation Report). The U.S.-based National Sports Goods Association defines active divers as those who dive at least once a year. Approximately one million divers are certified annually, nearly half of these in the U.S. alone.

Globally, PADI enjoys the dominate market share, with regional variations. At this writing, for a few examples, PADI's approximate market share in the U.S., Japan, and New Zealand is 65% to 75%, about 45% in Europe and more than 90% in Canada. Among other benefits from their affiliation with PADI, PADI Dive Centers and Resorts enjoy the largest international and regional bases of customer recognition.

Dive Center Size

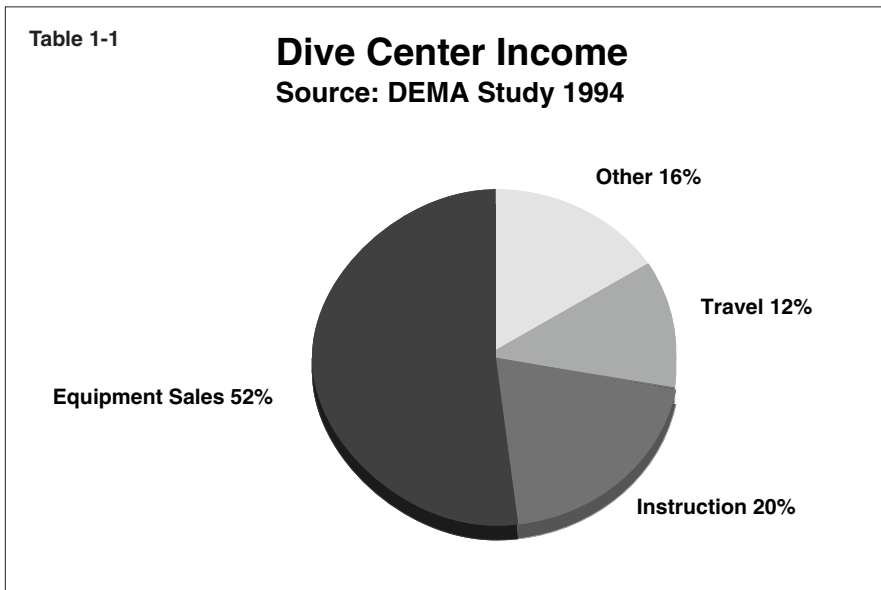
There have been various surveys in recent years that try to estimate

dive center size. Depending upon the survey, U.S. dive centers average approximately \$320,000 to \$460,000 in gross sales (1992-1993). Although there's little international data of this type, the 1993 Market Research Study sponsored by DEMA shows correlating data that can be expected to apply to many locations outside the U.S. The survey didn't study dive resorts in particular; they were included, but the report emphasizes the mainland dive center.

In the DEMA study, income was divided roughly as 52% equipment sales, 20% instruction, 12% travel with the balance from various small income sources (note that this is gross income, and doesn't reflect percents of gross profit). (See table 1-1.)

Not surprisingly, the study found a direct relationship between the number of divers trained annually and store gross income; the more divers trained, the more income, regardless of region. Dive centers with income above the study median (\$210,000) averaged more than twice as many certifications, and averaged about *twice as much income per certification* than did stores below the median.

The "typical" dive center had three full-time (or equivalent) employees, and approximately 144 square metres/1556 square feet of retail area. (Note: Other surveys have found average U.S. dive center



size to be 60% larger.) About one in six dive centers had an on-site pool, and about 13% of dive centers were part of a multistore chain.

The Diver

In 1993, the PIRN (PADI Industry Resource Network) released the “New Diver Benchmark Report” in three editions of *The Undersea Journal* (Third Quarter '93, Fourth Quarter '93, First Quarter '94). The report highlights information based on the Phase II Survey of PADI Open Water Divers in the U.S. who were certified in 1991. A parallel survey of PADI Divers certified in the United Kingdom showed that internationally, similar findings to the U.S. survey can be expected, at least in areas with maturing dive markets.

Both the U.S. and U.K. surveys found respondents 65% male and 35% female, with 66%-70% aged 18 to 34. The U.S. survey found that the most prevalent reason for taking up diving (81%) was “seeking adventure,” followed by “to be with nature” (71% – multiple responses were permitted). Socializing was listed as a motivation for just over half the respondents. The U.K. survey found similar figures for motivation to learn to dive.

The 1993 Market Research Study sponsored by DEMA found the median income for divers was \$30,000 (U.S.), with an average equipment investment of \$1251. The study found little correlation between income and investment in scuba equipment.

The PADI New Diver Benchmark Report did find several correlations between investment in equipment and other factors: Divers who belong to a dive club were found almost twice as likely (65% versus 37%) to own major equipment components (BCD and regulator). Divers with certification levels beyond entry level were nearly three times as likely to own major equipment components (65% versus 24%), and more than twice as likely to be frequent divers (57% versus 24%), *frequent* being defined as making more than 10 dives annually. Females were somewhat less inclined to be frequent divers. Again, U.K. survey figures were similar.

The Diver Dropout Myth

The dive industry currently does not have substantiated and updated figures on the diver dropout rate. Some in our industry, however, have quoted totally unsubstantiated figures that don't reflect the truth, including a ridiculously high 80% rate. PADI investigated the genesis of the 80% dropout rumor in the late 1980s and found out

that it was based on a college student's study *conducted in the early 1970s*. The 80% rate resulted from counting every unanswered survey as a dropout!

As a result of our investigation into the 80% myth, PADI conducted an internal study of PADI Divers in 1988. The results of this survey showed a 14% inactive rate in the first year after certification; an additional 10% became inactive after two years (for a cumulative of 24%); 10% out in the third year (a cumulative of 34%); and 11% in the fourth year (a cumulative of 45%).

Concurrently, PADI participated (along with NASDS and NAUI) in a diver erosion study conducted by Diagnostic Research for DEMA. The preliminary results of that survey were very similar to PADI's study for the first three years (15, 8 and 10% respectively). DEMA's study indicated a 20% dropout rate for the fourth year for a cumulative 54% over four years.

The 1988 PADI and DEMA studies show that the dropout rate for diving is between 14-15% for the first year, and approximately 50% after four years.

The thing to remember is that divers are technically certified for life, and those who drop out, even for a few years, may just as easily come back and resume diving, especially if the industry in general provides new opportunities and reasons to dive. Also, with today's certification numbers, there are considerably more divers "dropping in" than "dropping out."

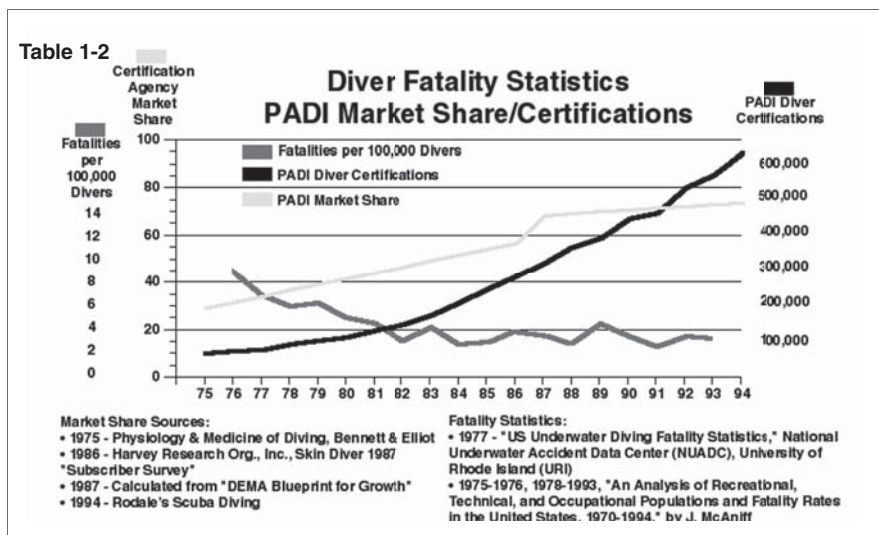
Safety

One reason for the growth of recreational diving has been a move away from the public perception that it is dangerous (the majority of divers, however, who are young individuals in their mid-20s still view diving as a fun and adventurous activity). This perceptual change has followed the real trend in diver safety, and has actually lagged behind diving's improving safety record.

The 1992 Report on Diving Accidents & Fatalities published by DAN (Divers Alert Network) tabulates data on U.S. diving accidents and fatalities. Existing data from DAN supports a continuing trend toward safer diving. The estimated per-diver incidence of decompression illness, based on DAN cases and dive industry estimate or 3 to

3.5 million U.S. divers falls at .033% to .025%, or in 1 in 3400 to 1 in 4000. The number of cases has, of course, risen each year as more people take up diving, but the decompression illness incidence rate has been relatively stable since the mid-1980s.

DAN statistics cannot address a per-dive incidence rate for decompression illness, but the 1992 report cites estimates from other sources. German Sport Divers Association has estimated the risk as 1 in 52,600 dives (.0019%); the British Sub Aqua Club estimates decompression illness incidence at between 1 in 10,000 and 20,000 dives (.01% to .005%).



Dive fatalities have been tracked longer than decompression illness cases; these statistics clearly demonstrate the rise in dive safety.

The 1990 report from DAN estimated the 1976 fatality rate at 8.62 per 100,000 divers or .0086%. There were 147 U.S. fatalities recorded that year. The 1992 figures put the estimate at 2.74 to 3.2 per 100,000 divers; 96 fatalities were recorded.

Besides a declining fatality rate, the actual number of annual fatalities has declined since the mid-1970s, despite a booming dive population and better fatality reporting. From 1970-1979, the average was 123 fatalities annually; from 1980-1990, the average was 90 annually. These data unquestionably show that dive safety has improved; annual fatalities have declined even as the number of divers, and the industry growth rate, have increased dramatically. (See Table 1-2.)

Problems Facing the Dive Industry

Industry figures show diving on a global growth curve. Diving has even fared well during recessions compared to many other leisure industries. The signs are positive, but like most industries, the dive industry faces challenges in the coming years.

Adapting to complex international markets – One challenge facing the dive industry is accommodating the wide variety of customer types coming into diving. As diving expands internationally, it faces ever greater diversity in customer attributes: age, gender, race, interests, language and so on. No longer a U.S.-dominated industry, the needs of an international market have come to the forefront.

The key to meeting this challenge is the dive center, which interacts with local divers face to face. In tailoring its services to its market, each dive center necessarily communicates its needs to the manufacturers, training organizations and other entities, which will, necessarily, tailor their products and services to fill these needs.

Today's customers are more sophisticated and tend to expect more service; they're better informed, and more selective. Regional demographics change more rapidly than they used to, so that, for example, a dive center frequented by unmarried college students today may find itself catering to mid-age families tomorrow. To remain successful, the dive center must be able to track, anticipate and adapt to these changes.

This means that successful dive retailing will call for more sophisticated retailers. The scuba instructor who opens a store with little retail background isn't likely to succeed in most market areas. By contrast, the person versed in retail business principles is likely to find opportunity as the international dive community expands. More than ever, people entering the dive industry need to be able to do more than teach divers or drive a boat. Business and marketing skills, more than diving skills, make or break today's dive retailers.

Government Regulation

Thanks to its commitment to safety, the recreational dive industry has largely remained self-regulated and free of government in many parts of the world. This is fortunate for those areas, because historically industries – particularly leisure industries – suffer economic setback, slowed growth and declining innovation when government regulated.

Nonetheless, there are concerns. In many areas, retailers are facing regulatory issues not really specific to diving, such as whether governing bodies classify the instructors that work for them employees or independent contractors. This has far reaching ramifications that include having to pay workers compensation insurance, employment taxes, or even back taxes for misclassified employees. Dive retailers need to consult local tax, legal and employment experts to be sure they comply with local laws, just as any other retailer would.

In resort areas, the dive community faces the threat of government control due to misplaced zeal. In trying to protect the local environment, governments may target the highly visible dive community instead of going after the real causes of reef destruction. Some members of the dive community may aggravate the problem by overstating the damage divers cause. Not only are divers not a primary threat to the environment, but divers overall are significantly more environmentally aware than most other consumer groups.

The dive industry can only remain self-regulated under two conditions:

First, the dive industry must continue to be responsible, particularly with regard to safety and the environment. Any sign that the dive community no longer regulates itself effectively could invite government intervention to protect the public interest. The dive industry has fared well in regulating itself, especially since the establishment of the RSTC in the U.S. and equivalent organizations in Europe, Japan, Canada and Australia. As diving grows and more people take up diving, the *total* number of diving incidents may rise, even though the *rate* declines. To the uninformed, this can look like a safety decline, when in fact, it only reflects the rising popularity of diving.

Everyone in the dive industry, therefore, has a significant obligation and interest in maintaining a positive safety record. Fortunately, most people in the dive industry dive make safety a personal issue and commitment that transcends mere business concerns.

Likewise, the dive industry must continue to promote and teach environmentally responsible diving, but avoid setting itself up as the “environmental bad guy” in doing so. This would not only cause unjust, unnecessary regulation, but would undermine diving’s ability to act as the underwater world’s ambassador and champion.

The dive industry must keep the public as informed as possible. Local dive centers play an important part, first in their interactions

with local government and media, and second in alerting larger industry-wide organizations when widespread misperceptions arise. These larger entities can usually bring more resources to bear and clear up public misunderstanding.

Pricing

In many areas, particularly within the U.S. and Japan, competing dive centers find themselves competing on a price basis, sometimes with a dive center advertising course prices below what it costs to run the program.

The problem is two fold: First, poorly considered discounting can weaken retailers by impairing their financial ability to provide the necessary service level to dive customers. This can in turn undermine the industry's support structure. Second, customers who enroll in some very low-cost programs get turned off to diving when they find they have to pay for unexpected expenses that weren't included.

The solution (see Chapter Four) lies in marketing that better separates stores from the competition. By showing added value and distinction, price becomes only one of several considerations customers make when they select a dive center. This isn't to say price discounts have no place in marketing – often they do – but discounting strategies must be planned intelligently to ultimately increase the dive center's net profit, not decrease it.

Opportunities Facing the Dive Industry

Along with the challenges the industry faces, several opportunities exist that can cause diving to grow even faster. Coupled with this, even in its most established markets, diving has barely scratched the surface of its potential customer base. All these indicate that diving has all the ingredients for a bright future.

Media Attention

The oceans and diving have become increasingly popular with mainstream media, so that television shows, advertisements and magazine articles frequently feature or highlight divers. The media more commonly portrays recreational diving in a casual sense, as something people normally do. This not only raises public awareness, but

further dispels the old myth that diving is a “daredevil” sport for young males, and shows that it can be a safe, yet adventurous activity.

As cable, video tapes and disks, CD-ROM and other media continue to expand, so will diving’s exposure. Widening media calls for more diversity in what’s offered, creating ample opportunity for diving in the media, both on a local and a national level. Maintaining this positive image in the public eye can only help recreational diving prosper.

Environmental Awareness

With growing public awareness in the environment, divers are increasingly stepping forward as ambassadors of the sea. Through underwater photography and videography, diving helps inform the world what’s at stake, and what damage has been done. Diver environmental efforts, such as beach cleanups, position diving as a positive influence.

The caveat with regard to the environment is that divers must continue to set a good example and minimize their own effect on the environment. During the 1980s and 1990s, the diver community has moved increasingly away from the diver-as-hunter philosophy to the diver-as-benign-observer philosophy. Positive interaction with the environment now goes hand-in-hand with diver education; as public environmental awareness grows, this will be increasingly important.

Accelerating Technology

Dive equipment technology is beginning to advance at a dizzying pace. New technology promises to enhance safety, broaden the environments divers can visit and streamline diving procedures, all of which can broaden diving’s appeal. Also, strides in technology bolster equipment sales as divers upgrade to take advantage of the latest advances.

Snorkeling

Among the opportunities open to the dive industry, none seem so immediate or as large as snorkeling. Snorkeling is a huge leisure market – larger in number than the present scuba market – that attracts families and people of all ages. The dive industry has only just begun to tap into this new customer base.

Historically, snorkelers have gone primarily to sporting goods stores and mass merchandisers for snorkeling gear rather than to dive centers. Although many theories have been proposed as to why this is, probably the most prevalent is that for a long time, the dive industry didn't take this market seriously. Snorkelers weren't considered "real" divers, and hence, weren't made to feel truly welcome in dive centers, at dive resorts or on dive boats.

As this has begun to change, snorkelers have begun to visit dive centers. Sophisticated dive retailers have learned to make them feel welcome and to treat them different from scuba customers. While most snorkelers won't take up scuba – and shouldn't be "pushed" to do so – many will, returning to the dive center that helped them with snorkeling to learn scuba. Tapping the existing snorkeling market could be the next major growth opportunity for the dive industry.

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Two

Business Planning

The Business Plan

Starting any business requires a good understanding of the business' nature and its marketing/sales potential. The potential dive business owner and current owner must not only understand the scuba industry, but should also have a strong business plan to meet personal and professional goals and expectations. This requires a great deal of enthusiasm, studying and information gathering. Taking the time to research the market and forming a business plan before making a monetary investment is well worth it in the long run.

The business plan details the starting point, direction and destination of the business. It allows business owners and managers to work with foresight rather than hindsight. A business plan can also be used to procure financial assistance through private investors or government agencies.

Preparation

The first step in preparing a business plan is deciding who will coordinate it if there is more than one individual involved. The primary duties of the coordinator are establishing a planning timetable, providing active leadership during the planning process, coordinating any outside help, (i.e., consultants, advisors, accountants), and pulling the pieces of the plan together.

Next, the coordinator should ask himself the following questions to analyze the business situation:

1) Who are my competitors?

This could mean other dive businesses or any recreation business, such as golf, tennis, skiing, etc. Understanding the competition and its potential is an important starting point for the business.

2) What are their strengths and weaknesses?

This entails an analysis of the competition and how the proposed dive business can compete – what to do and what to avoid.

3) What is the market and is it demographically conducive for a dive business?

This is an analysis of the market demographics to measure the business' customer acquisition potential and staying power.

4) What business trends do current data establish for the future?

These include business, economic and population growth in the area, and whether it indicates future growth.

5) What market position does the business currently hold?

If purchasing an existing dive center or resort, what is the estimated value of goodwill for this business? Is it worth it?

Answering these questions requires researching both the demographics of your planned marketplace and the dive industry statistics. The background materials gained can be supplemented with current data from a local Chamber of Commerce or similar organization, census reports, government reports and dive industry data. Projecting economic and business conditions is important in establishing long-range goals. The situational analysis should result in a performance statement that states goals for the first three to five years.

Writing the Plan

Once the initial preparation and research have been completed, the information is drafted into a written document, which becomes the formal business plan. Each business plan will vary depending on scope, requirements and size, but should include the following topics:

Company Objectives

A clear statement of measurable goals and objectives should precede any other elements of the formal plan. It is here that a description of the nature and purpose of the business should be given. The reader should be prepared to easily absorb subsequent material by this section. A brief discussion of the following topics should be included:

- market potential of the business
- current market situation
- special skills, talent or expertise available
- track record of individuals involved (if applicable)
- abbreviated financial forecasts
- desired financing (if applicable)

Emphasis on competitive advantages and future objectives should be part of this introduction as well.

Market Analysis

A detailed analysis of the market potential of the business is crucial to the plan. It should describe the marketplace, including size, competitors, and customer identification. The analysis should contain reasonable and obtainable projections and include the following categories.

- anticipated market share
- advertising strategies
- present and future competitor analysis
- market niche sought (what market need is being met)
- program and product pricing (vs. competitors)

If available, market industry surveys should support this analysis to lend credibility and accuracy to the plan, and provide insight into future growth potential.

Operations

This section details the operational plans of the business. This includes what services will be offered, the instruction and continuing education programs, product lines, subcontract agreements, product turnover rates and sales margins. The planner should consider the following discussions:

- analysis of available work force (PADI can provide lists of available PADI Members for specific areas.)
- a description of required equipment (e.g., compressor)
- product line availability and desirability
- physical plant layout
- operating and staffing plan (hours, manpower, etc.)

Company Organization

This includes a discussion of the company's management structure and overall personnel organization. Information on key members of the team should be presented, including their track record, background, accomplishments, how they will function, their duties, and how they will contribute to the company's goals (the appendix section should include resumes and an organizational chart). The company organization section should include:

- identification of principals and managers
- future employment plans
- employee training and development
- incentive programs
- names of outside advisors, consultants (e.g., accountants, attorneys, investors)

The plan should make it clear as to the business ownership and how the key principals will be compensated. This is crucial when outside sources of capital are sought.

Financial Plan

Most individuals involved, including principals, lenders, and investors consider this part of the plan as one of the most important. It provides the bottom-line requirements for starting and operating the business. It should contain, in addition to financial projections, cash flow forecasts, balance sheets and income statements. The preparer should include the following reports:

- annual balance sheet forecast for the first 2-3 years
- inventory lead time and turnover
- effects of income taxes
- profit and loss cash flow forecast by month for the first year
- proposed financing and repayment plan
- analysis of profit margins for instruction, merchandise sales and other income items
- loan usage plan (if applicable)

These detailed reports should be as accurate and as reasonable as possible. This is essential for determining the profitability of the business.

The Future

A summary of future plans (usually 2-5 years) should be included. Identify any new markets, product lines or services, including:

- how future growth will effect current programs, physical location, product sales, instruction programs, etc.
- percentage of budget spent on future goals, and how it affects operations
- what are the competition's future plans
- how will anticipated changes in the market effect the business

This is an important section because it shows the reader that growth and development are key issues in the plan.

Conclusion

Once the plan is written, it becomes not only a essential document for gaining financial support for new business and ongoing businesses, but also a tool for managing the business through reasonable

objectives and the steps and resources required to reach those objectives. The plan should be available to all individuals involved in the business, and should be updated periodically to reflect changes in the market, objectives and resources available.

The following sample documents show some of the information that may be included in a dive center's business plans. These are intended as samples only, and not as recommendations. Business plans vary depending on local markets, demographics, economics, financing, etc.

NOTE: Tables 2.1-2.6 are samples only. Actual business plan figures differ greatly from one situation to another.

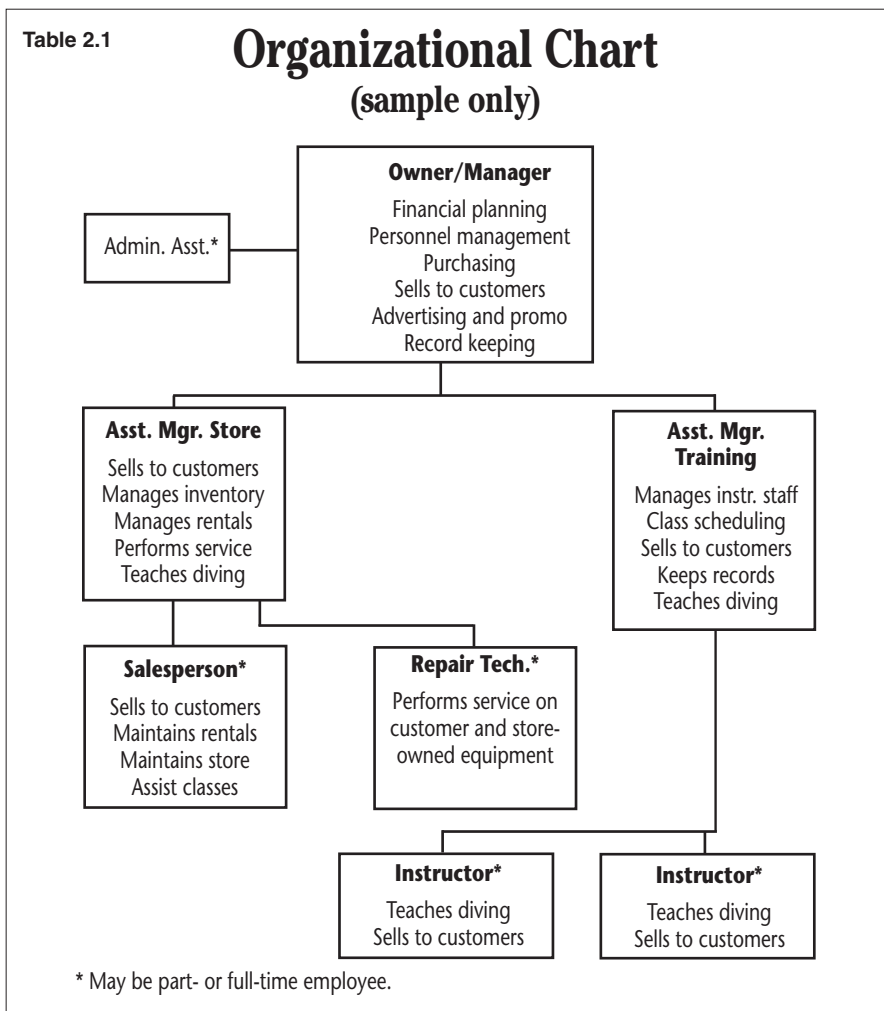


Table 2.2

12-Month Income and Expenses Curve

Action Dive Center
(sample only)

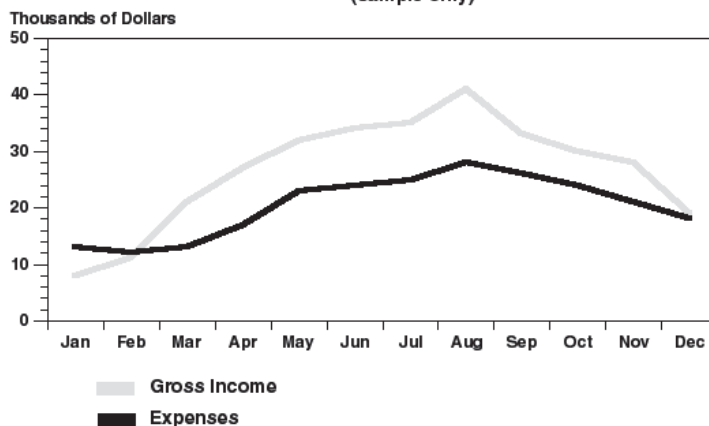


Table 2-3

Action Dive Center

Loan Usage Plan (sample only)

I. Start-Up Costs

Compressor system	\$15,050
Opening inventory (first quarter projection)	12,738
Rental equipment (see attached)	18,375
Store and office equipment	13,500
Lease deposit	2,500
Legal fees	1,250
Tax deposits	2,250
Advertising	1,950
Office materials (includes letterhead)	400
Licensing fees	450
PADI Dive Center membership	315
TOTAL	\$68,788

II. First Quarter Expenses \$16,404

III. Sub-total (I and II) **\$85,192**

IV. Cash Reserves **\$14,638**

TOTAL Venture Capital Required **\$99,830**

Table 2-4

Action Dive Center

Projected Annual Income (sample only)

	1st Year	2nd Year	3rd Year
Equipment sales	\$208,208	\$224,224	\$272,272
Diver training	48,799	52,533	63,814
Equipment rentals	32,533	35,085	42,543
Travel	26,026	28,028	34,034
Equipment service	6,507	7,007	8,509
Miscellaneous	3,253	3,504	4,254
TOTAL	\$325,326	\$350,381	\$425,426

Projected Annual Direct Costs (sample only)

Equipment sales	\$124,925	\$134,534	\$163,363
Diver training	29,279	31,532	38,288
Equipment sales	13,013	14,014	17,017
Travel	20,821	22,422	27,227
Equipment service	3,253	3,504	4,254
Miscellaneous	1,789	1,927	2,340
TOTAL	\$193,080	\$207,933	\$252,489

Projected Gross Profit

TOTAL	\$132,246	\$142,398	\$173,137
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Projected Overhead Expense

TOTAL	\$104,686	\$112,738	\$136,896
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Projected Net Profit

TOTAL	\$27,560	\$29,660	\$36,241
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Table 2-5

Rental Equipment Purchases (sample only)

	Number Units Purchased	Price Each	Total Purchase	Planned Life Span	Annual Depreciation Price
Wet suit w/hood	30	210	6,300	2	3,150
Regulator system	15	275	4,125	3	1,375
Tank w/valve	30	110	3,300	7	471
BCDs	15	220	3,300	3	1,100
Weight belts	30	45	1,350	7	193
TOTAL			18,375		6,289

Table 2-6

Action Dive Center Overhead Expenses (sample only)

	1st Quarter	Annual
Payroll	5,826	46,286
Licenses & taxes	166	1,322
Advertising	832	6,612
Assn. memberships	166	1,322
Rent	6,501	26,000
Maintenance/repair	333	2,645
Utilities	499	3,967
Auto/delivery	250	1,984
Office supplies	333	2,645
Postage	125	992
Telephone	499	3,967
Travel/entertainment	83	661
Dues/subscriptions	42	331
Insurance	583	4,629
Miscellaneous	166	1,322
TOTAL	16,404	104,685

Borrowing Money

There are several sources and venues to borrow money for starting or expanding a dive business. The sources include banks, friends and relatives, savings, equity, and venture capital. All these lenders have one common denominator: They want the return of their investment and profit from their investment. This means the lender must be convinced that he'll make money before he loans it. Even the closest relatives may not lend money if the potential financial risk is too great.

A business plan and financial statement is essential to borrowing money for a business. The details and mechanics of obtaining a loan may vary from one institution to another (banks, savings, etc.). However, many of the prerequisites and guidelines are similar (qualifying criteria, loan terms, collateral, etc.)

Finance Sources

Banks

Any lender needs to study a business plan and a financial statement detailing the applicant's liabilities, assets and net worth. Banks are especially cautious and require collateral and a partial cash investment in the business by the borrower. On the other hand, they usually charge less interest than mortgage loan brokers and some other sources.

Just as lending institutions differ, so do the terms they offer. Many terms hinge on the borrower's relationship and value to the bank. A loan officer who is impressed with the client's business plan and collateral may offer custom-tailored payment plans to help the business get started.

Banks may, for example, tailor payments by extending the loan duration, or even increasing the amount if they feel this helps the business succeed. So if a dive center needs more funds or special terms to help it through the slow season, a bank loan may be custom tailored for this purpose. The key to acquiring bank loans is having sufficient collateral, good credit and a sound business plan that increases the bank's trust in the borrower.

Savings

Many businesses are started partly with the entrepreneur's personal savings, which helps acquire loans, especially from banks.

An old English adage states “Don’t put all your eggs in one basket.” This translates into not using all the savings to start a business venture. A contingency plan with cash reserves can help overcome unforeseen circumstances, such as prolonged bad weather that hinders diving activities. Using personal savings, however, is required in most cases, and always adds leverage to a borrower’s position. In fact, some banks prefer that the borrower “risk” or invest as much as they do in the new venture.

Friends and Relatives

An individual may be able to secure a loan from close relatives or friends. These type of loans don’t usually have set criteria such as bank loans and will differ according to the circumstance. Some of these, for example, have an interest and payment structure that resembles bank loan structures, while others are interest-free “pay back when you can” loans. In either case, the loan recipient has to keep a professional business perspective and return the money to retain the lender’s friendship and trust.

Even when borrowing from close friends or relatives, it is best to write a sound business plan and show it to the lender before borrowing. He will appreciate it and feel more secure about his investment. Securing money from relatives and friends isn’t uncommon in small business, including dive centers and resorts.

Although the terms of such loans can be easier than those from financial institutions, the payment structure could be the same. For example, the lender may charge minimal or no interest, but expect monthly payments for a set time. Also, ensure all these terms are put in writing to avoid misunderstandings.

Equity

Equity is defined as the difference between the market value of a property, and the money owed on it. If a house has an equity of \$75,000, the owner can sell it to make that amount (minus any selling expenses), or borrow against that equity. Banks and other financial institutions routinely make such loans, but usually for less than the actual equity on the property.

Venture Capital

Venture capital doesn’t necessarily mean the traditional capitalists who invest in large enterprises to make huge amounts of money.

These investors rarely look at small businesses, such as retail dive centers, as potential investments. Smaller investors, however, may be interested in financing a dive center. These may include individuals who may be interested in investing in a dive business for reasons other than pure financial gain. These reasons may include travel, equipment purchases and seeking new life-styles.

Networking in dive circles and clubs is one way to find such investors; classified advertising is another. It's important that any investor have clearly defined and agreed upon roles within the business. Written agreements and contracts can prevent misunderstandings, confusion and strife.

Computerization

Many modern dive businesses have efficient point-of-purchase computers/cash registers to help with the day-to-day financial operations. There are several software programs available on the market today, with slightly different features. These offer daily tracking of sales, receipts, inventory, deposits, commissions, etc.

Due to their speed and accuracy, these computers save the business time and money and should be considered a worthwhile investment. It is also possible to customize certain software packages to any specific needs, or even write new programs from scratch.

Computers are tools, not decision-makers, and they don't replace good planning and customer service. They will, however do many things faster than humans, especially point-of-sale inventory and accounting, in addition to mailings and other basic computer functions.

Even the smallest dive centers will find tracking their inventory and sales easier with point-of-purchase computers. The sooner a dive center computerizes, the better it controls data and inventory.

Point-of-purchase computers can do much more than providing a sales receipt. They can track inventory, service and repair orders, rentals, customers and students, certifications, events and even publish reports. Some packages can provide detailed customized reports on any section of the business. These computers pay for themselves expediently since they save the business an inordinate amount of hours and data.

Dive centers should have a well-planned system of financial operations. Each department should be smoothly run and staffed,

making it a profit center. This includes the sales, rentals, travel, education and maintenance departments. Acquiring the right computer and software helps organize and track the daily transactions and inventory of each area. There are several software programs specifically designed for scuba retailing, and today's dive centers, especially those with lots of volume, should have computers to help run the business.

Budgets

Before a budget is prepared, some basic factors in budgetary controls must be understood:

First, the business owner must predetermine what the normal performance standards are (profit margins, cost of services, etc.) prior to establishing performance standards for his business. Second, prompt reporting of actual results versus budgeted results and the variations between them is vital. Third, investigating variances and removing causes of unfavorable performance.

It helps to have key employees involved in preparing a budget. This allows them to feel it's their budget rather than one forced upon them. A budget must get the full support of the management staff; otherwise it's doomed to failure. Likewise, all changes must be communicated to everyone affected by the budget.

Budget preparations begin with sales forecasting. This can be done by market analysis, and a detailed study of the preceding year's sales figures with an established store. Factors to analyze include market trends (are people buying or traveling more?), hot new products (any technological breakthroughs?), economy (perceived as strong or weak?), environmental conditions (rain or shine?) and competition (is it getting stronger or weaker?).

Market trends, such as consumer spending, new fads, or new products may influence planning and budgeting. If a new product, such as a new underwater video system, enters the dive market, it's wise to plan accordingly. It's also prudent to watch the economic trends very closely when budgeting.

The next step in budget preparation is cost of sales, which can be established in each sales category by multiplying the projected sales figure by the cost percentage. For example, if the projected sales for merchandise for June is \$30,000, and the profit margin is 35 percent (making the cost percentage 65 percent). The direct cost of

these sales, then, is \$19,500 ($\$30,000 \times 65 \text{ percent} = \$19,500$).

Sales forecasting relies primarily on last year's figures and a market analysis. Analyzing spreadsheets of last year's sales, including product categories and month-by-month figures provides a good basis for an initial forecast. Coupling that with a realistic growth analysis (based on increasing customer base, referrals, advertising, etc.) achieves a realistic sales forecast.

Keeping accurate product-by-product spreadsheets helps obtain the profit margin for each product category. Since typically each sales category has its own profit margin percentage, it's critical to establish those percentages prior to preparing the cost of sales budget. This phase of budgeting culminates in monthly statements of cost of goods and services sold. These figures are essential in purchase planning and tracking.

Pricing depends on many factors, mainly determining what margin is needed to stay in business and making a profit. Competition may influence pricing certain items, but a dive center may make up the difference on items and services with less competitive pressure. Another important area affecting pricing is market demand. Goods and services that attract a lot of buyers and are always in demand may be priced higher than goods and services with less demand.

Subtracting the cost of sales from the projected sales figures obtains the gross profit. It is from this figure that overhead expenses are subtracted, resulting in either a net profit or a net loss. The expense budget covers rent, salaries, advertising, utilities and so on, and must be reviewed carefully and planned to realize a profit from the business. This is the area where many businesses fail. Sales can go up and cost of sales down, but if overhead expenses go out of control, the bottom line can suffer (see next section on Profit and Loss statements).

Most monthly expenses, including overhead expenses, can be determined in advance (rent, payroll, insurance, advertising, etc.), so it's possible to start from scratch and list these expenses on a budget forecast sheet. (See Table 2-7.) A previous year comparison can also provide valuable assistance in forecasting any additional expenses.

P & L Worksheet

For the twelve months ended Dec. 31, 2007

Table 2-8

(Sample only. Figures are fictitious and are for illustration only.)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL FOR YEAR
Sales	20,750	24,810	25,000	31,000	36,000	40,000	43,000	55,000	45,000	35,000	30,000	24,000	409,560
Direct Cost of Sales	12,000	13,000	13,000	16,300	17,500	20,000	24,000	29,000	24,000	19,000	16,000	14,000	217,800
Gross Profit	8750	11,810	12,000	14,700	18,500	20,000	19,000	26,000	21,000	16,000	14,000	10,000	191,760
Overhead Expenses:													
Salaries and Wages	6515	6800	6800	7200	8000	8500	8500	9500	8600	8400	7500	7000	93,315*
Payroll Taxes	520	545	545	575	480	680	680	760	690	670	600	560	7305
Bank Charges	65	70	70	70	70	70	70	70	70	70	70	70	835
Contract Services	240	250	300	450	600	775	800	1250	1100	900	700	500	7865
Commissions Paid	270	300	300	425	700	900	950	1200	1000	700	500	400	7645
Telephone	135	150	150	200	200	200	200	200	200	200	200	200	2235
Utilities	150	150	150	160	175	145	195	220	220	200	200	200	2165
Rent (facilities)	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	14,400
Rent (Equipment)	140	140	140	150	200	225	200	200	200	150	150	100	1995
Small Tools and Equipment	90	25	20	30	25	20	25	25	25	20	20	20	345
Store Supplies	320	300	200	300	250	350	200	350	250	200	300	250	3270
Auto and Truck Expenses	195	200	200	200	250	400	200	250	250	200	200	200	2695
Postage	30	30	30	160	200	150	150	125	125	250	100	300	1650
Advertising	550	550	550	700	1000	1000	1000	1250	1000	750	600	900	9850
Promotions	150	150	150	200	400	500	500	500	500	400	300	300	4050
Miscellaneous	30	30	30	50	100	200	150	200	200	200	200	200	1590
Travel and Meetings	1260	200	100	150	125	100	100	100	100	100	100	100	2535
Dues and Subscriptions	35	35	35	35	35	35	35	35	35	35	35	35	420
Depreciation	640	640	640	700	700	800	800	900	900	900	600	600	8820
Insurance	4000	100	100	100	100	100	100	100	100	100	100	100	5100
Professional Fees	200	100	100	100	100	100	100	100	100	100	100	100	1300
Licenses and Taxes	55	55	55	55	55	55	55	55	55	55	55	55	660
Interest Paid	190	200	200	200	200	200	200	200	200	200	200	200	2390
Total Overhead Expenses:	16980	12,220	12,065	13,410	15,165	16,705	16,410	18,740	17,120	16,000	14,030	13,590	182,435
Profit Before Taxes	(8230)	(410)	(65)	(1290)	(3335)	(3295)	(2590)	(7260)	(3880)	0	(30)	(3590)	9,325
Income Taxes Paid													
Net Profit (Loss)	(8230)	(410)	(65)	(1290)	(3335)	(3295)	(2590)	(7260)	(3880)	0	(30)	(3590)	

*Includes the owner's salary

Profit and Loss Statements

A profit and loss (P&L) worksheet is the most important tool in implementing and tracking a budget. When used accurately, the P&L worksheet tracks gross sales, profits and expenses, and should be used to project them as well.

For example, a dive center manager uses a 1993 P&L worksheet to project 1994 sales and profits. (See Table 2-8.) This is done by considering factors such as market growth and competition. The key to financial management and P&L projections is accuracy – the financial manager must use real figures from the previous year, then use projections that account for changes in sales, advertising, inventory and other income and expenses. These projections are again based on a market analysis that includes buying trends, environmental and economic conditions.

An item-by-item analysis guarantees accuracy and ensures the completion of the P&L statement. When finished, the dive center has a financial road map that highlights variances and points out successful or unsuccessful periods or areas.

Buying

Buying merchandise is one of the dive center's most important day-to-day financial transactions. How the store buys affects both cash flow and gross profit. For example, although buying in volume has some advantages, volume is only part of the buying equation. The "width" of the line (having many lines and models in smaller quantities) may be as much or more important to a customer-service oriented store than having too much product "depth" (having a lot of a few products). A store that carries 50 pairs each of only a couple of fins may make more money per fin, but may sell to fewer customers who are interested in variety and comparison.

A dive center may carry several equipment lines and have enough inventory of each item to help sales and service. Either way, buying is often a cash flow issue to many small businesses. The buyer has to decide what equipment to carry based on salability, and *when* to order this equipment so it doesn't sit for long before getting sold. The buyer also must determine which lines to carry, and what manufacturers give the best terms.

The solution to buying is a dynamic one – dive centers should stock products that sell as fast as possible and help them make money *and* provide good customer service. This may mean a wide

selection of products, or a whole lot of easily salable equipment. The sales and instructional staff's knowledge and attitude strongly affects this decision. New students in particular tend to buy equipment that their instructors recommend. Therefore, the type and variety of inventory partly depends on what instructors and salespeople will sell.

Since this may not necessarily agree with a dive center's merchandising strategy, managers should coordinate with their staff before finalizing the merchandising strategy.

A dive center can assess the market based on customer needs and competition, and reach a balanced approach to the question of inventory width or depth. The staff needs to listen to customer requests, and try to beat the competition by offering the best product for its customers.

Manufacturers sometimes influence the buying process by their level and type of service. Many manufacturers don't sell their line to new dive centers within a given territory. Others may have less customer service and slow delivery to some areas.

A buyer should study the market closely before buying. A location a few miles away may make all the difference when it comes to acquiring certain manufacturers, and a little research with manufacturers can help tremendously (researching the brand's availability, demand and distribution in that particular area).

As in any other business, dive centers should work with the manufacturers that provide the best support and customer satisfaction.

Inventory Control

Taming an inventory is more important than having a few or many manufacturer lines. With efficient inventory control, a dive center can buy enough merchandise, have enough available, and have little or none unsold in time for the new models. As in any other aspect of a dive business, planning and managing inventory can be done scientifically and accurately.

There are a few proven merchandising equations that can be used or adapted to any dive center. This one, by Richard F. Outcall, CMC, appeared in the First Quarter 1989 issue of PADI's *Dive Industry News*.

Sales + Ending Inventory - Beginning Inventory = Purchases

The equation is based on a number of givens in a dive center. For example:

If it is estimated that 60 customers (sales) will walk in to buy masks in the next week, and there are only 20 masks (beginning inventory) in stock, then one more factor still needs to be determined: ending inventory.

If it's determined that the ending inventory should be 30 masks, then we can figure out the purchases:

$$60 + 30 - 20 = 70 \text{ masks.}$$

To apply any form of inventory control, it helps to have accurate counts and projections, and to take inventory counts periodically. As mentioned earlier, point-of-purchase computers are probably the most effective tools for keeping track of inventory. Sales trends (sales per item) and market analysis (competition, economy, environment) provide the best forecasting.

Taxes

Taxation is an issue that businesses around the world have to deal with according to the law of the land. Each country and state has different tax laws that are subject to changes and revisions, which is beyond the scope of this book. For these reasons it's recommended that a business secure expert advice for its tax strategy and obligations. This may be any qualified accountant or tax attorney.

In the U.S., for example, a business can take different legal forms, such as sole proprietorship, partnership or corporation. While there are other considerations, taxes are the main factors considered when selecting or changing a business structure. It's best to ask a qualified accountant or tax lawyer to help a business choose the best structure for its needs.

Paying Taxes

In most countries, a business may deduct certain expenses from its income before computing its taxes. These costs include the cost of doing business, such as rent, payroll, equipment depreciation, costs of materials and inventory and some taxes. In addition, there are special tax credits for participating in certain hiring programs.

Deductible business expenses usually include advertising, amortization of business loans, bad debts incurred by patrons, car and truck expenses, commissions, compensation (wages), compensation to social security wages and workers' compensation, etc., cost recovery, depletion, membership dues in professional associations, employee benefit programs (wages and fringe benefits), entertainment, insurance, interest on business-related loans, legal and professional fees, miscellaneous expenses, pension and profit-sharing, publications, rent, repairs, taxes, and travel.

No one likes to pay more taxes than necessary, and every business owner should keep track and receipts of all the above expenses and claim them when the time comes. Tax laws change constantly, and some of the above expenses may not be deducted at all times and in all states and countries (since tax laws differ internationally, check with a tax expert).

Collecting Taxes

In addition to paying taxes, in many countries a business is required to collect taxes. In many countries, an employer has to collect and pay social security taxes and withholdings based on the employee's income and tax rate. Employees must fill out a government form when they're hired and whenever their tax status changes.

Social security taxes in the U.S. (FICA) are paid jointly by the employer and the employee. The employer is required to withhold a portion of the employee's wages and contribute a matching percentage. For smaller businesses, these taxes must be submitted with a quarterly return to the federal government. The size of the business determines the frequency of these payments – an accountant can determine the right schedule for a business.

Smart Tax Strategies

Since taxes are inevitable in most countries, a business owner has to find ways to reduce them. Money paid on taxes is divested from the business and cannot be used to grow it. Each country and state has its own tax codes and tax shelters. The following are some examples of U.S. tax strategies. These may apply in other countries, but a dive center should consult with a qualified tax expert.

- **Incorporating** – For most small businesses, the simplicity of a partnership arrangement with the protection of a corporation makes

good management sense. Although many states don't recognize this type of organization, it can be a smart tax arrangement.

- Using good advice – This goes beyond the initial advice of a knowledgeable accountant to continuous consultation and planning before making any tax changes or moves. This also includes reviewing policies to ensure that the procedures followed are still legal and haven't recently changed. Also, a good strategy for a new business may need to change as the business grows.
- Hiring family members – This could reduce the joint tax liability and create other tax benefits in some countries, such as contributions to Individual Retirement Accounts (in the U.S.; may be different in some states).
- Limiting income – If the business nears the ceiling for a certain tax bracket, the owner may want to consider deferring some of the taxable income to the next year to avoid paying higher taxes.

Getting good advice and planning correctly are the keys to smart tax strategies. This includes planning personal taxes, which are invariably tied to the business. A dive center owner should get the advice of a knowledgeable accountant to plan his personal taxes.

Outside Influences

Disasters

A business may be run and managed perfectly for many years, but come to a sudden halt due to uncontrollable circumstances or acts of God. These may include natural disasters such as earthquakes, hurricanes, fires, floods and tornadoes, or other causes such as wars, vandalism and riots.

Although a business cannot avoid most of these disasters, it can prepare for them with the right insurance coverage and planning. Insurance, such as the PADI-sponsored dive store and resort policies, is an excellent way to cover most contingencies. Generally speaking, the dive businesses should insure contents, loss of business income (i.e., business interruption due to outside influences), fire, customer equipment, rental equipment, burglary, glass, inside cash robbery and employee dishonesty. Optional coverages on this policy include water damage and air compressors.

Dive businesses may purchase additional insurance to suit the areas they live in. Dive stores in seismically active areas, for example, should consider purchasing earthquake insurance. Likewise, those in flood-prone areas should consider buying flood insurance.

Special circumstances such as political instability and war may also affect a business. Different markets worldwide may have some sort of insurance to cover businesses in war. The general rule is if there are enough businesses willing to buy insurance to cover acts of war, there may be an insurance company willing to offer it.

A business owner who spends so much time planning and building a business should give some extra thought to protecting his investment. Universally, there are many examples of cities and countries rising from the ashes of war and disaster to regain their business base.

The Economy

Turns in the economy will invariably affect a dive business. With a strong economy, customers flock to stores and indulge in recreational activities; with a weak economy, the opposite is true. Dive center owners should keep a watchful eye on the economy as they plan.

There are a number of indicators and publications on the economies of different regions and countries. These provide a reference for the general state of the economy in different regions and are well worth the subscription rate. Some international economy magazines are *Forbes* and *Business Week* (U.S.), *The Economist* (U.K.), *Nikkei Business* (Japan), and *L'Expansion* (France). Newspapers, such as the *Wall Street Journal* in the U.S., *Asian Wall Street Journal*, and the *Financial Times* (Great Britain) keep track of the daily economic fluctuations and pulse.

Finally, a business can only succeed with a positive attitude and outlook for the future. Survival instincts are – or should be – strong enough to withstand adversity and troubled times. These instincts should be at their best when it comes to protecting the things that are dearest, which should include one's source of income and pride.

What is the Value of Goodwill?

Potential dive business owners need to understand a common concept in business – the value of goodwill. When purchasing a business, such as a dive center, the asking price usually includes a certain monetary amount over and beyond the value of the business' physical assets. This extra cost is typically referred to as “the value of goodwill.”

These figures may seem arbitrary and inflated to the potential buyer, and are often a point of negotiation when finalizing the purchase. Therefore, the potential buyer should try to estimate the value of goodwill as close as possible when purchasing a business.

Simply put, a dive center with higher earnings than the normal rate of return on net identifiable assets, can demand a higher value of goodwill than one with a lesser rate of return.

For example, a business with identifiable assets totaling \$1,000,000 and an estimated rate of return of \$200,000 (20 percent), will have a higher value of goodwill if the rate of return was consistently higher than 20 percent. Consequently, the owner can ask for more than \$1,000,000 when selling this business, which is the added value of goodwill.

How much should a potential buyer pay for such a business is subjective, and will depend on the length of time this level of return can be expected to continue. In addition, the earning power of a business will change because of new policies and practices, so it's wise to consider all the facts before agreeing on a price.

Since goodwill is an intangible asset that is usually suggested by the seller, the potential buyer should be careful to pay only what is appropriate for the goodwill value of the business. Although this is a negotiable price, the buyer should accept it after researching and making an informed decision.

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Three

Retail Sales

The modern retail dive center must do business at the same quality level as any progressive retail business in its community. Today's customers expect service and selection from the retailer, and a knowledgeable sales staff to help with products and services. For effective sales, the store's instructional and managerial staff, and even repair and service staff should be trained to sell and have a professional sales attitudes.

Anyone with a good sales attitude and sales training can effectively sell at a dive center. Whether someone is a full-time salesperson or not, he should follow a well-defined sales policy for an effective store sales strategy.

The Sales Manager

The sales manager oversees the sales staff, while often acting as a salesperson himself. He is responsible for determining the direction of sales, identifying featured sales items and developing strategies for moving specific product. The sales manager is responsible for the results of those strategies and must be able to adjust them and put new ones into action quickly.

The sales manager makes decisions regarding what products to feature or put on sale during special promotions or sales. For that reason, he should track the sales of different products in the store. The sales manager may be the owner or general manager, or reports directly to either one. His responsibilities usually include training the rest of the sales staff and tracking their success by monitoring their sales, and helping them set individual goals. Training is a continuous process, as the staff puts new skills to use; the sales manager has to help each salesperson do the best job possible. In a nutshell, the sales manager is at the heart of retail sales and is accountable for sales performance.

Salespeople

Good salespeople are not born; they are trained. Customer expectations of what constitutes a good salesperson are higher than ever. No one likes to feel he has wasted his time in a retail dive center, or in any other store for that matter. Customers become frustrated when dealing with a salesperson who doesn't know the goods and services offered. Therefore it's imperative that salespeople familiarize themselves thoroughly with all the products at their facility.

Sales training is covered later in this chapter, but once there is a sales training program in place, keeping the sales staff informed is the greatest challenge. The sales staff's role is to move products, which is how the bills are paid, so it's important that they are well-trained, well-informed and that they feel good about their jobs.

Weekly sales meetings are an excellent means to keep the communication channels open between all the staff. Depending on the size of the store and staff, this may be a 30-minute weekly meeting before the store opens, or it may need to be a longer meeting and away from the store. These meetings serve a variety of purposes, such as learning about new products or services, feature/benefit presentations, and the latest dive travel destinations.

A weekly sales meeting also provides the staff with an opportunity for team interaction. It's important that everyone on the staff knows about new policies, pricing and decisions. A staff that is better informed is more effective on the sales floor.

Instructors

In a modern dive center, instructors can be very effective salespeople. According to the PADI 1993 New Diver Survey, instructors were

the greatest influence on a new diver’s buying decision (64.9 percent). (See Table 3-1.) Magazine articles and advertising accounted for far less influence than instructors. If there are instructors teaching for the dive center who aren’t also sales staff members, it’s crucial that they clearly understand their roles in helping their students choose equipment.

Based on their influence upon their students, instructors have a responsibility to advise their students and help them choose the best equipment for themselves. Experience shows that equipment sales and scuba education best meet individual needs when they go hand-in-hand, not when they’re disconnected responsibilities.

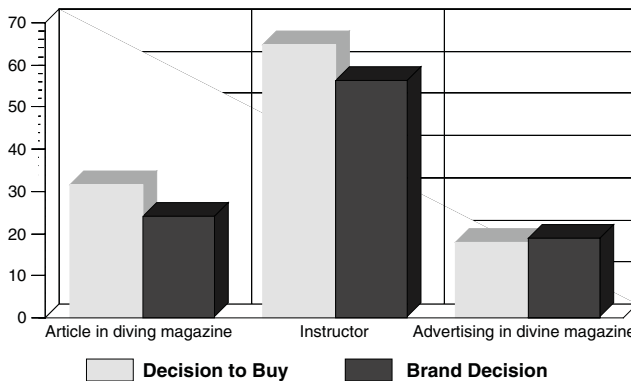
Ideally, instructors should receive the same sales training that other staff members will, so that they are aware of the store’s sales philosophy. Programs such as PADI’s Positive Approach Selling do an excellent job of helping anyone become a better salesperson, with a sensitivity to instructors who don’t want to appear pushy. While diving is the customers’ hobby, and teaching may be a hobby for

Table 3-1

Influences on Equipment Purchases

Purchase Decision and Brand Selection

Percentage of Respondents



Influences on Equipment and Brand Purchases	What Influences Your Decision to Purchase Diving Equipment		What Influenced Your Diving Equipment Brand Choice	
	Number of Respondents	Percentage of Respondents	Number of Respondents	Percentage of Respondents
Article in diving magazine	110	31.5%	84	24.1%
Instructor	226	64.9%	195	56.2%
Advertising in diving magazine	62	17.8%	66	19.0%

Source: "The 1992 PADI New Diver Benchmark Report"

many instructors, it is still a business and one that must earn a profit. The way to assure this is to sell equipment, and everyone associated with the dive center needs to understand his role in this process. Good salesmanship is very much appreciated by customers, who depend on the sales staff to provide them with professional advice, instruction and products.

Sales Attitude

Many people still think of a stereotypical, obnoxious, manipulative person when they hear the word salesman – no one wants to be that person. The truth is, however, a salesperson who is helpful, knowledgeable and attentive is very much appreciated. Customers don't want to leave with a new item and realize that they didn't purchase everything needed to use it immediately.

The best salespeople don't have a "line;" they have the skill to talk with a customer, listen to a customer and determine on the spot what the customer needs and wants.

Considering the limited time some customers have for shopping, a missed sales opportunity is not only costly, it is also poor customer service. Recognizing those opportunities and knowing how to make the most of them with each customer is a skill that can be learned with appropriate sales training. Effective sales techniques benefit not only the store's profits and the salesperson's commissions, they also benefit the customer.

Sales Training

Without good sales, a dive center is doomed to mediocrity or failure. Sales pay the bills and payroll, and ensure the growth and success of the business. These are strong reasons to ensure everyone involved in sales is well-qualified and trained for successful selling.

Training salespeople professionally requires using a tested and valid program. There are a number of excellent programs on the market, including Harry Friedman's highly touted *Successful Retail Selling*, and PADI's *Positive Approach Selling*, which is specifically catered for dive center operations and professionals. The two programs have a slightly different approach to selling and training, yet the end result is the same: better salespeople who can sell equipment and services.

Combining the philosophical approach and elements of both aforementioned programs can produce a strong and effective sales

training course. Friedman's book, for example, uses simple person-to-person language and techniques with to establish rapport, gain trust and eventually close the sale.

Positive Approach Selling is customer-service based, using the assumption that a salesperson can sell more by thinking first and foremost about the customer's needs and best interests. This win-win approach guides salespeople to understand customer-oriented sales and how different customers express their needs.

The trainer can show the trainees the following *Positive Approach Selling* role-playing techniques and steps:

- *Establishing rapport with the customer* – This “breaking the ice” is essential to establish a relationship and eventually make the sale. Asking the customer about his last dive, or sharing a dive experience may be a perfect way to accomplish this with divers. Nondivers may relate to other topics just as well.
- *Probing* – probing is essential to determining the customer's wants, needs and desires and establishing rapport and trust. Sample probing questions include, “How long have you been diving?” “Where do you plan to do most of your diving?” “Have you ever used a dive computer?” Any open-ended questions (i.e., who what, where, when, how and why) that encourage conversation and reveal information about the customer's needs and desires are good probing questions.
- *Product presentation or demonstration* – Presentations show the product's features and benefits, establishing value and creating a desire to own it. With a little creativity, most dive equipment can be demonstrated dry (it's easy to hook a regulator to a tank for a breathing demonstration). Pool or confined water demonstrations may also be arranged to help the sales process, especially for items like dry suits and BCDs.
- *Overcoming objections* – Friedman defines objections as “the result of a lack of trust or value.” This step discusses ways to overcome objections. Sales training teaches salespeople how to eliminate objections by providing value through features and benefits and maintaining trust with the customer.
- *Closing the sale* – this implies the successful completion of a sale, which is the responsibility of the salesperson *not* the customer. *Positive Approach Selling* teaches 10 closing techniques to maximize the closing process.

- *Cementing the sale* – this includes teaching the salespeople to congratulate the customers on making the right decision and reconfirming the value of the purchase.
- *Follow-up* – Salespeople should understand the value of retaining customers and building long-term relationships based on knowledge and trust. This can be accomplished through simple customer-service skills, such as greeting customers by name and making point of knowing their special needs or requests.

Other means of keeping in touch are personalized greeting cards and thank you notes. Most people appreciate kind thoughts and personal notes.

Implementing the Sales Training Program

A professional dive center should arrange sales training for all its sales staff. Ideally, anyone who works in a dive center must be able to sell, and the training should be offered to all employees. The two programs discussed in this section compliment each other nicely, and either one is an excellent start to the sales training process.

This should be an ongoing process that doesn't end with the initial training. For maximum efficiency, employers should encourage employees to view training materials and attend additional training at regular intervals.

After viewing the video and answering the knowledge reviews in *Positive Approach Selling*, for example, the sales staff can practice using sales scenarios that are similar to the ones in the video. With enough practice and follow-up, the employees' sales and customer service skills improve tremendously. The mutual benefits to the dive center and its customers are tremendous.

Customer Finance Options

Scuba diving requires a certain commitment of time and money on the customer's part. In the ideal situation, dive centers generate enthusiastic participants who not only dive often, but also own their own equipment. The purchase of scuba equipment is perhaps the greatest commitment of all on the customer's part.

With the quality of equipment and manufacturers' warranties now available, it's not likely a customer will replace his equipment often, but the initial investment requires a financial barrier for some

divers. They wonder whether it's worth the investment, and if they'll get their money's worth.

Sales training can help dive center staff overcome these objections through presentation, and through meeting the customers' needs, but when it comes to closing the sale, the fewer obstacles the better. When the customer says, "I want it," he may need a variety of options before he can say, "I'll take it."

These days, most customers are likely to have a credit card, so the most popular method of financing can be available by simply accepting most major credit cards. However, depending on the market and customer demand, there are some other customer financing options to consider:

1. Finance Companies

Offered through a finance company, an in-store financing program allows customers to apply for credit in the store and receive it while they wait, if they qualify. When customers are approved, they may charge their purchases to an account, the finance company pays the store immediately, and the customers repays the finance company, much like they would with a credit card company.

2. Layaway

A layaway program can be simple to set up and should be easy to administrate. Layaway involves payment of a portion of the total purchase to secure the merchandise, and paying the balance within a given time before taking the items from the store. For example, the customer pays 20 percent of his total to layaway his purchase, with the balance due within 90 days. The customer can pay any amount against his balance at any time, but must make a payment at least every 30 days. If he changes his mind, he forfeits the 20 percent.

Layaway is a contractual agreement between the store and the customer; terms of the agreement should be stated on a standard layaway form and signed by the customer when the layaway term begins. The form should include the customer's name and contact information, the amount of the down payment, the payment schedule and a statement of understanding for forfeiture of deposit should the customer change his mind.

The total of his purchase, less the down payment, along with the amount and due date of his next payment should be included and a copy of the agreement should go with the customer. Then the dive center should monitor the payment due dates to get

layaway customers back in the store on time. A layaway program is much easier to maintain with a retail computer program. Layaway customers can be some of a dive center's most loyal – their repeated visits to the store while making payments often result in additional add-on sales.

The biggest advantage of layaway to the customer is being able to pay over time without incurring finance charges. The disadvantage is that the merchandise stays at the store until it's paid for. The dive center staff should be careful not to qualify layaway customers as unable to afford the best. Often, the use of layaway programs is exactly what allows them to afford the best. Since they pay as they have funds available, layaway customers often pay in cash. Layaway can be a powerful sales close, and can open the door for substantial add-ons since the customer comes back to the business several times.

3. In-house Credit

With the large number of financing options readily available to today's diving customers, offering financing through the store may not be necessary. In this option, the store acts as the finance company, extending credit to the customer and sending him home with his purchases. Unless the dive center has the staff and the expertise required to monitor and collect on past due payments, this option is time consuming and risky. It is left to the dive center to collect unpaid funds, and, since the merchandise has already left the store, there is little or no recourse for the dive center.

One form of in-store credit that may be an exception is credit given for returned merchandise and kept on a store account for the customer. This accomplishes several goals. The dive center avoids costly cash refunds while giving the customer an incentive for returning to the store. Since many dive center customers are repeat customers, a store credit is usually an agreeable option. If it isn't, dive centers should be prepared to offer a cash refund when the customer states that preference. Again, customer accounts are more easily tracked on a computer.

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THREE

Four

Diver Education

As discussed earlier in The Dive Industry Overview chapter, the DEMA 1993 Market Research Study shows a direct correlation between dive center gross income and divers certified, and the highest income dive centers not only have more certifications, but average more income per certification. Success in business overall goes hand-in-hand with success in diver education.

While any dive center or resort owner/manager would recognize the need to include diver training in what he offers, he still faces the harder part: determining what training, when and for how much. To answer these, it helps to begin by looking at exactly what roles diver education plays in the dive center.

The Role of Diver Education in the Dive Center

In the typical dive center setting, the vast majority of new customers (approximately 70 percent) come through entry-level diver training. Though dive resorts get most of their business from already certified divers and trips led by mainland dive centers, completing entry-level training for students referred by other instructors accounts for sig-

nificant customer traffic. Flexible scheduling, innovative “packaging” and effective pricing improve the number of new customers a dive center attracts this way.

Because training new divers generates so much new business, most dive centers focus on entry-level training (the PADI Open Water Diver course) in both their training schedule and in advertising. Certainly this is appropriate, though statistics show that entry-level training alone won’t carry an operation to its full potential; continuing education – Advanced Open Water Diver, Rescue Diver, Leadership, Specialty Diver courses – plays an important part.

For one, continuing education also brings in new customers: certified divers new to an area, or seeking training not available at other diver centers. The ability to train professional levels, especially instructors, can draw significant business from certified divers.

Secondly, and more importantly, diver education keeps customers active. The PADI Phase II Survey of U.S. PADI Open Water Divers (1994) shows a clear link between continuing education and activity in diving. In the survey, about 20 percent of respondents said they make 10 or more dive outings (“outing” defined as “going diving,” whether making one or several dives) annually. The rest averaged 3.7 outings annually.

Among divers certified as PADI Advanced Open Water Diver or higher, however, 36 percent said they make 10 or more annual dive outings, with the balance averaging 4.6 annually. Divers who held specialty ratings were similar – 33 percent said they make 10 plus outings annually, but the balance average was higher: 5.3 outings per year.

Someone who runs a successful dive center would hardly find these data surprising, because continuing education creates an incentive to dive in several ways. Divers will go diving as part of a continuing education course, and/or they will go diving to apply what they’ve learned in a course. For example, an underwater videography class may entail not only the class itself, but traveling to a clear water dive destination where video skills can be practiced. Those who complete the program have a new skill and a new reason to dive, which stimulates further travel and diving.

Beyond that, in this example, the students would also have an interest in investing in underwater video equipment. This points to a trend supported by the Phase II Survey that divers who reach higher training levels not only dive more, but purchase more equipment. Among survey respondents over all, 31 percent said they own a

BCD, regulator and wet suit (which indicates a commitment to major equipment purchases). Among those certified Advanced Open Water Diver and above, 59 percent own all three, with the figure 79 percent for those certified Rescue Diver and above. Perhaps not surprisingly, activity is also linked to equipment ownership by the Phase II Survey. It showed that 31 percent of those who own a BCD, regulator and wet suit make 10 or more diving outings annually; the remaining 69 percent averages 5.3 outings annually.

All this leads to the unmistakable conclusion that diver education links with customer activity (i.e., experience as in the Three Es) and equipment sales. They interact continuously, creating new reasons to dive, learn about diving, and invest in dive equipment. It's no wonder that dive centers that certify more students also earn more income per student – they're fulfilling customer desires more effectively. Both the centers and their customers win.

Scheduling Diver Training

While advertising and promoting diver training (see Chapter Six) play an important part in filling a dive center's classes, an often underestimated influence is scheduling. Effective scheduling requires more than the obvious need to set course times for customer convenience. A schedule must also mesh with other course schedules, the dive center's travel program and other activities in a manner that maximizes what the instructional staff can offer.

Effective scheduling begins with a few scheduling principles. Generally, the PADI Open Water Diver course, which tends to be the most popular and time-consuming program in most dive centers, takes priority in the schedule.

As the previous discussion shows, dive centers cannot ignore continuing education, so it must be scheduled to offer the most diversity possible. Among stores that offer instructor training, for example, the Instructor Development Course is also time consuming, and though not as high a draw, it's usually an important high income program.

Instructional staff size influences the schedule, though even a very small staff can offer a wide choice of courses and times to its customers. Finally, dive centers and resorts shouldn't overlook snorkeling and Discover Scuba Diving experiences. This growing market fits effectively in the store's training schedule, but only if it's

not treated as an afterthought. For that reason, we will have more on snorkeling and Discover Scuba Diving later in this chapter.

Scheduling Principles

There's no set way to schedule training; in fact, each store develops its own method based on staff needs, facility availability and customer desires. Nonetheless, effective schedules share several traits:

- *Customer convenience.* Successful dive centers and resorts make training available when customers want it, no matter how odd. For instance, dive centers have run classes starting at 2:00 a.m. in an indoor pool to accommodate night shift workers.
- *Close integration with diving opportunities.* Ideally, programs should end close to an appropriate opportunity for the open water training dives; in mainland dive centers, this usually means a few days before a dive trip or outing. In the resort environment, it usually means in time to catch a scheduled dive boat. Continuing education courses can integrate with appropriate experiences, such as wreck diving courses with dive outings to appropriate wrecks.
- *Efficient use of staff and resources.* Where feasible, multiple courses run at the same location, so that the instructional staff can conduct more than one program at the same time (more about this later).
- *Attention to outside influences.* A class scheduled on a holiday or at the same time as a major sporting event, for example, may have poor enrollment. Or, at a dive resort, a holiday may mean to expect higher enrollment than usual.
- *Ample notice and kept updated.* Dive centers usually post their calendars conspicuously, and schedule courses three or four months in advance so customers can plan their own time for the programs that interest them.
- *Scheduling the PADI Open Water Diver Course.* In most dive centers, scheduling usually focuses on the PADI Open Water Diver course, which generates new customers. More often than not, this course attracts more students than any other, and is offered with the greatest frequency. Historically, it has dominated dive center training schedules, particularly those with small instructional staffs. The two "traditional" approaches to scheduling have been to offer group classes or private instruction.

With a group class, the dive center advertises the program and schedule with five or six classroom/confined water (pool) sessions, each three or four hours long. Students attend these sessions, offered most commonly, weekly or biweekly in the evenings after work hours, or on weekends. In the classroom portion, they watch the training video, listen to an academic presentation, submit Knowledge Reviews and take a quiz. During the pool session, they learn and practice dive skills. After the classroom/confined water sessions, the students make four open water training dives during a store-sponsored dive trip or outing.

Hence, most dive centers coordinate their travel schedule so that group classes finish their classroom/pool sessions immediately before an appropriate trip or outing. The center or instructor enrolls the students into the trip or outing at the start of the class; the trip or outing may even be priced and scheduled in the course promotion.

While the group class approach has been the mainstay of the dive industry for years, it has some significant disadvantages in today's markets. First, it's the least time-efficient way to conduct the program, for both the student and the staff. It offers the least flexibility in scheduling, which immediately bars potential customers with awkward personal schedules. Customers who are anxious to get started into diving have to wait two weeks or longer before their first class starts.

Second, the idea of sitting in a classroom doesn't appeal to many people who seek something adventurous and fun. This reduces the appeal of learning to dive.

Third, because they're time inefficient, group classes usually have to be large to make them as cost effective as possible. Ironically, making classes larger also makes them more time-consuming and beyond a point, even less efficient. Further, as class size grows students have less individualized attention, which reduces the perceived value. In some competitive markets, it has become difficult to earn a reasonable return on group classes.

To offset these problems, the other traditional schedule option has been the private class. With a private class, the instructor teaches a small group (usually one to four people) on a custom schedule determined between them. Because private classes afford maximum individual attention, students usually progress quickly and a more informal setting replaces a traditional classroom. Private classes

command top dollar, which may be good news for the dive center, but only to a point.

First, relatively few people can afford the typical high cost of private instruction. Even if a customer can afford it, the price difference is often sufficient incentive to put up with the relative inconvenience of a group class.

Second, because a dive center's new customer base relies primarily on the Open Water Diver course, the typical private class size means fewer new customers per class. In other words, the center earns more on the class, but may sell less in related products and services. For this reason, most dive centers arrange private classes so they don't replace any of their regular classes.

Fortunately, Start Today class scheduling provides a comfortable alternative to group classes and private classes. Also known as the "executive" class, the Start Today class employs educational tools and instructional design to eliminate the drawbacks of group class scheduling and private class scheduling. Start Today scheduling effects this by minimizing a traditional classroom setting, which, thanks to modern instructional methodology, is no longer necessary to handle academic training for entry-level divers.

With Start Today scheduling, students enroll in the PADI Open Water Diver course and complete the majority of academic training independently using the PADI *Open Water Diver Manual* and the PADI *Open Water Diver Video*, both of which were designed for independent student learning. They attend regularly scheduled small, fairly informal group sessions (usually four to eight students) in which they review the academic material and take a short quiz. This is followed by skill development and practice in a confined water (pool) session. Students complete open water training by choosing from a selection of suitable dive trips/outings.

Start Today scheduling helps eliminate the unappealing classroom setting, and reduces session times. This makes it easier to schedule sessions, affording more flexibility and options for students. It also makes it easier to integrate other training programs and travel schedules with the entry-level course schedule.

An important point is that the student doesn't have to wait for class to start; he starts immediately by studying independently. Today's busy consumer doesn't want to wait; Start Today gets the customer involved immediately. This has the added benefit that once he starts, the customer will usually stop shopping for a dive class.

With small groups, Start Today classes provide adequate personal attention for each student. Start Today classes tend therefore to progress quickly, adding to their efficiency.

Finally, Start Today classes have strong perceived value, especially when marketed next to group classes and private classes. The dive center can charge more than for traditional group classes, yet doesn't need to charge as much as a private class to earn a reasonable return. Therefore, most customers willingly pay the difference for the added benefits Start Today scheduling offers.

Scheduling Continuing Education Courses

Like the PADI Open Water Diver course, scheduling other continuing education for higher diver training levels has both a traditional and a newer, more innovative approach. Regardless, scheduling and promoting continuing education deserves high priority – surveys have shown repeatedly that customer demand for continuing education isn't being met. The dive center that meets this demand stands to profit from it.

Traditionally, continuing education courses have been scheduled much like PADI Open Water Diver group classes, with a classroom and pool sessions followed by open water training. Aside from sharing many of the disadvantages of entry-level group classes, the traditional group class has proven more cumbersome than necessary with continuing education courses intended to de-emphasize pool and classroom learning in favor of actual open water diving experience. The application of student independent study opens even more schedule flexibility and efficiency than it does with the PADI Open Water Diver course. Those upper-level courses that do require classroom and pool sessions also benefit from independent study, and all continuing education program scheduling benefits from course integration.

Course integration is simply meshing the schedule and conduct of courses so that students can choose the courses that interest each of them from a single framework. This allows the dive center to offer multiple options without the instructional staff having to handle the logistics of multiple programs running simultaneously. Course integration also affords multiple pricing options.

The PADI Rescue Diver course and Emergency First Response program illustrate basic course integration. To be certified as PADI

Rescue Divers, students must complete training in CPR, so dive centers commonly schedule the Emergency First Response Primary Care (CRP) course within the Rescue Diver program. Set up properly, this provides some options: 1) A student can take the whole program, Rescue Diver and Emergency First Response. 2) A student already has CPR training, so he doesn't come to the Emergency First Response sessions. 3) A student who wants CPR training only (perhaps not a diver) takes only the Emergency First Response Primary Care (CRP) course. Although various students make three different choices, perhaps with three pricing options, the instructional staff only has to carry through a single schedule.

The PADI Divemaster and Assistant Instructor programs partially integrate with other programs. Both programs include (or have the option of) an internship in supervising/teaching students. An instructor conducting a PADI Open Water Diver class, for example, may have a PADI Divemaster candidate supervising the students as part of his training.

Of the courses within the PADI System, the greatest integration potential is with the Adventures in Diving program and PADI Specialty Diver courses. Each dive in the PADI Adventures in Diving program is a specialty dive (night dive, deep dive, etc.), and actually the first dive of the corresponding PADI Specialty Diver course. The instructor may credit each Adventure Dive as the first dive of the appropriate specialty, and the student needs only to complete the remaining course dives (one to three). Alternatively, a diver who completes several of the appropriate Specialty Diver programs can automatically qualify for the Adventure Diver or the Advanced Open Water Diver certification.

This means that a dive center can accommodate many customer interests in specialties and the Adventures in Diving program with a single master schedule of the individual specialty course dives. Students simply choose the dives they need to qualify for the certifications that interest them; students complete academic training through independent study and pre-dive briefings. The professional editions of the PADI *Night Diving*, *Deep Diving*, *Wreck Diving* and *Underwater Navigation* videos include Adventures in Diving and Specialties Integration, a booklet that details this form of scheduling.

The other method for meshing courses is multiple-level training. With multiple-level training, the dive center schedules more than

one class at a particular training site so that the instructional staff alternates training between classes. For example, the center schedules open water training for a PADI Open Water Diver class and an Advanced Open Water Diver class at the same site.

The instructor briefs the Advanced Open Water Diver class and conducts their first training dive while a staff member supervises the Open Water Diver class and assists them in getting set up. After the Advanced Open Water training dive, the instructor briefs the ready-to-go Open Water Diver class and takes them on their first training dive. Meanwhile, a staff member helps the Advanced Open Water class get set for its second dive. After the Open Water Diver class training dive, the instructor takes down the Advanced Open Water class on its second dive, and so on over two or more days until training is complete.

With only two instructors and a few assistants, a dive center can offer four or more separate diver courses at a single site at the same time. By scheduling with both course integration and multiple-level training, two instructors can run as many as six courses at the same time. Thus, a small instructional staff doesn't have to limit the course variety a dive center advertises.

Scheduling Snorkeling

As mentioned in Chapter One, snorkeling represents one of the dive industry's greatest opportunities, with a few astute dive centers already catering to this huge market. Since teaching snorkeling is a short and straightforward, scheduling isn't complicated. There are, however, a few points that dive centers successful with snorkeling bear in mind:

- Snorkeling can't be treated as an afterthought. Snorkeling outings need deliberate thought, scheduling and promotion.
- Because snorkeling can be taught by PADI Divemasters and Assistant Instructors, snorkeling programs can be arranged without taking an instructor away from scuba courses.
- Scheduled outings, whether for training or just for fun, need to be set up with snorkeling in mind. Scuba outings often don't work well for snorkelers.

Scheduling Diver Education in the Resort Environment

Scheduling in the dive resort environment contains the same primary elements as scheduling in the typical nonresort dive center. Nevertheless, dive resort scheduling has distinct considerations.

- *Available time.* Customers visiting a resort typically stay one week or less, making it impossible to schedule courses over a long term.
- *Referrals.* Resorts often receive customers on referral who want or need only to complete their final open water training dives. These customers often show up unexpectedly; having an open schedule that accommodates same-day training is an advantage in competitive resort markets.
- *Conflicting customer interests.* While the nonresort dive center has to schedule around normal student routines (such as going to work), the resort must schedule around distractions with no regular intervals, such as other activities, socializing or just relaxing.
- *Pace and staff availability.* The nonresort dive center instructional staff typically teaches during week evenings, with open water training on the weekends. In the typical resort setting, diving is nonstop and the instructional staff goes from teaching, to taking out a boat, to filling tanks, to compressor maintenance and so on. To a greater degree, then, resort operation daily training schedules need to consider staff availability, other duties, boat schedules and equipment availability.
- *One day programs.* Customers expect to complete the Discover Scuba Diving experience program in a short period, usually several hours. Discover Scuba Diving participants sometimes enroll impulsively, so schedules need to accommodate flexible start times, short class/pool sessions and, when necessary, mesh with boat schedules.

Scheduling Discover Scuba Diving Experiences

Just as snorkeling, Discover Scuba Diving pool experiences represent great opportunities for the dive industry. It's very easy to schedule weekend Discover Scuba Diving experiences at the same pool used for Open Water Diver training. When doing so, dive centers can consider the following:

- *Designate an instructor to conduct the experience.* It may be logistically difficult to have one instructor teach a scuba course *and* conduct a Discover Scuba Diving experience.
- *The Discover Scuba Diving Cue Card and Discover Scuba Diving Flip Chart.* These products are ideal for use at the pool just before entering the water. They eliminate the need to show the Scuba: Experience Your First Breath Video or the Discover Scuba/Discover Scuba Diving Skills Presentation Video before the pool session.

Pricing Diver Education

While pricing products and most services is fairly straightforward, pricing diver courses poses difficulty for many dive centers. Competition, a wide variety of fixed costs, instructional staff payment, and other variables often complicate the issue to the degree that some dive centers don't know how much they earn with their courses – or even if they earn anything. In some areas, entry-level diver training in particular may be forced by market pressure to a price lower than what it costs the store to conduct the program.

Regardless of variables and the effects of competition, the dive center owner/manager needs to price diver training realistically. Even if competition forces a price lower than desired (more about this later), there should be no question as to what the return is. Course pricing relies on accounting for all costs, determining a return on investment, and accommodating market value.

Course Cost Variables

The primary reason some dive centers inadvertently underprice a course, or don't really know what they earn from it, is failure to account for all costs going into each class. These can be broadly defined as long-term costs, which are spread over many courses, and short-term costs, which concern a particular class. Long-term costs can include:

- Student equipment depreciation and maintenance
- Staff equipment depreciation and maintenance
- Rent/mortgage/upkeep on facilities such as classroom, or on premises pool.
- Instructional equipment depreciation (instructor manuals, cue cards, video tapes, VCR & television, etc.)

- Insurance. In setting a course price, the dive center determines the number of classes and students each of these applies to, and then distributes the cost on a per student basis. (An example of course pricing appears at the end of this chapter.)

Short-term costs apply per individual class, or per student. These include:

- Consumable training materials (Student Record Files, answer sheets, etc.)
- Air fills
- Instructor/staff fees (usually based on hours worked, per student, or per class basis, depending on the dive center's relationship with the staff – contractor, employee, etc.)
- Pool and/or classroom fees (if off premises)
- Mileage
- Certification fee (PIC cost)
- Boat fees
- Refreshments, if provided
- Advertising for the class

As with long-term fees, these are accounted on a per student basis. Those items that apply to the entire class are distributed per student based on a typical class size. Short-term expenses are usually easier to estimate because if there's no class, there are no expenses.

Return on Investment. Once the cost per student has been established, the dive center needs to consider its return on investment. The most common recommended markup on retail hard goods is 50 percent (double the store's wholesale cost), and many dive centers consider that reasonable for training services, however, higher and lower markups are common. Some dive centers figure profit as a cost-per-hour times the typical number of hours in the course, and for calculation purposes, treat it as a short-term cost. The important point is that store profit must be calculated and added in.

Market Value. Whereas determining costs and return on investment is straightforward, competition and other market forces influence what a dive center can charge for training (or any other product or service for that matter) with little regard for the center's costs or desired profit. It's a phenomenon that works both the dive center's advantage and disadvantage.

For example, the PADI Advanced Open Water Diver course, when taught as a single class over a single weekend typically has fewer costs than a comparable PADI Open Water Diver course (no pool, no classroom, students own more personal equipment, two days open water training versus five pool/class sessions and two days, etc.) From an accounting point of view, the PADI Advanced Open Water Diver course should be priced substantially less than the Open Water Diver course. Yet, thanks to the way the market affects regions, the PADI Advanced Open Water Diver course may be priced higher, about the same or lower than the Open Water Diver course.

The reason is that both courses have price influences outside their respective cost-plus-profit. Dive centers advertise their entry-level courses conspicuously, often competing on price to some degree, which tends to drive entry-level course prices down a bit. Entry-level courses may be priced all-inclusive (higher) or a-la-carte (lower, plus lots of necessary add-ons).

The Advanced Open Water Diver course, on the other hand, tends to have less interstore competition, plus established customers tend to be more loyal and less inclined to switch to another instructor/dive center just to save a small amount. These variables tend to raise the course value. As a rule of thumb, higher diver education levels tend to be less affected by competition; professional levels, especially the instructor level training, commands the highest price because the student expects to earn a return.

The reality is that the dive center can't ignore market value in setting prices. However, that doesn't mean that it's necessary to match a competitor's price and conduct classes at a loss. Particularly with entry-level programs, retailers can apply several methods to offset the affect of low price competition:

- *A-la-carte pricing.* The course is broken away from other components – travel costs for open water training, rental equipment costs, etc. – and priced separately. *Advantage:* Easy to quote a very low price. *Disadvantages:* Difficult to show added value; can cause ill-will with customers who feel like they're making lots of unanticipated purchases; difficult to charge higher prices later; promotes cut-throat pricing in the local market.
- *Package pricing.* The course is packaged to include as much as possible. *Advantages:* Customer convenience because one price covers everything; easy to show added value. *Disadvantages:* Price quote

is high; must take time to get customer to compare course values, not just price.

- *Value packaging.* Something unique is added to the course package to give substantially more market value and command a higher price. (Start Today scheduling is the most common form of value packaging.) *Advantages:* Easy to demonstrate significant value to customer; generally better profit margins; makes dive center's courses stand out from competitors'; usually easy to sell. *Disadvantages:* High price quote; must take time to get customer to compare course values, not just price.

Sample Course Pricing

The following is a simplified example of how a dive center might set the price for a group PADI Open Water Diver course. It should be noted that this is an example only; the U.S. dollar prices, figures, depreciation rates and other numbers shown are entirely fictional for illustration only, nor do they account for market variables. The prices shown shouldn't be considered a recommendation by PADI. Obviously, a real store will have more costs and expenses than in this example.

The manager of XYZ Dive Center is establishing its group PADI Open Water Diver course price. The course will be package priced, with everything except personal mask, fins and snorkel. (Note: The PADI Crew-Pak is also a separate product that the student buys.) Based on its previous year in training, the manager estimates that for the upcoming year, XYZ will:

- Train 600 students (all levels)
- Train 450 Open Water Diver students (of the 600)
- Hold 45 Open Water Diver courses, for an average of 10 students per class.

To get the per student long term costs, the manager determines that:

- The store has 12 sets of student class equipment, which will be used almost exclusively by Open Water Diver students. Each cost \$600 and will last one year, after which it will be worth \$200 after \$20 worth of maintenance.

Therefore, the cost per student is

	\$600	original cost
-	200	less value at end of year
+	<u>20</u>	<u>plus overhaul cost</u>
	\$420	cost per set per year

$\$420 \times 12 \text{ sets} = \5040 total equipment costs

$\$5040 \div 450 \text{ OW students} = \11.20 per student.

- The store has \$1500 in instructional materials, including a VCR, television, tapes, etc. The manager expects these to last two years and for simplicity, to be considered in equal use by all students.

$\$1500 \div 2 \text{ years} = \750

$\$750 \div 600 \text{ students} = \1.25 per student

- The store has eight sets of staff equipment at \$1800 each, plus \$20 annual maintenance. The manager expects each set to last two years and have little or no value after that. These are used with all classes, so the cost will be distributed over all students.

$\$1800 \div 2 \text{ years} = \900

$\$900 + \$20 \text{ annual maintenance} = \920

$\$920 \times 8 \text{ sets} = \7360

$7360 \div 600 \text{ students} = \12.27 per student

The manager determines the short term costs as:

- Each tank fill costs the store \$3.50.

$9 \text{ fills (5 pool and 4 open water sessions)} \times \$3.50 = \$31.50$
per student

- XYZ classes are taught by an independent contractor instructor who covers his own insurance, compensates his staff, and covers his expenses out of his contracted fee of \$500 per class.

$\$500 \div 10 \text{ students per class} = \50 per student

- The pool costs \$20 per hour, with each session requiring three hours.

$$\$20 \times 3 \text{ hours} = \$60$$

$$\$60 \times 5 \text{ sessions} = \$300$$

$$\$300 \div 10 \text{ students per class} = \$30 \text{ per student}$$

- The boat used for open water training charges \$50 per student per day.

$$\$50 \times 2 \text{ days} = \$100 \text{ per student.}$$
- Various consumables – answer sheets, file folders, maps, etc. – average approximately \$10 per student.
- The certification fee (PIC) costs \$11.00 per student.

This brings the cost per student to:

\$ 11.20	student equipment cost
	1.25 instructional materials
	12.27 staff equipment
	31.50 air fills
50.00	instructor fees
30.00	pool fees
100.00	boat fees
10.00	misc. consumables
<u>11.00</u>	<u>certification fee</u>
\$257.22	Total cost per student

To this, the manager now adds the return on investment XYZ Dive Center needs to make per student to get the advertised course price. This varies depending on the store, the course and other factors. For example, if XYZ expected a 20 percent net return:

$$\$257.22 \times 20\% = \$51.44; \$257.22 + \$51.44 = \$308.66 \text{ course price}$$

A similar approach would be used with Start Today and private instruction, and continuing education courses. The primary point is to account for all expenses when setting course prices.

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Five

Dive Travel

Dive travel is a service that has impressive potential for all dive businesses. A 1993 study showed that dive travel is a \$1.6 billion industry, involving more than three million divers in the United States alone, and several million divers from Europe and Asia.

According to the PADI New Diver Survey, only 36.9 percent of traveling divers book their trips with a dive center, and nearly 50 percent book their trips independently. These figures demonstrate the opportunity for major dive travel income for dive centers. A properly constructed travel program offers divers the opportunity to purchase trips from the experts they already trust for training and equipment needs.

Many dive centers hesitate to create travel programs because of a lack of expertise, which creates a lack of confidence. However, information is available from a variety of sources to help dive centers enter this lucrative market. Dive travel services are a big-ticket item for sale in the dive center. They require product knowledge, sales techniques and merchandising efforts to sell effectively. This chapter identifies the elements of a successful dive center travel program and suggests ways to bring them all together for the best results.

Dive Travel's Role in the Dive Center

PADI Dive Centers that have the most success selling dive travel have a clear understanding of the interdependence of the three Es of the dive industry as they were defined in the first chapter of this book. While dive travel is primarily an experience, selling equipment and education in tandem with travel is crucial to making a dive center's travel program profitable. A dive travel program should be directed to both potential divers and current diving customers. The key to success is attracting people to diving, and then keeping them diving; a well-planned travel program contributes to both.

When developing a plan for group dive trips, a dive center can benefit itself and its customers by offering local and distant destinations to provide a variety of trip prices and duration. Time and money are valuable commodities for everyone, and determining how much customers will spend is a challenge.

Once a trip is scheduled and a group is assembled, good tour conducting skills are essential to making the trip a positive and memorable experience for customers. Developing repeat travelers and customer referrals can make an ongoing group travel program very successful. Offering individual travel services that cater to divers planning vacations on their own requires different skills for success, but the potential for profit in some cases can match that of group travel.

Group travel includes trips arranged by the dive center with the intent of escorting a group of divers to the destination. "Escorted travel" might be a better description – the dive center sets the dates, sets the price, sells the trip and handles all the arrangements. Customers sign up to go on the trip much as they sign up for a class.

Custom travel, on the other hand, is completely driven by the individual customer and requires meeting individual needs and scheduling. The success of both programs depends largely upon the dive center's ability to tie them to the three Es.

Experience

Going on a dive trip is the ultimate dive experience for many divers. One reason people are attracted to diving in the first place is the prospect of traveling and participating in an exotic, exciting, adventurous activity. Perhaps more so than with any other product, the dive center that sells travel sells an adventure experience. There is

a great deal of satisfaction in making customers' dreams come true, and it can be profitable as well.

Dive travel already has a natural appeal. To sell the experience, dive centers need to enhance that appeal with a personal touch. Customers should know that travel services are available at the dive center – travel posters on the wall, a prominently displayed group travel schedule and flyers serve this purpose. The dive center should assign a group leader for group tours as soon as the trip is booked so he can personally invite customers to come along on the trip. Photos of previous trips depicting customers enjoying themselves help sell the group experience.

Slide or video presentations from previous trips can also help sell future trips at dive club meetings. They're also useful in promoting diving to the general public at civic meetings or schools. Travel can be used to sell diving, and learning to dive can sell travel.

Divers who have been on the store's group tours in the past often make the best salespeople for future trips. Using trip evaluation forms after each trip and including a request to use the responses customers provide as advertising can provide very effective testimonials. Feature the best remarks in flyers or newsletters promoting the current trip schedule.

If custom travel services are offered, many of these same sales techniques apply. The product for sale is still the experience of dive travel; it's just not a group experience. Many divers interested in dive travel like to do their own thing and view a group trip as too confining. Others have schedules that prevent them from traveling with the store's groups. Offering custom dive travel meets the needs of these customers who otherwise would book independently through someone else or not go at all.

Equipment

One of the best reasons for divers to purchase equipment is to go on a dive trip. Dive centers with an active travel program can make the most of every opportunity to take advantage of this relationship between the dive travel experience, and equipment needed for dive travel.

Giving equipment packages special names ties equipment ownership and travel together in the customer's mind (e.g., Cayman package, Red Sea special). Island names conjure up exotic images of divers using the equipment more effectively than the "Economy

Package” or “Top-of-the-Line.” Poster displays should portray divers with modern equipment, preferably brands sold in the dive center. The group leader can sell both the trip and the equipment to go with it. His availability on the trip to assist with any new equipment adjustments is another selling point.

The staff can help customers with the equipment they’ll need as part of the trip registration process. Equipment they don’t own will have to be rented, and this may produce an incentive to buy. Conversely, asking customers about travel plans is also be a part of the equipment sales process – going on a dive trip is a great way to break in new gear.

Cross promoting these two products produces good results, but the best results are achieved by adding the third E: Education.

Education

The opportunity to learn something new and earn a new certification is an excellent reason to offer scuba courses on a dive trip. Depending on the destination, a dive center can build a trip around training, with the primary purpose of the journey defined as completing particular courses. Some destinations are more appropriate for a less structured, optional training schedules. Some dive travelers want to rest and relax on vacation, with as little activity as possible, others want to be on the move every minute. Offering a flexible menu of courses on dive trips is one way to meet customer needs and add to the profit margin of the trip.

Selling education works hand-in-hand with experience and equipment. The staff can promote educational opportunities whenever and wherever promoting a trip, using the availability of training produces an additional incentive. For example, the ability to take the Advanced Open Water Diver course on a trip may be just the incentive a diver needs to purchase his own equipment, before he goes on the trip. Pricing incentives have been successfully used to tie travel to equipment and training, but should be applied carefully. Offering a reduced course fee or special equipment package pricing for divers on a trip is effective as long as margins are maintained. The goal of cross promoting the three Es is to increase net income, not simply cash flow. The previous chapter discussed diver education income.

Attracting New Customers

Dive travel in the retail dive center can both recruit people into diving and keep certified divers active. The image of diving created by television usually includes the adventure and excitement of traveling to exotic places to dive. When a television viewer steps from the armchair into the dive center, he becomes a customer. It's important to be prepared to meet the expectations of scuba diving created by that image. Customers usually expect excitement, adventure, new experiences and travel.

The staff can funnel several courses into each trip, including the Open Water Diver course. Once the trip is set up, the staff can sell it to potential divers and use it to attract people who want to learn to dive, and have an adventure. Offering open water training dives on a store-sponsored trip allows the customer to choose where to go and when to take training.

Another effective method to market dive travel is promoting open water referrals. Sending customers to a resort destination to complete their training is a very marketable concept. Of course, the customer has to know about referrals to take advantage of them, which benefits both the customer and the retailer who arranges the travel.

Keeping Customers Active

Divers seek and need new experiences to stay active, and dive travel is a great way to keep them involved. A successful travel program motivates divers and makes them loyal, repeat customers.

One method for promoting travel is starting a "tickler" file of divers who are interested in travel. The retailer can notify these divers of any upcoming trips and generate travel activity with personal phone calls and follow-up. These customers can also provide valuable opinions and information regarding future destinations and trip selection. The retailer can use any database program or a point-of-purchase system to start the tickler file.

Repeat travelers are often the best candidates for training on a trip. If they've been to a specific location a few times, training activities provide them with something new. Repeat travelers are also the best means of attracting other divers to the travel program. They often encourage friends to join them and help promote the next trip.

Planning a Dive Travel Program

Establishing a travel program differs little from adding any other product to the dive center's mix, except dive travel requires no beginning inventory. Some dive centers successfully conduct group tours to the same destinations year after year. In addition, they offer a larger variety of destinations with their custom travel services. This specialization in certain destinations, coupled with custom options ensures customer satisfaction and travel program success.

Resources

Retailers can obtain group travel information and advice from dive travel wholesalers, such as the PADI Travel Network (PTN). Dive travel wholesalers represent a number of destinations and specialize in the areas they represent. There are a number of benefits to using a wholesaler rather than booking directly. The PADI Travel Network, for example, represents more than 100 resorts and live-aboard dive boats in more than 50 destinations, giving the dive center a wide variety to choose from and with one phone call. Like other wholesalers, PTN rates are the same or sometimes better than those available directly from the resort, and with its services free to PADI Dive Centers and their customers.

Dive travel wholesalers pay commissions to dive centers on hotel and dive packages, and some, like PADI Travel Network, pay commissions on airfares booked through it as well. Wholesalers can provide dive centers with trip and destination brochures for in-store use. Usually, wholesalers visit the resorts they sell and consequently, can advise their customers as to which ones best meet their travel interests. Dive centers can use a prebooking survey to ascertain the needs of their customers (see suggested survey at the end of this chapter).

While some customers may request specific resorts for their dive vacation, the deciding factor is often the price (including airfare). Therefore, complete rate information is an important part of the information gathering process.

Surveys show that the quality of diving is the most important factor in choosing a dive travel destination. That's why it's important to obtain as much first-hand destination information as possible. Video is the next option if nobody on the staff is familiar with the destination. If no video footage is available, the travel wholesaler's color brochures are the third best option.

Selecting Destinations

Most dive centers have a variety of destinations to choose from in a given calendar year. This provides good opportunities for attracting as many divers as possible into the travel program. Every destination offers unique diving opportunities, and any diver can enjoy any one of these. It's not uncommon for dive centers to publish exotic dive travel schedules up to two years ahead of departure dates. This helps interested divers plan and budget ahead of time.

Local Travel Considerations

Obviously, destinations closer to home usually require less time and money to visit. Offering nearby travel options can draw a large number of divers into dive travel gradually, while keeping them active. Local trips require less time and money, making them attractive to many divers.

With a little creativity, a local lake, quarry or river can become a dive travel destination. Building a holiday weekend around local specialty training, and integrating cookouts and picnics can create a positive group travel experience. What constitutes a dive travel destination will vary according to a store's location, but in any case, divers want new dive experiences regardless of location, and the dive center benefits by providing them.

Distant Travel Considerations

While local options may require a little creative marketing, more exotic locales have ready-made appeal. For new divers and first-time dive travelers, an exotic dive vacation may mean taking their first trip out of the country, making their first dives in the ocean, or making their open water training dives. Group travel may comfort these travelers, especially if someone they know and trust leads the group and makes sure everything goes smoothly. Even experienced travelers may prefer to go with a group to avoid the hassles of making their own arrangements.

Exotic locales have unique features that lend themselves to training, which may be an optional add-on for the trip. A recent PADI survey shows the most attractive specialty courses are Wreck Diver, Underwater Photographer, and Night Diver – three easy specialties to teach in a variety of destinations.

Since distant travel requires more time and money, it's important to schedule well in advance. For many customers, time is more valu-

able than money, thus they need plenty of notice to make travel arrangements. Often those who have the time to travel don't have the money and those who have the money don't have the time. With the right combination of destinations and options, dive centers can find a reasonable middle ground for everyone. Once divers register for a particular trip, it's easy to sell their friends and buddies, which helps sell the destination, no matter how exotic.

Running Dive Trips

Dive centers must establish pricing and payment policies before selling group trips effectively. Individual resorts or travel wholesalers can provide rate information, and many wholesalers will handle airfares for many destinations. A dive travel wholesaler is the most efficient source of information, and could conceivably provide everything a travel planner needs to book a year's group travel. If using a wholesaler to purchase flights, the specialists handling the booking can advise dive centers on the best connections and arrangements for particular group or custom travel needs.

Usually, booking space for a group trip involves paying a deposit to the resort, and possibly to the airline, to hold the space. Deposit and balance due dates determine the payment schedule. The same is true of individual bookings, which usually require a deposit for each person. Deposits are usually due within a few days after the booking date, while balances are due within a few days before the departure date. Many deposits aren't refundable in the event of cancellation, or only a portion may be refunded.

For group tours, selecting dates and booking space as far from departure as feasible guarantees the arrangements. Dive centers, however, should avoid making nonrefundable deposits to airlines or resorts until they receive customers' deposits for the trip. With enough lead time, it's possible to sell a trip and take customers' deposits before the store is required to pay a deposit to hold the space.

The trickiest times of the year for group bookings are around holidays, when travel demand is high. These are very popular times to travel and unless a group commits and deposits far in advance, the chances of space availability are minimal. Picking dates and beginning the selling process early on are crucial to make early deposits. For holiday travel, it's a good idea to work as much as one year in advance to get customer commitment since it's harder to reserve

airline seats.

Wholesalers and resorts sometimes have set terms and conditions, including deposit requirements, payment schedules and assorted charges for late fees and changes to trip itineraries. Both group and individual travelers need to be aware of these terms and conditions, which apply to them should they cancel or change their plans after making a payment.

Several wholesalers have waivers and statements of understanding that dive centers must provide to their customers when they book a trip. Some dive centers adopt a close-language version of the statement of understanding to ensure their customers understand and sign on all the terms and conditions. This helps protect the dive center in the event of a customer's cancellation or injury, and clarifies customer responsibilities.

A dive center can assure its customers by offering trip cancellation insurance. For example, PADI Travel Network offers insurance to divers on trips booked through PTN. This insurance covers a number of emergency situations, including cancellation, interruption and baggage loss or delay. It is reasonably priced, and in the event of an unforeseen problem, takes the responsibility for refunding the customer's money away from the dive center and places it with the insurance company. If the dive center has its own waiver, it's a good idea to require a signature that indicates the customer is aware of trip insurance and has chosen to purchase it or to waive it.

Group Tour Conducting Skills

Once divers sign up for a group dive trip, they want to feel like part of a group. The responsibility to meet, and hopefully exceed their expectations, falls on the group leader long before the departure date.

Preparing a staff member to be a group leader is a little like training a recreational diver to become a divemaster; the role requires going beyond concerns for personal diving enjoyment to assuring the safety and enjoyment of customers on the trip. Instructors are often the best qualified individuals to be group leaders because they possess the required supervisory and observation skills. Group leaders aren't just instructors who go on a free trip; they're dive center staff delivering a product that customers have purchased. Assuring customer satisfaction with the product is the group leader's primary role.

A group leader gathers good information whenever possible. Anticipating customer questions and providing early answers gives the group leader credibility. Most dive travelers, especially new ones, want to know as much about what to expect as possible. If a group leader can't answer a question immediately, he should do some research and get back to the customer promptly.

While a dive trip usually focuses on diving, some travelers are interested in topside activities as well. A group leader can find out from wholesalers and other sources what other activities besides diving might be available at a resort, and pass that information on to the group. Much of what it takes to be a good group leader is a charismatic personality and experience. However, for a new group leader, the best training is obtaining information and communicating with the group as much as possible. The group expects the leader to be an expert, and when he doesn't know the answer to a question, he should say so, and find the answer.

Group leaders should be assigned as soon as a trip is marketed. Several dive centers have had success using personal invitations for customers to join, usually in the form of a phone call. For store staff who are also instructors, the divers they've certified in the past year or so and their current students are excellent candidates.

If it's a safe assumption that divers want to go on dive vacations, then the dive center has to discover the right incentive to bring a customer on board. Personal invitations go a long way, especially from influential individuals, such as instructors. The group leader needs to do as much to sell the trip as possible, along with the equipment and education to accompany it.

Dive centers use a variety of methods to pay group leaders – sending the leader on a trip and covering all his expenses is one option. This, however, may not always be possible, and the group leader may have to pay some expenses. Most resorts offer a free space with group packages, which can be used for the group leader.

Airfare can be a trickier issue since not many airlines offer free spaces (though some do). If the group leader has to pay his own airfare, he can reduce his expenses by selling training on the trip. A dive center may pay the group leader's airfare and make him responsible for the rest of his expenses.

The arrangement may vary on each trip depending on the commission rate or numbers required to earn free space. Whatever the arrangement, it's advisable to contract with group leaders much as

the dive center may with instructors, defining the terms of the agreement and putting them on paper. If the group leader is also a dive center employee, both parties should agree on wages and whether the group leader is paid or not during the trip.

It's a good idea to have a pretrip meeting at the dive center a couple of weeks before departure. This ensures everyone in the group has the proper information and equipment for the trip. Another good idea is offering a group pool session for skill reviews and equipment tryouts.

It's important to call the airline a day or two before the departure date to confirm flight times and reservations. When deciding what time to meet, it's wise to allow enough time for tardiness and unexpected delays by meeting early (a minimum of two hours before departure). The group can use this time for meetings and introductions.

The group leader also solves problems as they arise at every step of the trip. These may arise at airport and custom terminals, ground transportation terminals, hotels/resorts, dive boats and even restaurants/bars. Unexpected problems are usually solved with a combination of social skills and good communications. Respecting cultural traditions and adapting to the surroundings and available amenities is part of a dive trip's realities.

A dive leader can help himself by researching the destination beforehand and preparing travelers to expect certain conditions, such as reduced telephone and hot water services. Tour conducting is something of an art, balancing supervision with observation. The goal is to help things go smoothly, not to fret about entertaining the group every minute. It's perhaps best for the group leader not to worry much about group members who refuse to participate with the group's activities. It's better to give them their freedom, while keeping them informed — after all, they're on vacation, and they can do what they want if it's within reason.

When the diving starts, the group leader can coordinate with the dive boat crew on the first day to ensure a smooth transition for everyone. It's usually best to leave the predate briefing and area orientation to the local divemasters/experts, while informing them of the group's experience and requests.

The group leader can make leading easier by leading by example. He should ask the group to be considerate of other divers on the boat, and after the dive, he is the group "cheerleader," talking with

individual buddy teams about the dive, discovering any problems and sharing the experience.

When it's time to head for home, the group leader should call to confirm flights 72 hours from departure. This is especially important for international flights where flight times and numbers can change regularly. Group leaders should take airline regulations regarding what time to be at the airport very seriously. It's one thing to be stranded with a single traveling companion, and another to have a flight canceled when accompanied by 10 or more divers ready to go home. Most potential airline problems may be solved in plenty of time to make the flight if the group arrives at the airport well ahead of departure.

It's a lot of fun to reunite the group a week or two after returning home to share pictures and reminisce. Dive centers with an active travel program may consider scheduling post-trip meetings with one group at the same time as a pretrip meeting with another. This generates a lot of excitement and if done on a regular basis, can evolve into a dive travel club.

When combining two groups, it's best to start the pretrip meeting first. Inviting those who were on the previous trip to come later allows the pretrip group to enjoy the post-trip party and promotes upcoming trips and group travel in general.

The most recent group travelers need to be added to the phone tickler file mentioned earlier so the dive center can help them start planning their next dive travel adventure. The group dive travel experience is the product; that experience stays with the customer long after he returns home. The dive center needs to give him another one to look forward to.

Catering to Snorkelers

Snorkeling has always been a favorite warm water and travel activity. The dive center is the perfect place for snorkeling customers to come for professional advice, quality equipment, and travel services. Some dive centers miss out on the growing snorkeling market because they treat snorkelers with less attention, unless the snorkelers are interested in learning to scuba dive. While some snorkelers may be potential scuba divers, dive center staff should not try to push snorkelers into scuba. However, if a dive center is already catering to snorkelers and advertising to them for training and equipment buying, then *travel* is a natural step.

Offering a snorkeling trip that includes an optional Discover Scuba Diving experience is a great way to introduce the interested customers to scuba without alienating the ones who aren't. Local snorkeling possibilities are easy to overlook; the shallow areas of a nearby quarry or jetty can provide some great opportunities for introducing the underwater world to beginners.

Marketing snorkeling trips to families is a good idea since younger children can also snorkel. Parents who are scuba divers may have children who aren't, and a snorkeling trip allows them to take the kids and participate together. Many locations that have good snorkeling sites also provide excellent scuba diving. While it's not out of the question to combine scuba divers and snorkelers on one trip, snorkelers as a separate group represent a very lucrative market that deserves careful consideration by the dive center.

Whether or not a dive center offers trips specifically for snorkelers, they will continue to travel, and people will still learn to snorkel while on vacation. Local travel agencies can be great places to promote snorkeling classes and equipment with fliers, brochures and business cards. Associating the dive center with quality snorkeling services in the traveler's mind can bring in more business. Agencies are understandably hesitant to provide customers with competing travel services, so travel agencies may be used to promote snorkeling to travelers. Dive centers can also include snorkelers in the planning, keeping in mind that they're travelers, too.

Offering Custom Travel Services

Offering custom vacations to individual dive travelers can be lucrative without being overly time consuming. With individual travel services, the dive center has an excellent opportunity to provide a needed service to its customers and generating more profit from these services. Offering custom dive travel services is possible on a couple of different levels, so dive centers need to decide how much effort is needed and whether there is staff available to handle the demand. Whichever level is selected, the key to success is making the custom travel planning process as efficient as possible.

The least demanding way is to offer the services of a wholesaler directly to the customer. The dive center makes money on commissions when its customers book with the wholesaler. PADI Dive Center customers can call the wholesaler directly and the wholesaler sends

the dive center a commission check. This arrangement allows the dive center to offer custom travel just by providing customers with the wholesaler's brochures. The wholesaler will confirm the trip with customers and encourage them to visit their dive center with reminders printed on the invoice.

The only drawback to this option is that it leaves a lot of room for the customer to book with another wholesaler, or directly with a resort he might have seen in a magazine. Therefore, before working with potential dive travelers, planners arm themselves with as much information as they can gather. It's best to pick several of the more popular spots and a couple of resorts in different price ranges and concentrate on those.

The planner can provide the brochures, and go over them with the customer, and gather information about where he might like to go and when. The travel planner calls the wholesaler, obtaining the information requested by the customer and books his trip for him.

Travel wholesalers' brochures are very useful in educating and informing shoppers who don't know much about dive travel. PADI Travel Network's *Dive Traveler*, for example, describes the resorts, the rate structure, and the special features for each destination. Spending a few minutes with the uninitiated to show them how to read the brochure and make two, or at most, three strong recommendations may be all it takes for the travel planner to get a booking.

This doesn't mean that the dive center cannot also meet the needs of customers who request destinations not on the list. With a little research and good information from travel wholesalers, dive centers can provide all of its customers' travel requests.

Travel arrangements include providing dive travel insurance information, which may be provided by the wholesaler. Wholesaler's errors and omissions insurance, as well as dive center and resort insurance, can double insurance requirements when booking travel.

Taking on customized dive travel duties at this level requires commitment, and travel planners can use every resource available to them. The rewards of a successful custom travel program are worth it, and loyal dive travel customers represent a significant source of dive center income.



Tell us about your trip!

Thank you for traveling with PADI Travel Network. We welcome your comments and will use them to evaluate and improve our services. We will also share this information for improvement with the resorts and dive operators we represent.

Fax: (949) 267-1256

Dates of travel: _____ Name of Airline: _____

Name of hotel/resort/liveboard: _____

Name of dive operation: _____

1. How did you find out about PADI Travel Network? (Choose all that apply)

- Friend/Family Member
- Brochure Dive Traveler
- Traveled with us before – number of times _____
- Dive Store/Resort – name & location _____
- Other Website – name _____
- Advertisement – where _____
- Other – please specify _____
- padi.com website
- Instructor or Divemaster

2. What influenced your decision to choose PADI Travel Network? (Choose all that apply)

- Price
- Reputation
- Destination/Resort/Diving Selection
- PADI Affiliation
- Staff Expertise
- Past Experience
- Word of Mouth Recommendation

3. Please let us know about our services. (5=Excellent, 4=Good, 3=Average, 2=Fair, 1=Poor, N/A=Not Applicable or Not Used)

	5	4	3	2	1	n/a
Telephone calls and emails answered promptly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Consultant's knowledge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Consultant's professionalism	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Information provided	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Response time to your questions or needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall value we added to this trip	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. Would you book a trip with us again?

- Yes No, why not? _____

5. Would you recommend PADI Travel Network to others?

- Yes No, why not? _____

6. PADI Travel Network consultant's name _____

7. Please let us know about the dive operator or liveboard boat & staff.

(5=Excellent, 4=Good, 3=Average, 2=Fair, 1=Poor, N/A=Not Applicable or Not Used)

	5	4	3	2	1	n/a
Friendliness/helpfulness of dive staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Staff's skill and knowledge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Attention to safety & environment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Condition of dive boat	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of boat for diving conditions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of onshore facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Value for your diving dollar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Would you recommend this operator to others?	<input type="checkbox"/> Yes <input type="checkbox"/> No					

Liveboard only:

	5	4	3	2	1	n/a
Quality of food	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quality of accommodations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8. Please tell us what you liked or didn't like about this dive operation or liveboard:

9. Please let us know about the hotel or resort.

(5=Excellent, 4=Good, 3=Average, 2=Fair, 1=Poor, N/A=Not Applicable or Not Used)

	5	4	3	2	1	n/a
Friendliness/helpfulness staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-dive facilities (pool, gym, etc)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cleanliness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comfort of room	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Suitability for your needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quality of restaurant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Value for your dollar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Would you recommend this hotel/resort to others?	<input type="checkbox"/> Yes <input type="checkbox"/> No					

10. Please tell us what you liked or didn't like about this hotel/resort:

11. Please let us know about the airline service.

(5=Excellent, 4=Good, 3=Average, 2=Fair, 1=Poor, N/A=Not Applicable or Not Used)

	5	4	3	2	1	n/a
Flight availability & scheduling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Value for your dollar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Safety	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comfort	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Food & drink	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Would you recommend this airline to others?	<input type="checkbox"/> Yes <input type="checkbox"/> No					
Did PADI Travel Network book your flights?	<input type="checkbox"/> Yes <input type="checkbox"/> No					

13. What is your age? _____ **14. Number of dive vacations you take per year?** _____

14 a. If applicable, where have you taken dive vacations in the past year? _____

15. Number of dive vacations planned in the next 12 months? _____

15 a. If applicable, where will you take your dive vacations in the next year? _____

16. Dive gear?

- Own Rent Own some/rent some

17. What is your diving skill level?

- Beginner Lower intermediate Upper intermediate
 Advanced Professional

Optional

Name: _____ email address _____

City _____ State/Province _____ phone number _____

May we contact you for permission to use your comments? Yes No

(sample only)

PADI TRAVEL NETWORK TOUR EVALUATION QUESTIONNAIRE

Thank you for traveling with PADI Travel Network. Please take the time to reflect back on your dive vacation to answer the following questions. Your response to these questions will enable us to monitor the service you received and continue to provide the dive travel vacations that PADI Travel Network travelers expect. By completing and returning this questionnaire, you become eligible in the PADI Travel Network annual drawing for a **free five-day/four-night trip for two, including air, hotel and diving.**

Please evaluate *Dive Traveler*. Was it easy or difficult to read? How many other people read your copy of *Dive Traveler*? _____

Comments _____

Was the resort description and diving accurately portrayed?

Yes No If not please explain _____

Please rate the following aspects of your tour:

	Excellent	Good	Fair	Poor
Overall enjoyment of your vacation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Domestic Airline (please specify name)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Delta <input type="checkbox"/> Eastern <input type="checkbox"/> Other _____			Date of Departure _____	
International Airline (please specify name)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____			Date of Departure _____	

Please comment on overall airline service _____

Hotel/Condo/Live-aboard name _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hotel/Condo/Live-aboard name _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Service provided by hotel/condo/live-aboard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cleanliness of accommodations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Was staff courteous? <input type="checkbox"/> Yes <input type="checkbox"/> No				
Service provided by dive operation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quality of rental dive equipment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appearance and cleanliness of dive operation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quality/cleanliness of dive boat(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Professionalism of dive staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quality of dive sites	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Would you recommend this dive operation to others? Yes No Why? _____

Service of transfer companies/local hosts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Where did you hear about PADI Travel Network?	Why did you select a PADI Travel Network vacation?			
Check as many as apply.	Check as many as apply.			
<input type="checkbox"/> Dive store recommendation _____	<input type="checkbox"/> Price			
<input type="checkbox"/> Instructor's, Assistant Instructor's or Divemaster's recommendation	<input type="checkbox"/> The Resort is affiliated with PADI			
<input type="checkbox"/> Friend's recommendation	<input type="checkbox"/> Type of diving available			
<input type="checkbox"/> <i>Dive Traveler</i>	<input type="checkbox"/> Amenities available (kitchens, tennis courts, golf, etc.)			
<input type="checkbox"/> Advertisement: where? _____	<input type="checkbox"/> Location of hotel/condo/live-aboard			
<input type="checkbox"/> Traveled with PADI Travel Network before	<input type="checkbox"/> Other, please specify _____			
<input type="checkbox"/> Did this trip meet your expectations? <input type="checkbox"/> Yes <input type="checkbox"/> No If not, please explain _____				

This is my _____ dive vacation with PADI Travel Network. Will you travel with PADI Travel Network again? Yes No

Comments _____

Please specify your age category. 18 or under 19-24 25-34 35-44 45-54 55-64 65 or over.

Please indicate your approximate yearly household income.

\$15,000 or less \$15,000-\$30,000 \$30,000-\$50,000 \$50,000-75,000 \$75,000+

You may may not publish this evaluation. You may may not use my name.

Telephone Number (_____) _____ Signature _____

FORM NO. 0197T

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Six

Advertising, Public Relations and Marketing

“If the circus comes to town and you paint a sign to announce it, that’s advertising.

If you hang the sign on an elephant and parade it through town, that’s promotion.

If the elephant tramples the Mayor’s flower garden, that’s publicity.

If you can get the Mayor to laugh about it, that’s public relations!”

This humorous advertising adage provides a good explanation of the relationship between the various elements of promotions, advertising and public relations. This chapter looks at why store image is important, and what that image means to the bottom line.

New customer acquisition

The lifeblood of any successful dive center is its customers. Where do customers come from? The answer to this is the sum of the parts of the dive center’s image.

To acquire new customers, and establish a customer base, the dive center's management should decide who the store wants as customers. If the image is "lowest prices in town," the sales staff should be prepared for customers who look for a deal. In this case, the dive center must have a very good grasp of fixed and flexible business costs, or the lowest prices in town can be disastrous.

Realistically, it often takes hours to find out exactly what products or services are best-suited for a customer, and discount centers cannot afford this level of service. The price of goods and services must cover the time involved to make the sale and provide the gross profit margin the dive center needs to prosper.

If the image is "best service in town," there will still be those customers looking for a deal, but the expectation of what is a "deal" will differ. This type of image also brings in those customers who aren't price-driven, but who are interested in all the things that make being a dive center customer a pleasant experience.

These are customers who are excited about their hobby, and the dive center should thrive to reinforce their enthusiasm. They expect to walk into a clean, well-maintained and well-merchandised environment. They also expect a sincere and knowledgeable sales staff who are truly interested in meeting their needs. They become repeat customers, and tell their friends about the great service at the dive center, which helps acquire new business.

Maintaining Existing Customers

Once a dive center establishes its image, consistency is the key to maintaining existing customers. While one advantage to a small business is the ability to respond quickly to change, repeat customers appreciate knowing what to expect when they do business with any store. A lot of hard work goes into creating an image, and as much goes into maintaining it. Customers are comfortable when they can predict actions and events, and comfortable customers are happy customers. Happy customers spend money and return with their friends and family. The wise dive center manager considers these facts when making decisions that can affect the store's image.

Choosing a Market

One of the most common miscalculations made by new dive center owners is not deciding what market segment to target. The idea of "everyone" being in the customer base is simply not feasible. A dive

center cannot carry all lines of equipment, offer travel to every possible destination, and provide every type of training and do it well. Looking at how nondive businesses select a market to target illustrates the principle.

In most cases, a jeweler who offers custom design doesn't offer watch repair. Likewise, an art gallery doesn't sell paint-by-number kits. These may seem like extreme examples, but the point is a retail dive center is a specialized business; to succeed, it must identify and define its customer base, then aggressively pursue that base with its programs, products and services.

An "identity check" every year or so is a good idea because the staff should reevaluate the dive center's image, direction and goals periodically. For example, if the business plan was created on a customer base that came from large manufacturers in the area, and that customer base declines because of economic factors, then a management should reevaluate the future of the dive center.

If the existing customer base becomes unstable and unable to support the dive center, management has to adapt to these changes as well. These adaptations can range from a shift in the products offered, to relocating the dive center. The dive center has to operate as a dynamic entity in a dynamic environment. The only constant in business is change, and the only way a business survives is to change. The dive center cannot control many of the factors that cause change, but it can control its response to these changes.

Deciding Which Customer Types to Cater to

How does one decide which customer types to cater to? The answer requires a little research, but it's not very complicated. For example, are there any special populations in the market? Suppose there is a significant academic community based at a local college or university. This type of customer base is transient, and there are seasons when there are significantly fewer students on campus than others. The typical college or university population doesn't have as much disposable income as some other nonstudent customer bases.

To serve this type of customer, the dive center would recognize the limited resources of this base and merchandise accordingly. There would probably be more equipment rented than purchased in this market, so the dive center may need to put more energy and resources into a well-stocked rental program than into equipment for

sale inventory. This type of customer base may also support a stronger continuing education program and local diving opportunities.

The travel program would consider school breaks and market low to moderately priced “spring break getaway dive vacations.” The dive center would make sure all college or university customer’s home addresses are on the database for trip and sale flyers, so parents and other family members are aware of what the dive center offers.

A dive center located in a high technology industry area would develop programs to suit a different type of customer base. The considerations may include a more extensive travel and continuing education program, including some of the more exotic dive travel locations. The continuing education program might include more of the hands-on specialties, and these specialties would be available on group travel programs. Establishing a travel videotape library could help promote the travel program; it could also be used for presentations at dive club meetings, or when setting up individual or special small group travel.

The product mix in the dive center should also reflect the difference in clientele. The interests and needs of a “high-tech” customer base differ from those of the college or university group. The former group probably requires a higher level of service and equipment, and is less price conscious than the latter.

Identifying the Customer

How does a dive center go about identifying the target customer?

Dive center sales staff may wrongly judge a customer by appearance. The prudent dive center salesperson will meet the customer’s needs, not by making assumptions about what the customer can afford, but by asking about the customer’s needs and suggesting products and services that meet them.

Mainstream Advertising

After defining the dive center’s image, the next step is getting the word out to those people defined as the target customer base. Customers derive their image of a dive center from what they read, see and hear.

Print

In most areas, advertising the dive center starts with the telephone book, not because it's the most important, but because every other dive center will have an ad in it, and many customers will call all the dive centers listed. The task is to determine how much of the advertising budget to dedicate to this form of advertising.

Which dive center a customer chooses to visit will not likely be based on the size of the ad, but the impression of the dive centers called. Telephone book advertising should inspire shoppers to call, rather than try to tell them everything they need to know about the store. The ad should include contact information, but be simple and easy-to-read. Devote more of your advertising budget to other, more targeted media that give the store's name and image market recognition.

Other forms of print advertising are newspapers and periodicals. How much of this type advertising you choose to do depends upon the market and available publications. Print ads in local daily newspapers may be the best mediums to feature price-and-item advertising, as well as special sales events. While daily newspapers reach large numbers of people, the dive center has to determine whether this market includes a significant portion of target customers. If not, there may be smaller periodicals distributed to a certain geographic or demographic market segment that would reach more of the right people for less cost. Becoming familiar with the different publications available in the area is important to making the right decisions.

A third form of print advertising is a sure thing for dive centers: a monthly newsletter mailed directly to store customers and handed out in the store. The store's newsletter is a form of direct mail advertising and should be treated as such, with special attention to timeliness, content and budget. It is the most dependable advertising outlet the dive center has because the dive center controls exactly who it goes to. A dive center may have regular customers who visit the store every week, but many more who don't get by as often. Communicating with the existing customer base on a regular basis reminds frequent shoppers about diving and your dive center.

Television and Radio

When a dive center starts a radio or television campaign, it's important to remember that the audience may be hearing or seeing the dive center's name for the first time, so it may be wise to use these

media for image promotions rather than to announce sales. An image campaign should sell the fun and excitement of diving, while identifying the dive center as the place to call or visit for details.

The process of advertising on radio or television begins with contacting the sales representative at the stations in the dive center's area. Often, these reps will already have solicited the dive center, so finding them won't be hard. The best resource in planning a successful advertising campaign is information, beginning with researching a variety of stations before the buying starts. Having a budget and target audience helps when gathering information from media reps.

The first thing to do in researching what stations to consider is asking customers what stations they listen to or watch and when. It's easy to insert a few questions into existing customer surveys to get the information needed. Remember not to pick stations because of personal choice, or the ones that are most popular, pick the stations your customers listen to.

After selecting stations, their sales representatives assist the dive center's media buyer by helping him plan a successful schedule. Reps can provide good ideas for getting maximum exposure for the store's advertising dollars. In this relationship, the dive center is the customer and should expect the same customer service level as it provides its customers. The media planner should ask questions to ensure the media purchase meets the dive center's needs and reaches its target market.

Cross Promotions

A cross promotion provides dive centers with a low or no-cost opportunity to tap into another business' customer base. Some of the most successful cross promotions used by dive centers are with fitness centers or swim clubs. Generally, the people who frequent these facilities are prequalified dive center customers – they lead active lifestyles, enjoy the social aspect of the club atmosphere and have the discretionary income to participate in recreational activities.

By providing a Discover Scuba Diving experience to health club members, for example, the dive center can usually round up a group of ready-made student divers. In return, the health club might be allowed to place coupons in the dive center, offering a special trial memberships to dive center customers. This type of cross promotion can have long-term benefits, especially when dive center staff

are health club members who are seen there regularly. Offering the health club staff scuba certification can further solidify the relationship.

Cross promotions with any number of businesses and organizations can be effective, but teaming up with other recreation or travel groups offers the best chances for mutual success. Dive centers should only embark on cross promotions that are mutually beneficial, and decline those that are of no use for it from a practical or public relations point of view.

In any case, cross promotions should be kept simple, and all agreements concerning services provided by each facility should be in writing. Once the commitment is made, the dive center staff needs to familiarize themselves with the promotion and to prepare for the response. Given time, cross promotions can be the dive center's best means of new customer acquisition at minimal expense.

Public Relations

Public relations (PR) is not only how a business handles customer problems or complaints; it's also how that business is perceived by others.

Good PR takes many forms. It may not seem that talking at local elementary schools does much for the dive center's business, and it may not — over the short term. However, this type of program generates tremendous goodwill that lasts for years. Elementary age children are fascinated by diving; they grow up into potential customers; their parents and teachers are already grown up and are potential customers, and the cost for reaching this group is just a little time.

All kinds of local clubs and organizations need speakers and programs, and there's no reason the topic can't be scuba diving or related topics, such as local aquatic life, shipwrecks, etc. Chambers of commerce list these groups with contact names. It's easy for the dive center to take the show on the road and get some good word-of-mouth going in the community. After obtaining a few speaking engagements, the groups may start calling the dive center to request a speaker. After that, it's easy as the dive center becomes known as a source for anyone looking for dive information. Accepting local speaking engagements is good PR, but it's also very effective advertising. Giving the dive center a name and a face goes a long way in getting new customers in the door to try scuba.

Besides speaking to groups, public relations also includes community involvement. If the dive center ties itself to a charity organization and gets involved in its activities, then there can be a lot of opportunities to contribute to a good cause and to the public perception of the business. In a coastal area, beach cleanups and coastal preservation groups are natural choices. Inland, the dive center may choose a group completely unrelated to diving. Here dive centers can make a difference in their community, adopting a charity group and providing support, while gaining attention for both the charity and the dive center. The goal is to enhance the dive center's image throughout the community, so that when anyone thinks of scuba, the dive center comes to mind first.

Special Events

Special events don't have to be sales events, but a sales event could be held at the same time as a special event to enhance the effect of both. A special event sponsored by the dive center can be anything from a Project AWARE cleanup, to a film festival, to an underwater Monopoly game for charity. It's easy to see how advertising, promotion and public relations can combine in the same effort; successful events contain elements of all three. Dive centers can either create their own events or look for ways to tie into events that already exist and get into a cross promotion. Staging a well-promoted event at the dive center can generate more business in the long run than a traditional sales event.

Dive Clubs and Others

Every dive center should sponsor a dive club as an integral part of the dive center's offerings. If the club is run by the dive center's staff and management, it's a good idea to ensure that the club's main officers are store staff members, and not elected at large from the membership. This keeps the dive club from becoming a source of competition for the dive center.

The club gives the dive center an excellent opportunity to highlight upcoming dive travel and continuing education, and also gives club members a forum for showing slide or video presentations. Some dive clubs also invite speakers from the community, such as the police or rescue squad dive team, or a local physician to speak on diving fitness.

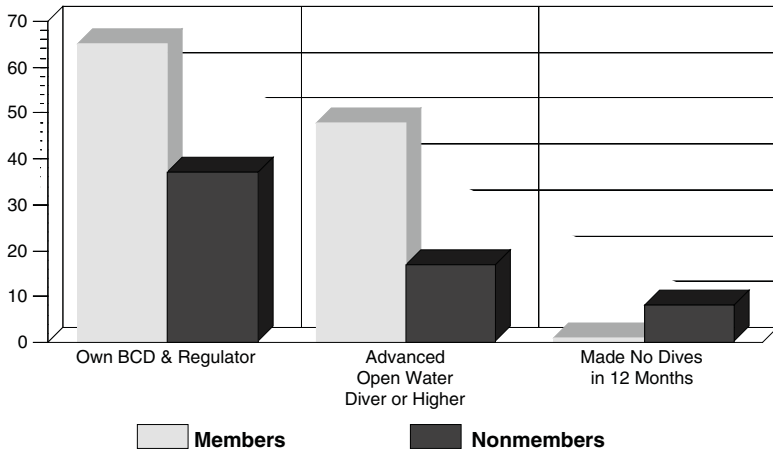
The dive club's goal is to provide a social atmosphere to promote the dive center's activities, and provide club members with useful information. It also serves as a promotional tool for the dive center and should be given the same attention as other promotional efforts. At the same time, it provides valuable information and enjoyable social activities for the club's members.

The PADI 1992 New Diver Benchmark Report showed that dive club members own more equipment, pursue higher diver education, and are more active than nonmembers. (See Table 6-1.)

Developing a dive center's advertising, public relations image, and marketing strategy is an exciting part of owning or operating a business. The creativity of the person or people involved is what makes promotional campaigns successful or not. There are no wrong or right answers, there are only the ideas that work or don't work for the dive center or resort. These ideas will do more to establish the identity of the dive center or resort, and set it apart from its competition than selling different manufacturer's equipment lines.

Table 6-1

Dive Club Members vs. Nonmembers



Source: "The PADI 1992 New Diver Benchmark Report"

Seven

Dive Center Physical Operations*

Operating a dive center involves much planning and expenditure, and once the doors open and business is under way, it's important for store managers to plan for tasks that make the operation run more smoothly. First, the staff should keep the sales floor in good order and the displays fresh. Behind the scenes, the staff should maintain the compressors and rental department and ensure its smooth operation. A dive center that has an on-site pool and boat has an even larger maintenance burden.

Defining the duties and setting up a schedule for each job helps keep the dive center staff on track and the dive center's business up and running. Clean carpets and clean air are equally important to the dive center's ability to meet customers' needs. In short, the staff should have a plan for day-to-day operations, and should implement this plan.

** The resort chapter of this book addresses resort physical operations.*

Day-to-Day Dive Center Maintenance

The store's appearance requires the most daily maintenance of any aspect of the dive center. Each day should begin with the staff entering the dive center through the same door the customers use and looking at what customers see. It's a popular adage that a person has only one chance to make a first impression; the same is true for the dive center.

Store managers should devote some free time for research and shopping in different areas. Shopping malls, specialty shops and even grocery stores create consumer appeal in a variety of ways that dive centers can emulate. When visiting a shopping mall, managers should ask themselves what's attractive about a particular store; once identified, those features may be adapted to the dive center.

All the classy advertising and media coverage can't help a business that disappoints the customer at the point of sale. Often, maintaining an image is as easy as keeping the store's environment clean and appealing, and it doesn't necessarily require a lot of money.

While most dive center staff members don't need step-by-step instructions on how to run a vacuum cleaner, some may act as if they've never seen one if no one directs them to use it. The manager should list the store's cleaning chores. If there are doubts about frequency, then daily is a safe assumption. It's important to maintain the outside appearance as well, since image begins as soon as customers pull into the parking lot. This may require sweeping the front walk and picking up trash every morning.

"Out of sight, out of mind" applies to dressing rooms, bathrooms and any other areas of the store that customers don't see until they enter it from the sales floor. These areas also require special attention on the chore list. The stock room, rental room, repair center and offices need to be neat and clean. While customers may not enter these areas on a regular basis, it is important that the staff can locate items easily to provide good customer service. A dirty restroom is offensive, and can offset the good impression of a neat sales floor. Therefore, the staff should clean it daily at least.

Trash cans need emptying daily, glass windows, cases and mirrors need constant attention, and the staff should keep the displays dusted and tidy. If the staff eats anywhere in the store, they should clean the area immediately. Scent plays a significant role in buyers' impressions and greasy food smells don't work in the dive center's favor.

The manager should schedule daily chores and rotate the duties so that everyone participates. The schedule should be posted in a prominent place, and the manager should ensure that the staff follow it before the store opens, or before everyone leaves for the night.

It's important for everyone on the staff to remember that every time a customer walks through the door, he gets an impression of the dive center and whom he's dealing with, all before anyone on the staff is visible. How customers react to the store's appearance affects everyone, and the whole staff should contribute to making a good first impression.

Throughout the work day, tidiness goes a long way toward achieving a favorable impression. The staff should return merchandise to its display immediately after sales presentations. They should also unpack product shipments daily and put them away. Keeping displays full and neat contributes to the overall impression upon customers.

Likewise, the staff needs to maintain its personal appearance. Some dive centers require staff uniforms or dive center shirts that identify employees quickly. A dress code in the employee handbook ensures that the store staff clearly understands how to dress for work. The staff appearance is just as important as the store appearance.

The Compressor System

Most dive centers have a compressor system, and although some may think of it as both a blessing and a curse, there is no denying its important role. The ability to fill tanks on demand is a necessity for many dive centers, especially those in areas where no other fill facilities exist. For dive centers that depend on their own compressor system, the compressor is the heart of the operation, and the store should maintain it diligently.

Regular compressor system maintenance generally includes changing filters and oil, and looking for trouble areas, much like other machines. Servicing a compressor system may be time consuming and expensive – the store may need to purchase parts and it may take hours to perform the necessary service. However, it is a necessary job, and one that must be performed on a regular basis.

Failure to do so can have serious implications for a dive center, since the compressor not only has to run dependably, but also to

produce quality air fills that won't endanger the lives of customers. Therefore, compressor maintenance is one job that the staff can't put off or postpone from its regular schedule.

The most efficient way to get the job done is to hire a professional compressor service technician to perform scheduled maintenance and assure quality air fills. When a dive center contracts for compressor service, generally the technician keeps up with the maintenance schedule, provides all the parts and filters, and may also provide an air quality check and certificate. This leaves the dive center with a single task: paying the bill. This outside service may be more expensive than having the staff perform compressor maintenance, but it takes the worry and time consuming aspects out of the equation.

Having a store technician service the compressor is the other and more economical alternative. This may be risky, however, if there is a tendency to let the compressor service run overdue, especially during busy times when the business needs the compressor the most. A staff technician keeps up with how often the compressor needs service, usually once for a number of hours of use. So, the more it's being used, the more often it needs service, and the busy season will require the most attention. Changing the oil and filters is fairly simple, routine maintenance. A complete overhaul and check-up of all moving parts may be something a professional technician should do.

Dive centers can obtain air quality analysis from a number of sources. There are effective services that ship test cylinders directly to the dive centers, where the cylinder is filled and returned for analysis. A certificate of air quality is then issued to the dive center, making the whole process easy and convenient. Regardless of the method, compressor maintenance is an extremely important aspect of dive center operation.

Enriched Air Systems

The growth in enriched air (nitrox) diving adds to the complexities of a compressor system. To many retailers, enriched air appears attractive because they can charge substantially more for a fill over normal compressed air. However, due to the higher oxygen content of enriched air, compressor systems need a higher degree of cleanliness, special filtration, special materials, and special support equipment. Thus, while the income is higher, so is the initial investment and the cost of operation.

Many of the considerations for an enriched air system arise from the store's desired involvement in enriched air and the methods by which the store will blend enriched air.

For example, a store that plans to supply only EANx32 and EANx36 may be able to purchase the enriched air premixed from an industrial gas supplier, eliminating the need to deal with pure oxygen. By using an oxygen-clean booster (Haskel), the store can readily fill enriched air tanks using its normal air supply to drive the booster. Systems like this can be operated simply with a moderate investment. The drawback is that it limits the variety of blends the store can offer, and the profit on fills may be lower.

On the other hand, a store that wants to make custom blends may need more complex equipment and an enriched air system cleaned and maintained to oxygen compatible standards, especially if blending will require handling pure oxygen. Such a system may require an oil-free compressor, special filtration and an oxygen compatible booster pump. Safely running such a system requires a higher investment and more extensive training for the operator. The advantage is the ability to offer customers the exact blend they want, and more gross profit per fill since the dive operation is the "manufacturer."

There are several methods for blending enriched air, with the technologies in flux at this writing. The simplest involves putting pure oxygen into dedicated oxygen compatible scuba or storage cylinders and then adding oxygen compatible air. Other systems use differential membranes and continuous flow mixing to create enriched air. These require more investment, but are preferred for safety and operational simplicity. They're also better suited for blending enriched air in significant volumes.

In considering whether to invest in an enriched air system, besides the local demand, the dive operator must keep these points in mind:

- Enriched air demands proper handling and analysis.
- Cylinders must be properly marked and dedicated to enriched air, and filling protocols must be followed exactly. These cylinders must be kept separate from normal air cylinders.
- Divers purchasing enriched air must analyze the fill and the store must document and maintain records of this.

- Enriched air systems require the specialized equipment already mentioned, plus oxygen analyzers, content stickers, and other items.
- Filling enriched air cylinders, and working on enriched air scuba equipment and enriched air fill systems all require special training beyond that required for conventional air stations. Those not trained and qualified must not be allowed to operate the system.

Finally, it's absolutely imperative that the dive operator realize that enriched air should be done properly, or not at all. Attempting to "get into" enriched air by blending oxygen with a conventional air system is very hazardous, and can result in fire or explosion. Improper blending can also be hazardous to the diver if there's a question about oxygen content in a fill.

The operator who believes enriched air is viable in the local market should make the investment for the proper equipment and training. Done properly, handling enriched air is safe, but done improperly it can be very hazardous.

Selecting a Compressor

To select the right compressor for a business, the owner or manager should ask these questions:

Q How many tanks will be filled per day?

Let's begin by using the following calculations – if there's a need to fill 11.15-litre/80-cubic foot (cf) tanks (11.15-litre tanks hold 2265 litres of compressed air), for example, and an estimated 10 tank fills per day, the compressor must pump approximately 22650 litres/800 cf of air per day (assuming these are near-empty tanks). Using a 141-litre/5-cf per minute (cfm) compressor without storage banks, it would take about 16 minutes to completely fill one 11.15-litre/80-cf tank. To fill 10 tanks or 22650 litres/800 cf, it would take approximately 160 minutes. A large 1132 litres per minute/40 cfm compressor, for example, would take 20 minutes to fill 10 11.15-litre/80-cf near-empty tanks.

283 litre per minute/10 cfm-compressor = 8 minutes per 11.15-litre/80-cf air fill (80 minutes for 10 tanks).

566 litre per minute/20 cfm compressor = 4 minutes per 11.15-litre/80-cf air fill. (40 minutes for 10 tanks).

1132 litre per minute/40 cfm compressor = 2 minutes per 11.15-litre/80 cf air fill (20 minutes for 10 tanks).

By using a cascading storage banks system, the 10 tanks may be filled in a fraction of the time needed to fill them using the compressor alone. While the compressor still needs to run to replenish the 22653 litres/800 cf of air depleted from the banks, you can run the compressor at more favorable times. Even if the banks can't fill the tanks all the way, you won't have to run the compressor as long.

Having a storage bank capacity equal to one day's air-fill needs is generally adequate. As demands increase, additional storage bottles may be added to the system to increase the capacity.

When deciding what kind of compressor to choose for a dive center, the buyer should consider the following questions:

Q What is the budget?

A good compressor system is expensive. Prior to figuring the cost of a compressor into a projected budget, it is a good idea to do some homework. Spending some time in determining compressor needs, availability and costs can pay off in the long run. A good compressor system can prove the most economical through less breakdown and upgrade costs.

Q What are the filtration costs?

A smart shopper will compare the different filtration systems and costs as well. Although small compressors and filtration systems are less expensive initially, the costs per air fills are actually much higher per air fill than the larger more expensive systems. Upon inquiry, manufacturers and distributors can tabulate the different costs and advantages of each size and system.

As in any business, competition drives compressor quality and pricing. Potential buyers can obtain prices and other information by contacting compressor manufacturers or their local dealers. Regardless of the purchase, it's important to seek good compressor training for all the dive center employees, and to ensure that the system is always safe and well-maintained.

Q Will I use this system for enriched air, either immediately or in the near future?

If "yes," then it makes sense to consider an oil free compressor. Such a compressor is significantly more of an investment, but is much more suited for blending enriched air.

Rental Equipment

Most dive centers rental departments are in constant use, and it's a rarity to find every item in the rental inventory in the store at the same time. Some dive centers use their rental equipment almost exclusively for teaching classes, others rent it out to any certified diver, but most dive centers count on the rental room to supply training needs and meet customers' rental needs.

How many regulators, BCDs, wet suits and other items should a dive center have in the rental department? Unfortunately, there's no magic formula. Most dive centers start off with the minimum and add to the rental inventory as the need arises. For an inland dive center that uses rentals primarily for teaching, the minimum may be the average number of students in an open water class; for a resort, it may be the average number the dive boats carry on a given day.

No matter how extensive the rental inventory, organization and access are the key concerns. The staff should clearly mark wet suits and BCDs as to size, sex, and identifying number. Many retailers use indelible ink markers and stamps to mark the inventory as well as iron-on patches. The patches look better, but can wear off quickly, so this may require some experimentation. Some manufacturers will sew colored patches onto BCDs and wet suits specifically for rental programs. The staff should also mark regulators, fins and any other rental items for clear identification. Marking the equipment in some way makes the rental process more efficient for customers, by saving employees time and effort.

As discussed in the Business Planning chapter, a point-of-purchase computer program may be the best system to keep track of the rental inventory. If one isn't available, the dive center should use some system to track its rental inventory.

Keeping the rental equipment in good working order is a never-ending job. Dive centers should keep this up to avoid an equipment shortage and a lapse in a crucial area of the dive center's services.

Regulators require the most time-consuming maintenance because each unit usually needs an overhaul at least once a year, or every six months if the equipment is used year-round. It's tempting to put this off, waiting for a slow time and service everything at once. Busy dive centers (hopefully) rarely have slow times, and they need an efficient system for servicing equipment regularly.

Putting rental regulators into the repair system along with customers' regulators keeps them from being out of service for

very long. While servicing rental regulators is hardly a direct money maker, neglecting service can have serious consequences for instructors teaching classes and customers on dive trips. Regular rental regulator service is like insurance.

Buoyancy compensators also require regular service to function properly. If the staff teaches students to properly rinse BCDs and requires them to do so at the end of each training session, they will develop good habits and help minimize chlorine damage to the BCD. However, not all divers practice what they learn in class, and many people tend to treat rental equipment more roughly than they would their own. Therefore, the dive center staff should regularly rinse and empty the BCDs, and check them for leaks and proper operation.

Dive centers should have a procedure for instructors to report malfunctioning or broken equipment they discover during classes, as well as a procedure for checking in rental equipment that includes damage inspection. Ideally, when customers pick up rental equipment, they should connect regulators and BCDs to a tank, test them together, then sign a rental agreement stating that the equipment is in good order. Upon their return, the dive center staff should check the equipment to ensure it's still in working order.

Just as regulators, tanks should come up for visual inspection in small groups so that the dive center doesn't run out of rental tanks. This also applies to hydrostatic tests, where there is a larger financial commitment when sending every tank in the house for testing. Sending a few tanks at a time every month avoids financial burden and tank shortages. Keep in mind that rental tanks may require more frequent inspections than customer tanks due to heavier use. It's recommended to properly train the staff as qualified visual tank inspectors by an accredited agency.

When renting tanks, procedures should include checking hydrostatic test and visual inspection dates on the tank before it leaves the dive center, to avoid the chance of a customer not being able to refill the tank at his destination, which may create an inconvenient and embarrassing situation for the customer, not to mention both dive centers involved.

When customers return tanks, the staff should check them for remaining pressure, since completely empty tanks need visual inspections before refills. Making sure customers are aware of that helps avoid problems; some dive centers charge the customer for a visual inspection when rental tanks come back completely drained.

Dive centers that offer enriched air will probably offer enriched air rentals. Enriched air cylinders and/or regulators must be clearly marked and segregated from conventional equipment. When someone rents an enriched air cylinder, the diver must show proof of Enriched Air Diver certification and then analyze the blend. The store must keep records of the analysis.

Enriched air cylinder rental can create complexities if the renting diver takes the cylinder somewhere other than the renter's operation for enriched air fills. Although certified Enriched Air Divers know that enriched air cylinders shouldn't be filled from conventional air sources, there's sometimes a concern that this could happen when the cylinder is out of the operation's control. Some operations analyze the contents of returned enriched air cylinders; if it contains air, the operation assumes it needs to be cleaned before returning it to enriched air service. Other operations only permit divers to fill enriched air cylinders at their dive center or resort.

It's important to keep service records on all rental equipment (conventional and enriched air), especially regulators, BCDs and tanks. If there's ever a maintenance question, records can demonstrate that the equipment was serviced at regular intervals.

Wet suits often take the most abuse of any rental equipment, so it's important that customers understand wet suit care when they rent one. While ideally every wet suit should come back clean, this doesn't happen often. Some cleaning instructions at the time of rental help, but good customer service may mean the staff, not the customers, clean the wet suits.

In addition to cleanliness, the staff should inspect wet suits closely for damage upon return, especially in the knee area and at the zippers. Most damage is unintentional and requires minor maintenance due to normal wear and tear.

Major damage is best handled on a case-by-case basis. It's a good idea to have a damage statement in the rental agreement, the wording of which may be determined by the type of diving most rental customers do. In any event, when someone discovers a split seam or damaged zipper, it should be repaired before the suit goes out again. Customers are less likely to take care of rental equipment if the dive center doesn't keep it in good shape.

To that end, rental equipment should not remain in service until it falls apart. If the staff maintains the equipment properly, the dive center should be able to sell it after a year or two of use.

Purchasing used rental equipment is a great way for divers on tight budgets to get into their first set of equipment. While most dive centers prefer customers to purchase new equipment, some customers won't, or can't afford it. The opportunity to purchase used equipment from a source they trust often gets customers to own equipment with mutual benefits to the dive center and customer. Once they purchase one or two used items, customers are more likely to buy new equipment to complete their equipment needs.

Some dive centers have successfully turned used equipment sales into full-blown events, including specials on new equipment as well. Once they own their own equipment, divers are likely to dive more, and eventually want new equipment. Dive centers may also consider taking the old equipment back as a trade to get these customers into new equipment. Handled carefully, selling used equipment increases new equipment sales, customer traffic and dive center income.

Merchandising

One of the best ways to make a positive first impression on customers is through the appearance of a dive center. Visual merchandising and displays convey a strong message to the customer, so it's very important to make sure they send the proper message.



*Visual merchandising and store layout are essential to business success.
Photo courtesy of Aaron's Dive Shop, Oahu, Hawaii.*

The basics of store layout is a good place to start – there should be an easily recognizable flow to the merchandise on display. All similar items, such as wet suits, dive skins, hoods and gloves should ideally be in the same display area. These items don't need to be on the same rack, but it's effective to place them in proximity to each other so the customer sees what goes together, and salespeople can easily recommend add-ons.

Displaying defog solutions near the masks, for example, along with replacement straps and mask storage cases prompts customers to buy these add-on items.

Once there is a basic store layout, the dive center can focus on individual displays. An effective merchandise method is displaying the merchandise the way customers will use it. Regulators, for example, may be attached to tanks and BCDs, just as they would in real life. This method provides customers with a realistic display, and prompts them to consider buying the whole setup.

Likewise, dive skins should make the customer think of a great diving vacation; plastic bags over them distracts customers with thoughts of dry cleaning. Hanging exposure suits by size or color (keeping the legs off the floor) creates a more comfortable and realistic shopping environment. Hanging two-piece wet suits together on the same hanger, layered in the same fashion as they'll be worn, makes it easy for the customer to see how the suit will look when he tries it on.



An effective mask, fins and snorkel display. Photo courtesy of Aaron's Dive Shop, Oahu, Hawaii.

A dive center that stocks dive wear needs a dressing room complete with a full-length mirror, sturdy hooks and seating. Suggesting a matching dive skin to every customer trying on a wet suit to make donning the wet suit easier also sells more dive skins.

One of the focal points for any well-merchandised dive center is the mask and snorkel display. Displaying masks next to matching snorkels creates an image that suggests using the products together. If space limitations prevent displaying every available color, display the most popular colors with signs indicating other colors available.

Depending on customer traffic, the staff can change the displays every month. Customers from one month's Open Water Diver course are prime candidates for the next Adventures in Diving program. Once certified, customers still stop by the store just to see what's new, so changing the displays helps keep customer interest.

If a display window faces the street or parking lot, the staff should pay special attention to its design. Display windows can be great "silent salesmen" for the dive center, especially when the store is closed. These displays can include colorful travel posters, mannequins with brightly colored equipment and accessories, and attention-grabbing products that put the store's image right out front.

Pools

Pools for dive training are central to a dive center's operation. There are many options for finding or building pools, but there's one constant: training pools need sufficient depth for scuba training (for a diver to submerge while standing). This leaves out shallow lap pools, which may be available at some clubs and apartment complexes (these, however, may be great locations for conducting Discover Scuba Diving promotions).

When looking for a pool site, the dive center's options include on-site pools, city pools, health clubs, YMCAs, apartment complexes and in some situations, private homes.

On-site pools are becoming quite popular with dive centers that have the space and the money to build them. Pools are expensive to build and maintain, but they add to a dive center's image and service, and eliminate dependency on other entities. Since they cost a lot to build, dive centers should consider using their pools as much as possible. The best use for them is many scuba courses, but other uses include swimming lessons, birthday parties and special events, such as underwater Monopoly or hockey.

Commercial pools, such as city-owned pools, are in many cases the largest, best-kept and deepest pools to use. Depending on the city and/or park, dive centers may rent these pools for minimal, or extremely high rates. Depending on needs and pool regulations, dive centers may negotiate an hourly or monthly rate, per session or per head rates are also available. YMCA and health club pools are also considered commercial pools. These commercial pools are usually regulated and kept to the highest cleanliness standards (chlorine, acidity, decks, changing rooms, etc.).

Depending on the city the dive center is in, these types of pools constitute the best options for conducting scuba lessons. Some small towns may not offer the same amenities, however, and it may be necessary to look for other options, such as residential pools. Although these don't portray the same professional image as on-site commercial pools, they can serve as training pools if they're deep and big enough.

Regardless of the pool it chooses, the dive center must ensure several things before using it. There's nothing less professional and frustrating than getting to a pool site and finding it closed. This isn't rare, due to the fact that many lifeguards are teenagers who may not have dependable transportation, or take their part-time work lightly.

It's wise to obtain a key if possible, and if not, always call in advance to ensure the facility is open. Obtain a number to call on weekends as well, since most city offices close on weekends. If the dive center is satisfied with a pool facility, it should consider getting a lease or a contract to keep the pool for some time, since without a contract, it may lose the use of the pool.

Legal considerations also apply to using any pool. All the instructors using the pool must add the facility to their instructor liability insurance as an additional insured. Dive centers should also add the pool facility as an additional insured since the dive center's product liability covers scuba equipment used for teaching classes.

Boats

Depending on a dive business' location, procuring boats may be unessential, or very necessary for success. Warm water resorts, for example, usually cannot exist without owned or rented boats. Inland dive centers, on the other hand, may not worry about renting or owning a boat, depending on geographic location.

Dive businesses normally need boats for several reasons, including day-to-day operation, periodical charters, and increasing services and profits. While a dive business may make money chartering boats, this can be risky business at times, requiring weather cooperation and outside services that may not be controlled by the dive center. To offer this service to customers and profit from it, the business owner has to use caution and good judgment.

Many resorts and dive centers use boats on a daily basis to reach their favorite dive sites. Many such operations use at least two boats since their livelihood depends on daily charters, and it's important to have an operational boat at all times.

There are many types of boats designed or ideal for diving; they vary depending on the region and size, but all need to be comfortable and practical for the activity. Boats with large deck space for suiting up, tank racks, gates/transoms for easy entries and exits are recommended for dive sites that require some travel. Compressors may not be essential on small boats or day boats, but are a necessity for multiday and live-aboard boats.

With some common sense and the right budget, a dive business operator can shop for a boat just as he would for any large item: compare the features and benefits and decide which best suit the job.

Evaluating the cost and efficiency of owning or renting a boat varies greatly from one situation to the other. The dive center should consider geographic location, competition, customer base, dive charter profit, boat maintenance and purchasing costs. Traditionally, dive centers in areas with large dive boat fleets find it more economical and efficient to rent, rather than owning a boat.

Chartering boats by dive centers is big business in many parts of the world. Southern California, for example, has one of the largest fleets of large dive boats in the world, and only a handful of these are owned or associated with a dive center. Instead, these independently owned boats are chartered by different dive centers, clubs and special groups on a regular basis. Each area has unique conditions for chartering dive boats.

As in dealing with any business, the level of service and professionalism differs from one charter operator to another. Some are extremely organized, keep schedules and records, and have defined deposit policies. Others are less organized and not as dependable, which may cause last-minute cancellations or changes. Common

business sense and caution is advisable when chartering dive boats – the smart thing to do may be to personally go on a boat and measure its service before committing money, resources and reputation.

If managed properly, with dependable boat operators, chartering boats can be a profit center for a dive business. The rewards of such service go beyond making money, though, since boat charters keep divers active and happy, and boat diving is a lot of fun for most divers.

Eight

Personnel

A business' most important asset is its staff, therefore, an owner or manager must make the right decisions when hiring, training or reducing staff. This chapter covers these issues, as well as contract labor, salaries, benefits and personnel problems.

The information in this chapter is tailored for dive businesses whenever possible. There are, however, several books and references on the market that give excellent general guidelines for retail and other business, and some of these are listed in this chapter's bibliography.

Hiring

Hiring the right staff is one of the most important steps in running any business. The right staff can implement the business strategy and goals, and the wrong one can potentially harm them. Except for certain areas, such as bookkeeping, a dive business requires staff members who not only have strong customer service and sales skills, but diving knowledge as well.

This may narrow the field of applicants a little, but it's possible to hire and train the right individuals. To accomplish this, the dive

center needs to take several steps, such as running the right type of ads, having effective interviews, and setting a proper training program.

Accomplishing these tasks requires some thought and planning. These are some of the steps to consider when planning to hire new staff:

Hiring the Instructional Staff

To find applicants, a business can advertise in scuba magazines and trade journals. The Employment Board in the PADI Pros area of padi.com is an effective resource for finding qualified candidates, especially for resorts. Newspaper “Help Wanted” ads need to be quite specific and informative, otherwise the wrong people will call.

While all qualified candidates should be scuba instructors, a dive business may recruit interested customers and train them to professional levels. There are also other criteria to consider, including:

- The instruction level at the facility – Is the business an IDC facility or does it plan to become one? Does it offer semiprivate classes? Are the candidates qualified to teach the specialties offered at the facility?
- Candidate versatility – What kind of sales training do these candidates possess? What’s their attitude on selling equipment and travel? What other skills do they possess? Are they computer-literate and can they produce newsletters?
- Can the candidates travel and work weekends if required? Are they interested in relocating to the area? How long do they plan to stay in their new position?
- Do the candidates have the necessary social and professional skills to fit the business’ image and expectations? Do they have the necessary experience for specific business projects?

These criteria may not fit every business or individual. Therefore, an employer should define his own goals to successfully recruit and hire the right individuals for the all-important instructional staff. It’s a good idea to take the time to write these criteria down and incorporate them into the interview and hiring process.

The following is a sample “Help Wanted” ad to hire instructors:

“Scuba Instructors –

Exciting opportunity for PADI-certified OWSI or higher. Specialty ratings a plus. Great potential for growth; must be able to work on weekends. Salary plus commissions. Contact XYZ Dive Resort for details.”

Hiring the Sales Staff

Just as we explained in the Diver Education chapter, equipment sales and diver training go hand in hand, potentially giving instructors an edge on the sales floor. Having instructors as salespeople adds credibility to the sales process, and an employer should note this when hiring the sales staff.

That’s not to say that all the sales staff *must* be instructors and divemasters. A good salesman who doesn’t dive may be just as effective as one who dives; so a dive center shouldn’t pass up hiring a good salesman just because he doesn’t dive. After all, the dive center is in the business of teaching people to dive. The center’s instructional staff, however, should be able to recommend and sell equipment, trips and continuing education.

In addition to using the same sources to hire instructors, the dive business may also use “Help Wanted” ads that state “diving experience necessary,” or “preferred.” This ensures the pool of applicants meets the job description. Other venues include actively recruiting salespeople interested in a career change, or checking with employment agencies for potential candidates.

Some of the criteria in selecting the right sales staff include:

- The applicants’ attitude on sales and customer service – Anyone can be trained in the appropriate skills and techniques, but a positive and flexible “I can do” attitude is essential.
- The applicants’ previous experience in sales and customer service. While this may not be a prerequisite, it helps to find out what experience the candidates possess, if any.
- Ensure the candidates have basic skills, such as simple arithmetic, writing and organizational abilities. These limitations may not be obvious during an interview, unless there are certain questions or quizzes that reveal them.

The following is a sample “Help Wanted” ad to hire sales staff.

“*Scuba Sales* –

Expanding dive business looking for enthusiastic and experienced salespeople. Scuba experience not necessary, but willingness to learn scuba a plus. Must have good customer service skills. Salary plus commissions.”

Hiring the Operations Staff

The operations staff is responsible for various tasks such as maintaining the books, payroll and other paperwork. Operations may also include facility maintenance and cleaning. The responsible individuals don’t have to have a diving background or credentials, but instead, should be chosen based upon their bookkeeping or task related qualifications. In many instances, the operational staff is composed of the dive center’s or resort’s employees.

Standards to consider when hiring the bookkeeping staff include:

- Are the candidates up-to-date on the latest tax and payroll regulations?
- Are they familiar with labor laws and regulations?
- Are they trustworthy? Do they have good references?

A business may also contract an outside vendor for some of the operations tasks. Some operations staff members have little contact with the public, but they’re an essential part of a business. “Help Wanted” ads are one venue to advertise for these positions.

Hiring Independent Contractors

The question whether the relationship with a worker is one of employer and employee, or one of principal and independent contractor, and the terms of the relationship depends upon the particular area and laws governing it. A dive business may sometimes hire independent contractors, such as scuba instructors who aren’t regular employees of the facility, to supplement its educational staff.

Many dive businesses have adapted or developed specific contracts for this occasion. Since labor laws differ from one country to another, a dive center should consult with an attorney or other legal counsel to draft a similar document. The sample in this chapter is based on U.S. law, and may not be proper for every area. (Refer to sample agreement at the end of this chapter.)

This agreement (Independent Contractor Instructor store Agreement) was developed by the PADI International Resort and Retailer Associations and is available to PADI Dive Centers upon request.

Independent contractors and employers are expected to follow the guidelines of the agreement, otherwise it's voided. A training or probational period may be useful to find out if these contractors fit the program or not.

Hiring Practices and Laws

There are probably some laws governing hiring practices for any state or country. Copies of such laws and regulations can be obtained through local, state or federal labor and government agencies.

These laws help employers hire personnel without potential legal or civil complications. The U.S. Equal Employment Opportunity laws, for example, prohibit discrimination based on race, color, religion, sex, national origin, ancestry, age (40 and over) and disability. Other countries have their own criteria for interviewing and hiring applicants.

When interviewing candidates, government guidelines may list acceptable and unacceptable questions that may be asked of a potential employee. For example, in California, it is acceptable to ask the applicant for his place of residence, or the length of residence in the city where the employer is located. It is, however, unacceptable to ask the applicant for his birthplace or his parents' birthplace. It's also unacceptable to require the applicant to submit a birth certificate, naturalization or baptismal records.

Federal law also prohibits asking the applicant for his race, color of skin, eyes, hair, etc. It is, however, acceptable to ask the candidate questions relating to the job performance, such as fluency in certain languages, and educational and vocational background. When inquiring, the employer should not, for example, ask who paid for the candidate's education or what is his mother tongue.

Government and state agencies throughout the world regularly publish employment laws and regulations. These usually update businesses on the latest reforms and amendments to these laws.

Training the Staff

A dive business may hire the most qualified personnel, and lose them, or have them perform poorly because of lack of training or guidance. Even the most qualified or experienced instructors or salespeople need some form of introduction to the business' operations and procedures.

A training manual ensures that all employees are trained in the same manner. The manual can cover areas such as customer service, sales, professional appearance and conduct, paperwork, conducting and selling scuba courses, and course logistics. The training manual can be part of the operations manual, which we'll discuss later.

The training manual can also include pertinent information, such as customer service, sales and rental procedures that an employee must follow. A checklist for the employee to sign at the end of each section or session is proof that the employee read and understood the material.

There are some basic training guidelines that help employers and employees alike maximize the training process. Some of these are:

- *Effective training requires small steps.* This is much better than overwhelming new employees with information they are vaguely familiar with. The step-by-step approach gives new employees time to absorb and apply what they have learned.
- *Chronological training.* For example, it is more effective to teach new employees to finish tasks that they'll encounter immediately, and delay the training for tasks that will follow.
- *Training should be continuous, but not boring.* By adding variety and a little creativity to the training process, the new employee won't lose interest and fall into a boring routine. Vary the training schedule, sites and even methods for maximum effect.
- *New employees should feel productive, even on the first day.* New hires should have a chance to succeed and finish tasks as early as possible. This gives them early positive reinforcement and confidence.
- *Assess mastery at every phase of training.* This can be done by role-playing, or by actually accomplishing tasks properly.

All employees should undergo customer service training to ensure their effectiveness in a retail environment. This includes specialized and consistent training in acknowledging and greeting all customers, offering good advice and service, and finding solutions for customer needs and problems. Without this training, there may be inconsistent or weak customer service at the business, which would certainly hurt it.

The training manual lends consistency, organization and credibility to the training process. Without such a document, new employees may be trained inconsistently and differently, which affects performance or the communication process within the business. The managerial staff and experienced staff members should be the ones conducting or supervising the training process.

Professional Appearance and Conduct

It's important for a successful business to have professional conduct and dress codes. Cut-off jeans and T-shirts, for example, could project an unprofessional and unreliable image in an upscale sophisticated market. Neat, casual clothes are recommended for a dive center or resort, preferably with the business' name or logo. Tidy personal appearance, such as combed hair and clipped nails also project a professional and reliable image. Today's sophisticated customers can be very discerning and critical when it comes to these matters.

Dive professionals must remember that competitive recreations, such as golf, ski and tennis have long adapted a professional attitude that customers like and expect. For scuba to compete with these successful sports, industry employees must exhibit a professional and dependable demeanor at all times.

PADI's *Career Tracking Tips for the Dive Professional* video discusses the attributes of a dive professional as described by experienced PADI Dive Center and Resort owners. Almost all the interviewees in this video listed a "professional attitude" as a primary hiring criterion for any potential employee. The video interviews expand upon other criteria that potential employees consider when hiring new employees (see sidebar at the end of the chapter).

Sexual Harassment

Sexual harassment has increasingly become an employment and societal issue in many countries. In the U.S., for example, sexual harass-

ment is defined as “unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature.”

Some U.S. states expand the definition of sexual harassment to include verbal harassment, such as epithets, derogatory comments or slurs; physical harassment, such as assault or physical interference with movement or work; and visual harassment, such as derogatory cartoons, drawings or posters.

A professional business cannot afford the liability, energy and distractions that sexual harassment allegations can cause. The prudent employer ensures that employees are aware and sensitive to these issues, and that they behave within required social/legal guidelines.

This issue has a particular twist for dive businesses, because scuba diving requires pool and open water sessions. Employees must obviously refrain from staring or making inappropriate comments when students are changing or wearing swimsuits during a course or trip. Instructors must also be sensitive to physical contact that may be misconstrued as sexual harassment.

Deviation from these guidelines is viewed as unprofessional in today’s society. The dive industry has come a long way to establish itself as professional and responsible. The staff can enhance that image by always acting professionally.

Salaries and Compensation

The myth that people get into the dive business simply for pleasure is quickly dying. Economic and business realities dictate that dive businesses only survive when run by professionals who *earn money*. Likewise, the employees of this business need to earn a reasonable income, too.

Market-driven salaries that compare favorably to other recreational industry positions usually attract and keep good employees. An exceptional employee may be rewarded with a higher salary or bonus structure. There are many benefits other than high salaries that can attract and keep good employees, including:

- *Medical, dental and vision benefits.* These are especially attractive to married employees with children, as well as any employee who has no other medical coverage. This again may vary from one country to the other depending on labor laws and medical coverage.

- *Instructor Liability Insurance.* A dive center or resort may either pay for this insurance, or reimburse the instructors who have served the store for a predetermined time.
- *Bonuses and Commissions.* A strong commission program motivates salespeople to sell more and earn more. Dive centers may offer commissions on equipment sales, as well as dive courses and trips. Any employee who signs up a student, books a trip, or sells dive equipment may receive a commission. This can be a set sum, or a percentage of the sale, depending on the type of service or equipment. Each dive center can calculate this amount based on its budget or pricing considerations.

Resorts may also offer their employees a commission program of some sort. Instructors who recruit and teach Discover Scuba Diving participants have traditionally done much better with commissions than without, for example. Resorts that sell equipment can also have an equipment sales commission similar to a dive center's plan.

Other incentives for good employees to start and stay with a dive business include profit sharing and career advancement. Profit sharing is a plan established and managed by the employer to provide participation in its profits by the employees and their beneficiaries. Career advancement may include financial and logistic assistance in earning higher professional ratings, such as Open Water Scuba Instructor, Master Instructor and Course Director.

Combining all or some of these benefits not only attracts better candidates, but *keeps* them as well. An old American saying is "People measure wealth in different ways," and a satisfied employee who feels he's well taken care of and respected at work is more apt to work harder and stay, even if his starting salary isn't the highest on the market.

The bottom line, however, is significant on the long run, and employers should give their employees a chance to earn a reasonable income through commissions and other incentives.

Payroll

Businesses today have the option of an outside payroll processing vendor or the business' staff to process the payroll. Using either option, a business must pay its employees accurately and on time, otherwise, there's the chance of upsetting or losing good employees.

An outside payroll processing vendor may actually be more economical than hiring a full- or part-time payroll specialist. Many banks worldwide offer this service.

A dive business should consult with a qualified accountant in its area of operation to decide how and who will process its employee payroll.

Creating an Operations Manual

An operations manual is an essential document for training employees and running a dive business. Without this manual, a dive center or resort may lose control, and employees may perform tasks inconsistently with the business goals or each other. Also, employees may not be accountable for failing to follow procedures if no one explains these to them in a document they can read, sign and refer to periodically.

Management should encourage employee contributions to the operations manual, and this usually prompts the staff to understand and follow the procedures within. Instructors, for example, may write the dive center's or resort's scuba course procedures. Other employees may contribute to the rental and sales guidelines.

Each employee should review and understand this document when hired, and periodically after hire, especially after updates to the manual. Management should also ensure support with samples and backup materials, such as filled out rental and sales forms, and explain the consequences of breaking any of the outlined procedures.

Operation manuals differ from one business to another depending on the business size, personnel and goals. A typical operations manual may include the following:

- Work rules, such as punctuality, dress codes, tasks and attitude.
- Sales, rental and education procedures, such as deposits, receipts, rental procedures, etc.
- Time off and vacation procedures and request forms.
- A knowledge review section for employees to fill out and sign.

Dealing With Personnel Problems

Employees are a vital part of any business and management should treat them as such. If, however, an employee breaks store discipline,

doesn't follow directions, fakes illness and injuries, cheats customers and the business, what are the business' options?

Terminating employees isn't always the answer. In many cases, an employee's attitude can change and become more positive and productive. That's usually preferable since hiring new employees can be expensive and time-consuming.

The first step is to identify the problem and its causes. There are many situations that require fair warning and minor discipline, such as tardiness, misuse of equipment, errors and inappropriate dress. A good manager can communicate the reasons why the employee needs to change, and ensure this happens. Good training and ensuring employees understand all policies can accomplish this goal.

If, however, an employee breaks more serious rules, the business manager should counsel him immediately. The employee's reasons may be as simple as a misunderstanding, or more serious, such as dishonesty and lack of concern for safety.

Some problems warrant more severe penalties the first time they occur. These include drinking or using drugs on the job, fighting, stealing property, insubordination and consistent failure to observe safety regulations. In some of these instances, on-the-spot firing may be the easiest solution, but there may be other avenues to consider for some cases and some employees.

Punitive actions before termination include written and verbal reprimands, no raises, temporary loss of fringe benefits (e.g., free boat trips), and temporary suspension. If the employee's negative attitude doesn't change, then punitive discipline, including termination, is warranted.

Another serious problem is substance abuse, especially when considering dive professionals supervise and teach customers and students. Quite often, employers have more leverage than even family and friends in aiding a substance-abuse victim. The employee may determine that rather than losing his job, he should seek professional or medical help to rid himself of the problem.

An employer can monitor the employee's progress and ensure his recovery before making any termination or retaining decisions.

Managers should document all employee breaches, problems and counseling sessions and keep them on file. This also includes positive commendations and comments from staff members and customers. These notes are necessary to evaluating and reviewing an employee.

Finally, just as scuba training is performance-based, so can job training and performance. Managers can set up work performance standards and coach their employees to meet them. Additionally, managers can base employee reviews upon these performance standards and counsel employees appropriately if those haven't been met.

As stated earlier, employees are the most valuable assets of a dive business, and without them, a business can struggle or fail. Good employers foster good employees and ensure their effectiveness and productivity. A business can accomplish this by having a good training program, fair working conditions, and keeping the communication lanes open between employers and employees.

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Employment in the Dive Industry

The dive industry is constantly growing and in need of professionals to man it. In 1994, there were nearly 300 *new* PADI Dive Centers worldwide, and nearly 400 resorts joined the PADI International Resort and Retailer Associations. In addition to the 2275 existing dive centers, these businesses hire professionals to sell and perform other tasks.

PADI produced the *Career Tracking Tips For the Dive Professional* video in 1994 specifically to educate job seekers in the industry. This video explains the needs of the industry and its employers through interviews and narration by randomly selected resort and dive center owners.

This video and other dive business data suggest the following trends when it comes to hiring dive business professionals:

Professionalism – The term *professional* stands out in almost all the interviews. Resort and dive center owners are looking for individuals with professional attitudes. Dive business employees interact daily with customers and must always project professionalism and courtesy.

Appearance – Employers are looking for tidy, neatly kempt individuals who'll represent themselves and the business well.

Attitude – A good attitude was defined in many different ways by dive business owners. Some meant a pleasant attitude with customers and co-workers, others wanted a ready-to-learn attitude, especially regarding performing different tasks.

Sales attitude – The vast majority of business owners prefer individuals who will sell the three Es, whether they already have sales skills, or the proper attitude for training to sell. Most agree that instructors who only want to teach won't be as effective as those who'll sell equipment and travel as well.

Flexibility – Resort owners, in particular, and many dive center operators reiterated the need for flexibility and realism on part of the employee. There are busy times when dive professionals work every day, without set days off and with little rest, and resorts are looking for individuals who can handle such hectic schedules.

Special skills – Many businesses, including resorts, look for individuals with special skills, such as boat, engine and compressor maintenance. These skills add to a professional's value to a resort or dive center.

Other individual characteristics that business owners look for in an employee include maturity, energy, long-term commitment, fresh ideas and environmental awareness.

Some of the ideas outlined earlier in this chapter, such as health benefits and bonuses, help retain good employees. Other ideas to keep employees happy at dive centers and resorts include video and photography money-making opportunities, which include selling underwater images to magazines and guests. Whenever possible, most employees prefer set days off so they can plan and take care of their personal business.

Resorts can assist their recruitment efforts by helping potential employees obtain work permits and good living arrangements. The resort section of this book discusses more ideas to recruit and retain successful employees.

(sample only)

Independent Contractor Instructor Store Agreement

Agreement made this _____ day of _____. 20____, by and between _____ hereinafter referred to as "Dive Center" or "D.C." and _____ of _____ hereinafter referred to as "Instructor."

Whereas, D.C. is in the business of selling, renting, and servicing scuba diving related equipment; and Instructor is in the business of teaching diving as a current Teaching status professional instructor of the Professional Association of Diving Instructors ("PADI") as defined by the most current PADI Standards and Procedures manual and holds a current Teaching status with PADI at the time of this Agreement.

Whereas, there is mutual benefit to D.C. and Instructor to form the Independent Contractor relationship described herein pursuant to the terms and conditions set forth below.

NOW, THEREFORE, it is agreed as follows:

1. Instructor Services and Qualifications.

a. *Engagement.* D.C. hereby retains the services of Instructor, and Instructor agrees to provide diving instruction and training for D.C. upon the terms and conditions of this Agreement.

b. *Instructor Qualifications.* Instructor warrants to D.C. that Instructor is a current Teaching status professional instructor of PADI qualified to render diving instruction. Instructor agrees that all diver instruction and training provided by Instructor shall meet the current teaching standards set forth by PADI. D.C. agrees not to require Instructor to teach under conditions that would violate PADI's current standards, including, but not limited to, those relating to instructor-student ratios, equipment, exercises, records maintenance, and confined- and open-water teaching requirements.

2. Instructor Responsibilities.

a. *Class Recruitment.* Both Instructor and D.C. shall recruit students for scuba diving instruction classes.

b. *Class Scheduling.* Instructor shall be responsible for scheduling classes.

c. *Class Location.* D.C. shall try to make available classroom space, swimming pools and open-water sites to enable Instructor to conduct scuba diving classes. If D.C. is unable to provide such locations, instructor shall obtain the use of the necessary locations, which must meet the requirements described by current PADI Standards.

d. *Equipment.* Instructor shall use the same type of equipment and dive gear as is provided by the D.C. to the students enrolled in scuba diving instruction classes. Instructor must purchase or lease his own equipment.

e. *Class Supplies.* Instructor shall provide any supplies needed for instructional use. Instructor shall also provide any necessary support materials, including, but not limited to, certification envelopes and forms, appropriate postage, medical forms, waiver and release forms, textbooks, student folders, quizzes, exams, and audiovisual aids.

f. *Teaching Method.* Instructor shall have sole control over the manner and means of performing his professional teaching services; provided, however, that Instructor understands and agrees that all diving training and instruction provided must meet the current professional teaching standards established by PADI.

g. *Class Completion.* Instructor understands that notwithstanding any other provision of this Agreement, Instructor must complete any class begun for him for D.C. unless the Agreement is terminated by D.C.

h. *Permits and Licenses.* Instructor shall be responsible for securing and maintaining any and all permits and licenses required to perform the services described herein.

3. Compensation and Expenses.

a. *Charges for Student Instruction.* Charges for scuba diving instruction provided by Instructor for D.C. shall be billed to students by D.C. at a rate of \$ _____ per student per class. This rate may be altered by an agreement in writing between D.C. and Instructor. D.C. shall act as the collecting agent for all monies paid by students and shall maintain accurate books, records, and accounts concerning the income related to said instruction.

b. *Instructor Compensation.* As compensation for the services to be rendered hereunder, D.C. agrees to pay Instructor the sum of \$ _____ per student per class. Payment of this compensation to Instructor is contingent upon D.C. being paid in full pursuant to Paragraph 3.a. above. The sum specified above shall be Instructor's sole and total compensation for services rendered pursuant to this Agreement. Instructor shall not be entitled to any employment benefit provided by D.C. to its employees, such as sick leave, vacation, holiday pay, or health insurance.

c. *Expenses.* D.C. shall not reimburse Instructor for any costs related to travel, meals, lodging, telephone, postage, the purchase or lease of D.C. dive gear, class supplies, equipment, materials or any other expenses incurred by the Instructor in connection with his provision of services hereunder. All such costs and expenses are Instructor's sole responsibility.

4. Status, Liability, Indemnity, Insurance.

a. *Independent Contractor.* Instructor is and at all times during the term of this Agreement shall be an independent contractor providing professional diving instruction for D.C. Nothing in this Agreement or in any Addendum to this Agreement shall be construed to create any relationship of principal/agent, employer/employee, master/servant, partnership or joint venture. Instructor shall have no power to commit or bind D.C. in any manner whatsoever.

b. *Tax Withholding.* Since Instructor is and shall be considered an independent contractor, D.C. will not make any federal or state withholding payments.

c. *Insurance.* Instructor shall at all times maintain current professional comprehensive general liability insurance as required by PADI to hold Teaching status. Instructor agrees that such insurance shall be maintained in force at all times during this Agreement at Instructor's expense. Such insurance shall be provided by such companies as are acceptable to PADI, and D.C. shall be named as an additional insured during the term of this Agreement. Insurance and costs related to any subsequent additional insureds, including, but not limited to, pool sites, charter buses, or other such teaching facilities requiring additional insured status shall also be Instructor's sole responsibility.

Instructor agrees that within fifteen (15) days of the date of this Agreement, Instructor shall cause the insurance company or companies to furnish D.C. with certificates of Instructor's insurance policy or policies detailing the coverage therein. Instructor also agrees that the required insurance policy or policies shall be available for inspection by D.C. at all times during this Agreement. Instructor also understands and agrees that he must give notice to D.C. immediately concerning any termination, alteration or other change in the status of his insurance policy or policies or in his teaching status as a PADI Instructor.

d. *Liability and Indemnity.* Any an all liability associated with Instructor's provision of services under this Agreement shall be the sole responsibility of Instructor. Instructor agrees to indemnify, defend and hold harmless D.C. from and against any and all claims, suits, costs, losses or damages, including attorneys' fees, arising from acts or omissions of Instructor, including the Instructor's unauthorized use of D.C.'s name, trade mark or logo or any classes conducted by Instructor.

5. Termination.

a. *Termination.* This agreement shall continue in effect until terminated by either party upon two weeks written notice to the other; provided, however, that notwithstanding any such notice, Instructor understands and agrees that he must complete any class begun by him for D.C. in accordance with Paragraph 2.d. above unless D.C. has terminated the Agreement.

b. *Compensation Upon Termination.* In the event of termination, D.C.'s only obligation under this Agreement shall be to pay any compensation due for services already rendered pursuant to this Agreement. Any such compensation will not be due and payable until and unless D.C. has been paid in full by the student pursuant to Paragraph 3.a. above.

6. Confidential Information, Non-Solicitation and Business Records.

a. *Confidential Information.* During the term of this Agreement, Instructor will have access to and become acquainted with confidential propri-

etary and business information and trade secrets of D.C., including those related to techniques, procedures or programs concerning rentals, sales, merchandising, activities or other operations used by D.C. Instructor will not disclose any such confidential business information or trade secrets, directly or indirectly, or use the same in any manner whatsoever, except as required in connection with the Instructor's performance of his services under this Agreement.

b. *Non-Solicitation.* In furtherance of protecting the confidential proprietary information and trade secrets of D.C., Instructor shall not for a period of two years from the date of termination of this Agreement, knowingly or unknowingly, either directly or indirectly, for Instructor or for any other entity, call on, solicit, or take away, or attempt to call on, solicit or take away, any past or present customer of D.C. with respect to the same or similar business services now or in the future provided by D.C. or, directly or indirectly, hire or solicit the employment of any person from D.C.

c. *Business Records.* All records related to D.C.'s business shall remain the sole property of D.C. Instructor shall have available from D.C. such records of training as may be necessary for Instructor's legal liability protection. Instructor agrees that any information taken from class records may be used only for legal purposes, such as lawsuits and quality assurance investigations. Such information and records, as the sole property of D.C., shall not be used in any manner relating to Instructor's personal, social or business activities and shall not be used in any manner that could be interpreted as being in competition with or detrimental to the interests of D.C.

Instructor shall be responsible for providing D.C. with all records of training as required by professional instructor liability insurance provisions and as recommended by PADI Standards. These records include, but are not limited to, exams, tests, quizzes, training completion forms, waiver and release forms, medical history forms, and skill evaluation sheets.

7. Conflict of Interest.

The parties agree that during the term of this Agreement, Instructor may engage in other business activities. However, Instructor may not incur any obligations or commitments which would limit or prevent Instructor's rendering of services to D.C. within the scope of this Agreement, fully, faithfully and without conflict of interest.

8. Miscellaneous.

a. *Notices.* Any notice required to be given by either party under the terms of this Agreement shall be in writing and shall be considered to have been given when delivered personally or forty-eight (48) hours after being sent by certified or registered mail, return receipt requested, postage prepaid, to the addresses set forth immediately below the parties' signatures or to such other address as either party may designate in writing to the other party.

b. *Applicable Law.* This Agreement has been made and entered into in the State of _____ and shall be construed and enforced in accordance with the laws of the State of _____.

c. *Assignability.* This Agreement is personal in nature and neither of the parties shall assign, delegate or transfer this Agreement or any rights or obligations hereunder without first obtaining the written consent of the other party.

d. *Entire Agreement.* This Agreement, together with any Addenda attached hereto, constitutes the sole and entire agreement and understanding of the parties relating to the subject matter hereof. This Agreement supercedes and automatically cancels any and all prior discussions, negotiations, commitments and understandings between the parties, whether oral or otherwise, relating to the subject matter of this Agreement.

e. *Amendments.* This Agreement shall not be amended, modified, changed, or supplemented in any way except by a written document that expressly references this Agreement and is signed by both parties.

f. *Waivers.* The failure or delay of either party to exercise or enforce at any time any of the provisions of this Agreement shall not constitute or be deemed a waiver of that party's right thereafter to enforce each and every provision of this Agreement and shall not otherwise affect the validity of this Agreement or an provisions hereof.

g. *Severability.* The provisions of this Agreement are severable, and if any part of it is found to be unenforceable, the other provisions shall remain fully valid and enforceable.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and in the year first above written.

INSTRUCTOR

By: _____

Address: _____

I acknowledge that D.C. has advised me to consult with an attorney before signing this Agreement and that D.C. has given me the opportunity to do so.

By: _____

OWNER DIVE CENTER

By: _____

Address: _____

DISCLAIMER

Use of this Agreement or any of its provisions is entirely optional. This Agreement should not be regarded as legal advice, nor should it be treated as a substitute for the independent advice of counsel. Be advised that the Agreement's validity and enforceability may vary depending on the parties involved and on applicable state and local laws. Before using this Agreement or any of its provisions, consult with an attorney. PADI assumes no legal or other responsibility for any obligations, liabilities, or claims arising from or in connection with the use of this Agreement.

Nine

Risk Management for the Dive Center and Dive Resort

Editor's note: This chapter contains general legal information, which is helpful in understanding the legal aspects of running a dive business. Since laws may vary in different states and countries, this chapter is not intended as a definitive statement of the law or liability within a particular state or country. Dive business owners are encouraged to seek the advice of an attorney, or contact the PADI office serving their particular region for more information.

Risk management is an integral part of any business, especially a dive business. Scuba diving customers learn or dive for pleasure in circumstances that require specialized life-support equipment and training. While the concept of “Risk Management” can carry a number of technical definitions, in practice, it’s the simple concept of operating a business in a manner designed to, 1) improve safety for customers, and 2) reduce the liability or property loss risk for the business. To understand this concept, one needs to understand several key issues:

1. A business has some level of duty of care to its customers.
2. If the business and/or staff cause or contribute to an incident that injures a customer, the business can be held legally responsible and may be forced to pay damages.
3. The business (and its owners, directors, and officers) can and may be sued for *allegedly* causing an accident to a customer, even when it was not at fault.
4. A business can operate in a manner that significantly reduces the safety risks to customers and the liability and property risks to the business.

This chapter of *The Business of Diving* discusses the various types of liability and property risks commonly facing the dive center or dive resort, how to guard against them, what to look for in insurance protection, and how to respond to incidents if they occur.

Negligence

As defined in PADI's *The Law and The Diving Professional*, "negligence is concerned with unintentional fault or carelessness resulting in injury. In other words, negligence deals with avoidable accidents that should have been anticipated and prevented by taking reasonable precautions." A person may act in a manner thought acceptable in a given situation, yet the law may still find negligence if the conduct doesn't measure up to a minimum standard of reasonable or due care.

Liability

Liability is the risk that the business may be held responsible for damages to some third party (customer, competitor, landlord, etc.). There are many types of liability that a dive center or resort face every day in the conduct of its business. Some are specific to diving, others are general to most retail businesses.

Instructional Liability

Instructional liability is the liability resulting from teaching divers. It is also referred to as professional liability and is based on the general premise that a professional, by nature of his expertise, has a duty of care and a degree of responsibility for the students in his charge. The most common allegations in a lawsuit involving instructional liability will be that the instructor taught improperly (by either giving incorrect or incomplete information), or inadequately supervised during a dive (by allowing a student to become lost). In such a case, typically both the instructor and his employer/contractor will be sued.

Recommended Practices

1. Paperwork
 - a. Each instructor should be in active “Teaching” status with his organization and qualified to teach the courses he’s to be involved in (with documentation of status on file at the dive center *prior* to any teaching activities).
 - b. Each instructor should carry current professional underwater liability insurance, and if not automatically provided by his policy, the business should be shown on the certificate of insurance (which should be kept on file) as an additional insured (the business’ instructional liability protection originates from the instructors’ Professional Underwater Liability insurance policies). This documentation should be obtained *prior* to any teaching activities. (See also: “Insurance Considerations,” this section.)
 - c. Each student should fill out an Assumption of Risk/Release of Liability Form for each class in which he participates, *no* exceptions. This form notifies the student of the risks and provides a contract through which the student assumes those risks *and* releases the providers of the instruction from liability. All parts of the form should be completed. If the business designs its own form (rather than using PADI’s standard), the form should specifically release the business and its employees, owners, officers and directors, the instructor and International PADI, Inc. from liability, including negligence. (Otherwise the ability to have a suit thrown out completely is compro-

mised – if only some parties are named, only those will be released from liability and the others will still have to face the suit.) It is far preferable to simply use the existing PADI form – it has been the basis for many suits having been dismissed. Conversely, a number of attempts to have suits dismissed have failed simply because either a form had not been used at all, was incompletely filled out, or did not contain all the required elements.

- d. Each student must fill out an appropriate Medical History Form for each course in which he participates. This form advises and warns the student of the medical risks and is designed to discover any conditions that may predispose the student to medical risk. If a student has items marked that require a doctor's clearance, the student should not be allowed to begin in-water training until the doctor's signed clearance is in hand.
- e. All classroom rosters, attendance records, evaluation scores, forms, etc., should be completed and all should be retained for at least as long as required by the particular state's or country's statute of limitations, but a minimum of five years.
- f. It is recommended that the business devise a specific management system to ensure that all required paperwork is completed and on file. One effective method is to have instructor payment for any student tied to (1) all paperwork being completed and in hand and (2) proper paperwork for student certification having been completed.
- g. There should be a contract between the business and the instructor that clearly defines duties and responsibilities.

2. Instructional Recommendations

- a. Instructors should use an instructional system that documents 1) the recognition and validity of the instruction being provided (unless the instructor can prove, in court, his qualifications as an instructional designer, homemade courses will be very difficult to defend); 2) that accepted national or international standards are met; and 3) that all pertinent information has been taught. The use of a standardized instructional system employing book, audiovisuals, instructor presentation, and

quizzes/exams is a very simple way to accomplish this.

- b. Standards should be met exactly. Deviations from Standards – even minor “technical” or administrative deviations – create huge credibility problems in court (doing more dives or increasing the repetitions of an exercise is not considered a deviation).

Insurance Considerations

1. Insurance protection for the business for instructional liability will typically originate from its instructors’ professional liability policies. This means it is *crucial* for the business to:
 - a. Have each instructor provide a copy of his certificate of insurance (which should be kept on file) prior to the beginning of any instructional activities.
 - b. Unless the individual instructor’s policy automatically provides coverage to the business as an additional insured (providing the business insurance for any claims resulting from that instructor’s activities), the business should obtain and keep on file a copy of the instructor’s insurance certificate showing the business as an additional insured.
2. Some insurance programs will allow the business to purchase the professional liability policies for its instructors. In this case, should the instructor leave the business’ employ, the policy can be canceled for a refund and the business can purchase a replacement policy for a new instructor at a prorata reduced rate. This is an excellent benefit for the business as it keeps professional liability insurance matters in its own control, and the program provides a strong incentive for instructor loyalty to the business.
3. PADI’s dive store and resort insurance policy provides a unique and exclusive benefit for the business, Contingent Professional Liability. This coverage provides coverage if the business is sued for an instructor’s actions *after* expiration of the instructor’s insurance. Since professional liability policies are on a claims-made form (meaning the insurance must be in effect when the claim is made), such a claim, coming after expiration of the instructor’s insurance, would not be covered. The Contingent Professional Liability coverage, on the business’ policy, would then provide

the business the necessary protection. Since the business' policy is on an occurrence form, which means coverage is in effect for incidents – such as alleged inadequate instruction – that occurred during the coverage period, coverage is available regardless of when the claim is made.

4. It is recommended that students carry the student accident insurance program (as offered by PADI) or encouraged to purchase diver accident insurance (as offered by PADI or DAN). (This consideration also applies to any business customers who will be diving, either under the business' supervision or not.)

Dive accidents cost the victims and their families, both monetarily and emotionally. Much of the financial burden and a significant amount of emotional stress can be reduced through obtaining of these inexpensive insurance programs. The business does itself and its customers a disservice by not making this insurance available and strongly encouraging its use.

Avoidable (uninsured) medical and transportation costs incurred by a diving customer may very well come back to the business in the form of a lawsuit – a suit that will undoubtedly be far in excess of the original and actual expenses.

5. Personnel trained in diver rescue and first aid should be on-site during training activities and should have the necessary emergency response equipment on hand. Oxygen and a documented emergency response plan are recommended.

Editor's note: Legal and medical insurance requirements and conditions may change from one country or state to another. Countries with socialized medicine, for example, may have different services and costs than countries with privatized medicine.

Supervisory Liability

Supervisory Liability, which also falls within the overall context of professional liability, is risk resulting from organizing and leading dive excursions for divers, in a noninstructional context. Although the duty of care may be somewhat less than for students, dive leaders may be held responsible for the divers they supervise. Common allegations in suits claiming improper supervision are inadequate briefing, taking divers on dives beyond their qualifications and/or

capabilities, failure to maintain adequate contact, and failure to properly respond to an emergency.

Recommended Practices

1. Paperwork

- a. It is highly recommended that each person providing the supervision of divers have documentation on file showing current leadership credential and proof of professional underwater liability insurance. If not automatically provided by the policy, the business should make sure that it is shown on the certificate of insurance (which should be kept on file) as an additional insured (the business' supervisory protection originates from the supervisors' professional underwater liability policies). This documentation should be obtained *prior* to the beginning of any supervisory duties (See also "Insurance Considerations" in this section.)
- b. Each diver should sign an Assumption of Risk/Release of Liability form for the activity "On the boat" roster-type releases should be avoided, because they do not provide the required elements of a proper release.
- c. Each diver involved in a supervised activity should provide proof of certification, and documentation that it was provided should be retained. Log book review is also valuable.
- d. Records should be retained as required by the particular state's or country's statute of limitations, but for a minimum of five years.

2. Supervisory Recommendations

- a. Refresher and environmental orientation programs should be available and recommended to divers whose dive experience or certification level indicates need. However, since these divers are completing an assumption of risk contract, they will make their own choices as to whether or not to participate in any given dive; the business is not obligated to prevent them from diving even if a refresher or orientation has been recommended. The practice of making the programs available and recommending them to divers shows prudent behavior on the business' part. If a diver who may benefit from closer than normal supervision is identified, if possible, recommend to the diver that he accompany a dive supervisor (divemaster, etc.).

If the supervisor assumes such a responsibility, he should meet it and not allow the diver to become separated.

- b. Supervisors should provide an adequate pre-dive briefing and warn against known unusual risks or dangers. The establishment of clearly identified depth/time limits and the inclusion of those in the briefing is a prudent practice. Post-dive briefings should remind divers to ascertain their decompression status.

Insurance Considerations

The “Insurance Considerations” for Supervisory Liability activities are identical to those for Instructional Liability (see above).

Product Liability

Definition - Product liability is liability that results from the selling of products to customers. In such lawsuits, typical allegations are that the product was inherently defective, that improper or inadequate instructions for use were provided, or that the product was sold for an improper or unintended use.

Recommended Practices

1. Products should be sold in their original packaging with all accompanying “Instructions for Use” and warning documents included.
2. Products should not be displayed or described in a manner to imply some unintended use.
3. Products should not be modified or altered.
4. Products requiring instructions for use should be sold in accordance with the manufacturer’s recommendations and with such recommendations made clear to the customer
5. Life-support products should be sold to certified divers providing proof of certification.
6. The business should ascertain and document the various manufacturers’ positions regarding their providing defense for the business in the case of a product liability suit involving one of their products (some manufacturers will provide such defense for their dealers).

Insurance Considerations

1. Insurance policies available to dive businesses normally carry adequate product liability coverage. Most do carry a separate aggregate limit (the total amount that would be paid on behalf of an insured for any policy year, regardless of the number of claims); the business should be aware of this limit when purchasing insurance.
2. Policies providing coverage for Products Liability available from dive industry sources may be offered in “claims made” or “occurrence forms.” Claims made policies are the least expensive because they provide the least risk to the insurance company. Since an incident must occur either within the policy period or within a specified “prior acts” period *and* the claim must be brought within the policy period or a short – usually 90 days –discovery period after policy expiration, the insurance company’s risk is limited.

For instructional policies (all of which are claims made), the added risk to the business is slight – typically an accident occurs and it’s reported (the claim was made). A gap in coverage could come about if a previously trained student were to have an accident, unknown to the business, sometime after the expiration of his instructor’s insurance and a suit be filed for inadequate instruction. Because a claims made form requires the claim to be made during the policy (or discovery) period, no coverage would be in effect (this is when the previously mentioned Contingent Professional Liability coverage would be so valuable). This situation, fortunately, is relatively uncommon.

In cases involving sold products (and, to a lesser degree, repaired products), however, the situation is very different. A claims made policy leaves the business at increased risk – since both the incident (the sale or repair) and the claim (which would occur after some subsequent accident) must be within the policy/prior acts period, the “tail” of coverage can be very short (this is what reduces the insurance company’s risk). The far more valuable occurrence policy provides coverage so long as the dive center’s act – the sale/repair of the product – took place during an insured period, *regardless of when a suit may be subsequently filed.*

Businesses should be very aware of this important distinction between policies, prior to purchase.

Air Fill Liability

Air fill liability is the liability incurred through the filling of tanks to be used by customers. Typical allegations address impurity of the air or that injuries were caused by tank explosions, burst disk ruptures, etc.

Recommended Practices

1. Compressors and air systems should be installed and maintained to the system manufacturer's recommendations and a documented maintenance record should be kept.
2. Air should be tested at least quarterly to CGA specifications and a documented test record should be kept.
3. *Any* out-of-the-ordinary circumstance (a report of unusual air smell, taste, etc.) should be investigated immediately, (prior to further filling of tanks), and air should be retested before resumption of tank filling. Documentation of such incidences and the response procedures should be retained.
4. It is generally recommended that air fill stations be located away from areas with direct access by customers. If the station is located in customer areas, adequate blast barriers should be used in case of explosion or burst disk rupture.
5. Only tanks within hydro date and with current visual inspection should be filled.
6. It is recommended that personnel performing visual inspections should be trained and certified.

Insurance Considerations

Insurance policies available from dive industry sources typically provide coverage for air fills and other "Completed Operations" risks (such as repairs and rentals) that are specific to dive businesses needs. Policies available on the general market may not provide coverage for these specific risks; the business should research this carefully before buying a policy.

Repaired Products Liability

Repaired products liability is the liability incurred through the repair, assembly and maintenance of customers' equipment. Typical allegations that may be made in a repaired products lawsuit are that improper repair, the use of improper parts, repairs being made by unqualified personnel or an unauthorized repair led to an accident.

Recommended Practices

1. Repair of life support equipment should be performed by factory-authorized technicians; their repair certificates should be on file.
2. Only factory-authorized replacement parts should be used in the repair of life support equipment.
3. A service record should be maintained that documents the repairs done for customers. Any warnings of impending service problems or recommendations for repairs or maintenance made to customers should be documented.
4. Tools, spare parts, and service manuals should be maintained in an accessible, orderly manner to protect against incorrect parts or procedures being used.
5. All repairs should be done to manufacturers' specifications.

Insurance Considerations

(See Insurance Considerations for Air fill Liability section.)

Rental Products Liability

Rental products liability is the liability incurred from renting or providing dive or other equipment to students and other customers. Typical allegations in a lawsuit resulting from a rental could be that equipment was rented to an unqualified person, that the equipment had been inadequately maintained, that the equipment provided was an incorrect size or that equipment was rented without adequate instruction or for an improper purpose.

Recommended Practices

1. For the rental of life support equipment, proof of certification should be required, and that it was provided should be documented. Enriched air equipment rentals should similarly require and document proof of Enriched Air Diver certification.
2. An assumption of risk/release of liability statement should be signed as a part of the rental agreement.
3. Records of rental transactions should be kept (in a similar manner as described previously).
4. The staff should be extremely cautious about renting multiple sets of life support equipment to one person, to prevent equipment being provided to nondivers.
5. Manufacturer recommendations regarding instructions for use should be followed when renting equipment.
6. Rental equipment should be maintained and serviced to the manufacturer's specification, and repair/maintenance logs kept on file.

Insurance Considerations

(See Insurance Considerations in the Air fill Liability section.)

Trips and Events Liability

Liability from trips and events is created by the business organizing travel, dive outings, dive club meetings or other functions for its customers. Typical allegations in a lawsuit regarding these activities may be that the business did not adequately research a provider of dive service to whom it sent customers (and that the provider was improper, dangerous, etc.), that divers were sent to a dangerous location, or that customers were exposed to some specific hazard as a result of the trip or event. Various supervisory allegations may also result from such litigation.

Recommended Practices

1. An assumption of risk/release of liability statement should be signed by each participant of a dive event and kept on file.

2. Care should be taken that the dive center's insurance policy provides adequate protection for dive travel arrangements. It's highly recommended that the dive travel wholesaler used add the dive center on the agency's travel agent's errors and omissions policy (automatic coverage when using PTN).
3. The business should evaluate any provider of dive services to whom it plans to send or recommend its customers, either through direct inspection or through reliance on a sanctioning agency's published standards (such as the PADI International Resort and Retailer Associations).
4. Sites for planned, organized activities should be evaluated for safety concerns. If concerns are noted, documentation of the resolution should be retained, or, if necessary, a different site chosen.

Insurance Considerations

1. Insurance policies available from dive industry sources may provide coverage for these activities while those available on the general market may not.
2. Before serving alcohol at any sponsored activity, the business should make sure that Host Liquor Liability is covered (it is often excluded).
3. Employees who supervise store dive trips and outings should carry professional liability insurance, which provides coverage to the store as an additional insured (see "Insurance Considerations"). Documentation of such coverage should be on file prior to the beginning of activities.

"Slip & Fall"

Slip and fall is the general term used to describe a range of injuries that may occur to customers while on the business' property. These may include such occurrences as slipping on a wet or icy step, running into an overhead display, or receiving a cut from a corner of a broken display case.

Recommended Practices

1. The business should receive a periodic risk analysis walk-through to identify hazards. The most common such hazards are:
 - a. cluttered or icy parking lot, sidewalks and steps;
 - b. broken pavement, holes or cracks in parking lot or sidewalk;
 - c. loose tile or carpet;
 - d. wet flooring (especially at front door or near air fill and rental stations);
 - e. cracked, broken or otherwise sharp-edged display cabinets or shelves;
 - f. shelving units that may fall due to inadequate fixture to walls;
 - g. exposed electrical cords that could lead to a trip or shock;
 - h. refuse, merchandise, or rental equipment stored or left in areas where customers may pass, especially near restrooms or classrooms;
 - i. poor lighting over parking lots, sidewalks, and stairwells; and
 - j. pool chemicals stored in areas open to customer traffic.
2. Any hazards identified should be resolved immediately and the action documented.

Insurance Considerations

Insurance policies providing coverage for general comprehensive liability will include this most common area of liability. It is important that the policy include Premises Medical coverage. This provides immediate money to allow the business to quickly take care of customer's medical bills in case of an on-site accident. This quick, courteous response can help reduce the need for the customer to file suit for damages, an action that will be far more costly for all involved.

Personal Injury

The Personal Injury category is liability from injuries to customers, competitors or other members of the public that are other than physical injury. Typically included in this category will be such items as slander, libel and false arrest.

Recommended Practices

1. The business' employees should not make remarks about competitors that are negative and defamatory, nor should the business' advertising include negative references to competitors.
2. Employees should be cautious when alleging wrongdoing against others that may lead to arrest or negative publicity.

Insurance Considerations

Most policies providing coverage for general comprehensive liability will include personal injury coverage.

Property

The risk to property is the direct risk to what the business owns. This includes inventory, cash, fixtures, signs, equipment, buildings, and supplies, as well as equipment owned by others that is in the possession of the business (such as a customer's equipment in for repair). A review of dive store property loss history shows that one of every ten stores will suffer a burglary in a twelve month period. The next most common property claim was glass breakage, followed by water damage. Other typical losses included compressor fire, lightning damage, and water damage by storms and fires.

Theft, Robbery and Burglary

This category includes merchandise, cash or other store property stolen by employees or shoplifters (theft), by direct confrontation (robbery), or by break-in (burglary).

Recommended Practices

1. Theft (customer)
 - a. An adequate number of employees and proper layout of the business should be planned to allow for proper view of all parts of the sales floor. Areas of the store – especially near the front door – that are out of view invite pilfering by customers.
 - b. Merchandise taken out of display to be shown to customers should be returned to the display after use. Merchandise left laying out is more easily stolen.

- c. Displays that show clearly when an item has been removed may quickly call attention to thefts and theft-attempts.
2. Theft (employee)
 - a. Careful inventory and register control is the strongest deterrent to employee theft. Nonconstant inventory control will allow theft without it being noticed.
 - b. The business should be extremely careful in how it assigns employee work schedules. Having lower-level employees alone in the store invites small cash and merchandise pilfering.
 - c. If employees are not provided personal dive gear by the business, an employee “equipment register” should be considered. Employees with items of gear that they did not purchase from the store may raise a flag that employee theft may be occurring.
 3. Robbery
 - a. Clear signage indicating the presence of a security service or central station alarm may be the best protection.
 - b. Cash amounts in the register should be kept to a low level, and excess should be removed and deposited at least daily.
 4. Burglary
 - a. The business exterior and interior should be well-lit at all times.
 - b. Window displays should allow a clear view into the business during off-hours.
 - c. Signage indicating the existence of a central station alarm should be posted prominently at all entrances.
 - d. In high-crime areas, burglary bars should be considered to inhibit “smash and grab” burglaries.

General Perils

These perils include such common causes of property damage as fire, lightning, storm and flood.

1. *Fire.* The building should be periodically inspected for fire hazards and any problems corrected. Of special note to dive busi-

nesses are oily rags, solvents, oil being stored near hot compressors, and shipping boxes and packing being allowed to accumulate.

2. *Storms and floods.* Of course, many dive businesses are near coasts and waterways where storms may be frequent. Construction of buildings, signs, displays and fixtures should be planned accordingly.

Insurance Considerations

1. *Contents.* Including merchandise, fixtures, and equipment, the contents to be insured should be calculated carefully. Most policies available from dive industry sources carry a *coinsurance penalty*, which means that if the full value of (or a specified percentage) of the business' contents are not insured, then coverage for any loss will be reduced by the percentage not insured. For example, if the business has \$100,000 worth of contents, but only insures to \$50,000 (50 percent of the value), then coverage for any loss would be reduced by 50 percent – a \$40,000 loss would only receive \$20,000 in payment. The business should carefully study this aspect of any policy before buying it. Policies without a coinsurance penalty give the business more ability to choose the amount of coverage it wishes.
2. *Theft, robbery and burglary.* Most property insurance policies include coverage for these losses, however, most will include specific requirements, exemptions and sublimits. For example, burglary coverage usually will require a central station alarm and will cover only a percentage of total property insured; and cash loss and loss from employee dishonesty will typically carry sub-limits, as will coverage for equipment off-premises. The business should understand these aspects of its insurance coverage.
3. *General perils.* Most policies will carry sublimits for glass, signs, compressor and air systems, or the coverage for such losses may need to be purchased separately. Many policies also exclude flood or wave damage (coverage must be purchased separately) and some policies exclude or limit wind and hail damage in coastal areas. The business should be very clear as to these coverages prior to purchasing a policy.

Responding to Incidents

A very important element of risk management involves what is done once an incident Response occurs. Prior planning is necessary to have an effective Emergency Plan (ERP).

Recommended Practices

1. The business should have an ERP in place, and all staff members should be aware and trained in its use.
2. The ERP should contain at least: 1) emergency procedures; 2) emergency telephone numbers; 3) first aid, oxygen and other emergency equipment; and 4) designated (properly qualified) personnel.
3. Any incident, regardless of severity, should be reported to the appropriate insurance company and/or diver training organization (according to any specific guidelines they may provide). Even apparently nonserious incidents can result in litigation – a denial of coverage because of the nonreporting of a seemingly nonserious incident would be very unfortunate.
4. Business employees involved in an incident should be responsive, caring, and sympathetic to victims and families of victims. While they should neither offer blame nor assume fault, they should not act in a manner that appears callous or self-protective.
5. Statements regarding an incident should be made with great care and to only the proper officials. As mentioned previously, blame should not be offered and fault should not be assumed. The business' attorney, the insurance company, or the training organization (if it offers risk management assistance as does PADI) should be asked for advice before making statements regarding serious incidents.
6. Business staff should avoid making statements about incidents suffered by other dive community members. Many a case has worsened, both in court and in the press, because of careless, competitive or otherwise stupid remarks made by dive industry members. In that dive industry insurance comes from the same narrow sources (and dive-oriented governmental regulations affect the entire industry), situations worsened for a competitor or other dive industry participants usually hurts the *entire* industry as well.

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Ten

The Dive Retailer and Instructor Relationships

As has been made clear, diver education performs a pivotal role in the success of the dive center or dive resort, which is carried out by the operation's dive instructors, assistant instructors and dive-masters. The importance of a proper business relationship between the dive center/resort and the instructional staff cannot be overestimated.

For discussion purposes instructor-to-dive center relationships can be divided into three basic types: the employee/exclusive contractor instructor, the affiliated instructor and the unaffiliated instructor. These general categories simplify analyzing how dive centers or resorts interact with their instructors, though in reality the relationship may fall somewhere between these categories. Before looking at the three relationship types, however, it's best to begin by looking at the characteristics successful retailers expect from a professional instructor, regardless of the relationship.

Characteristics of the Professional Dive Instructor

One of the most important changes in the modern dive industry has been in the individual who succeeds as a professional dive instructor. Whereas at one time almost anyone could become and succeed as a dive instructor, several influences – the industry’s rising sophistication, the dive center/resort demands, increasing customer sophistication, more varied and higher performance requirements in the instructor development process – have begun to weed out the less-than-professional. Today, only those instructors who approach their trade professionally (whether they instruct full time or part time) have any real chance of long-term success.

This trend benefits both the dive center/resort and the student/customer. Dive centers and resorts have better instructors to choose from, and customers can expect more professional service from those instructors.

In the PADI Instructor Development Course (IDC), during the opening session, the Course Director asks the instructor candidates to identify the qualities of a professional instructor. The idea is to have the candidates uncover those qualities so they can begin developing them in themselves.

As the instructor candidates analyze the different attributes of a professional instructor, it becomes clear that the majority of the attributes spring from a professional attitude. Today’s dive retailers and resort operators look for this professional attitude, as manifest by these characteristics (among others):

- *Supports the dive retailer/resort.* The professional instructor realizes that beyond instruction (education) diving requires equipment and experience. No matter what the instructor’s relationship with a dive center/resort, the professional instructor should ensure that his students develop a definite bond with a dive center/resort, where they have access to equipment and experience.
- *Accepts the role of equipment counselor.* Similarly, the professional instructor realizes equipment advice is a natural part of diver education, and that students – particularly entry level – turn to their instructor for such advice. The professional instructor assesses student needs, makes specific recommendations and does whatever is necessary to help students make wise equipment investments.

- *Makes dive training fun.* With safety the primary concern in diver training, it's sometimes easy to overlook that diving and learning to dive are leisure activities. The successful instructor finds ways to keep learning to dive light and fun, without compromising safety or training. The professional instructor is a "people person."
- *Stays up-to-date and fit.* The professional instructor keeps up with current training, safety and equipment trends. Also, he keeps himself in the necessary physical condition to do his job.
- *Ethical.* The relationships between students and an instructor, and between a dive center and an instructor sustain on trust. There's no place for anyone who's less than completely honest. Likewise, the professional instructor doesn't repeat or spread rumors about competitors.
- *Has the tools for the job.* The professional instructor has (or, depending on the situation, makes sure the dive center/resort has) the available educational components for each course taught. The professional instructor realizes that by applying all the training resources possible, students learn more effectively and teaching becomes easier and more fun.
- *Punctual.* Dive centers and resorts live or die by their schedules, thanks to the need to operate dive boats and thanks to sophisticated customers who expect punctuality as a matter of course. There's no room for an instructor (or other employee) who can't show up on time or who takes a lackadaisical attitude toward schedules.

Obviously, individuals differ in their degree of professionalism. New instructors especially need time to grow into their career, counseled as appropriate by the dive center or dive resort owner/manager. Nonetheless, the dive instructor who doesn't demonstrate at least rudimentary inclination to the above characteristics isn't likely to succeed as a professional in today's market.

Instructor as Employee/Exclusive Contractor

The closest relationship between a dive center/resort and an instructor is when the instructor is either an employee who teaches the center's classes, or is independently contracted to teach the center's classes. (Note: The definition of *employee* versus *independent contractor* varies significantly. What may be an *independent contractor* in one country may be defined as an *employee* in another. Dive centers/resorts should consult appropriate legal counsel and follow local employment and tax regulations/laws.)

The relationship may be full time or part time, but the key benefit to the retailer is control. Because the dive center advertises and fills the classes, sets the schedules and pays for a substantial portion of the course expenses (such as providing scuba equipment for the students), it has a great deal to say about how diver training is conducted (within training standards, of course). If the instructor doesn't meet the retailer's expectations, his employment can be terminated or his contract can be not renewed. Generally speaking, student records and mailing lists are considered store property, though the dive center allows the instructor access.

For the instructor, the key benefit is security. The dive center/resort fills the class and takes the risk; the instructor gets paid whether the class is full or not. Often, the instructor is also a regular employee for the dive center/resort, with teaching just one of many responsibilities.

Team teaching is another important advantage for both the dive center/resort and the instructor. With team teaching, several instructors work together, so that several classes and various personal schedules may be accommodated. One class may be taught by several instructors over several sessions. Team teaching also makes it easier to handle personal emergencies, such as illnesses.

Dive centers usually pay instructors in this relationship a salary or wage (employees) or a per class fee (contractor). Some dive centers pay a per student bonus or commission to give the instructor and other staff an incentive to help fill the class.

Affiliated Instructor

The affiliated instructor is an instructor with a distinct relationship with the dive center/resort, but who isn't an employee or an indepen-

dent contractor. The instructor establishes a relationship between class students and the dive center/resort; the dive center/resort reciprocates with special rates on student equipment rental and other support services the instructor needs. The affiliated instructor most commonly has this relationship with a single store, though a few alternate with more than one dive center. Many dive centers offer added incentives to affiliates who deal only with them.

Although the dive center/resort doesn't have as much control as with an employee/exclusive contractor instructor, the affiliated instructor relationship has several advantages. For one, the instructor takes the risk by advertising and filling classes; a class that doesn't fill isn't a direct loss for the dive operation. Second, the affiliated instructor relationship is usually above and beyond the store's regular classes (taught by an employee/exclusive contractor instructor). This means the affiliated instructor generates new customers beyond the store's direct resources. Third, affiliated instructors more easily operate in areas outside the dive center/resort's immediate market area, giving the dive center/resort wider penetration and access to more customers. Often, the affiliated instructor holds classes in the dive center's name and includes students in the center's mailing list and records.

For the instructor, the affiliated instructor relationship has several benefits. The instructor has more control of the class schedule, and can suit his own preferences as well as the students.' The instructor may hold as many or as few classes as desired. The instructor gives up the security of a salary or wage, but earns more if the class fills.

The relationship with the dive center/resort reduces the affiliated instructor's overhead and some liability by eliminating the need to purchase and maintain student equipment. During peak season, when the dive center/resort fills its classes, it usually refers students it can't accommodate to loyal affiliated instructors. Because the dive center/resort provides the services and equipment the instructor doesn't, the instructor's students aren't left dangling – the dive center/resort creates access to all their diving needs. Often, the affiliated instructor even becomes a loose part of the dive center/resort's teaching team, and exchanges students on referral to complete open water training.

Unaffiliated Instructor

The unaffiliated instructor (sometimes referred to as “independent instructor”) is an instructor who has no direct association with a particular dive center/resort. Typically, the unaffiliated instructor owns scuba equipment used for classes, or has access to such equipment from a source other than a dive center/resort. Surveys show that in developed markets, such as the U.S., less than 10 percent of instructors are unaffiliated instructors. In new, undeveloped markets, they are much more common.

Whereas unaffiliated instructors have the same benefits as affiliated instructors in terms of schedule, they face significant disadvantages. First, if they own their own equipment they will have the liability connected to its use; the investment and annual maintenance can be considerable for someone who doesn’t have a full-time dive business. Second, the students of unaffiliated instructors have no connection with a dive center, and may feel at a loss to establish one. Finally, the independent instructor lacks the backing that a dive center usually provides – overflow students, travel assistance, repairs – as well as the center’s social and moral support.

Despite these drawbacks, unaffiliated instructors still operate, though for a variety of reasons:

- *Undeveloped market.* In remote areas where there are too few divers to support a dive center, the instructor is unaffiliated only because there’s no dive center with which to affiliate. Most often, one or several unaffiliated instructors train divers until there’s enough market to support a dive business. Then, a dive center or resort opens – usually the unaffiliated instructor opens it. Worldwide, this has been the primary means by which the dive industry enters new markets.
- *Specialization.* Some instructors want to teach only highly specific types of diving, such as cave diving. Because the market is small for potential students, the instructor cannot affiliate with any one store and expect to fill classes. Generally, such an instructor offers something few, if any local dive centers/resorts offer, so the centers readily refer the few interested divers to him.
- *Policy.* A few schools by policy do not allow their faculty to promote any particular business. Faculty instructors who teach scuba for such institutions may not affiliate with a dive center, even if personally they would like to. (Happily, many such institutions are

learning the advantages of affiliating with a dive center, though the affiliation may change with annual bidding.)

- *Alienation.* In some instances, the unaffiliated instructor wants to work through a dive center, but doesn't feel welcome (justly or not) working through the local dive center/resort. Such instructors cite alienation ranging from unreasonable terms for being affiliated to being plainly told the store has no interest in the relationship.
- *Lack of professionalism.* Unfortunately, some unaffiliated instructors are so because they have a less-than-professional attitude. Some such individuals are "dinosaurs" who have been teaching diving the same way for decades, despite advances in diver education, and who don't wish to make the changes necessary to affiliate with a store. Others actually see dive centers as somehow contrary to the best interests of their students; a few are inexperienced instructors who are simply oblivious to the compelling reasons to be affiliated with a dive center.

Whereas a few retailers shun unaffiliated instructors as competition for students, the astute retailer realizes that unaffiliated instructors can be brought into the fold as affiliated instructors. Although, as mentioned, unaffiliated instructors comprise less than 10 percent of a mature market, converting one may penetrate a new market, and in any case, open a new source of customers.

Retailers adept at "converting" unaffiliated instructors into affiliated instructors do so by offering the instructor benefits and incentives. Just as a sales manager realizes that not everyone on a sales staff has the same motivations – some want money, others like travel, for example – the retailer learns what the unaffiliated instructor wants from teaching diving and, in exchange for an affiliated relationship, helps the instructor get it more effectively.

In the case of an "alienated" unaffiliated instructor, it's simply a matter of working with the individual to establish a mutually agreeable relationship. In other cases, it may be a long process requiring patience during which the instructor discovers the advantages of affiliation, and during which the individual's attitude matures and becomes more professional.

For example, it may take until an inexperienced instructor gets the bill and experiences the downtime of 15 regulator overhauls and 15 visual inspections to realize that obtaining equipment through a dive center would avoid a lot of hassle. Or, the instructor motivated

by travel finds more travel opportunities and variety by plugging his class into a dive center's overall, larger dive travel program. In either case, shortly the instructor wonders why he ever worked without a dive center standing behind him.

During this process, and with those who remain unaffiliated, the shrewd retailer realizes that new divers, whoever trains them, need to get equipment and support services somewhere. By notifying unaffiliated instructors that their students receive special consideration (nominal discount, club membership, etc.), the instructor's more likely to recommend the particular dive center.

The typical dive center/resort ends up with several instructors working through it, with relationships like those discussed and varying degrees in between. As mentioned in previous chapters, the dive center/resort relies on diver education as a new customer source, and to keep customers active. Instructors come in all ages, genders and races, each with his own reason for teaching diving. From the dive center's point of view, his professionalism is the most important characteristic.

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The Waiver of Confidentiality Form

PADI developed the Waiver of Confidential Relationship and Consent Regarding Release of Confidential Information form (see sample) to facilitate the professional relationship between instructors and dive centers/resorts. The optional form may be used by PADI facilities and their instructors to ensure that all parties are fully aware, on an ongoing basis, of any Quality Assurance-related correspondence between PADI and the Instructor member.

This form heightens the facilities' awareness of their responsibility to both PADI and the instructor in adhering to PADI Standards and Procedures. In addition, the use of the agreement and disclosure of the Quality Assurance process allows the instructor to educate noninstructor personnel of the instructor's duties, and the facility to abide by PADI Standards and Procedures.

This form also informs the retail and resort facilities of the services provided to their customers by instructors. Quite often, PADI receives correspondence from students who provide positive opinions regarding their PADI training, and this agreement ensures the facility is informed of an instructor's change of status, and any administrative or standards breaches. PADI Members may request this form from their local PADI office.



WAIVER AND CONSENT REGARDING RELEASE OF CONFIDENTIAL INFORMATION

This Agreement is entered into voluntarily this _____ day of _____, 20____, by and between _____, hereinafter referred to as "Dive Professional" and _____, hereinafter referred to as "Facility."

Whereas, the Facility is a member of the Professional Association of Diving Instructors (aka PADI Americas, Inc., hereinafter referred to as "PADI") in the business of selling, renting and servicing scuba diving related equipment and providing dive educational and experience opportunities for its customers.

Whereas, Dive Professional is in the business of teaching diving and/or conducting dive activities for certified divers or experiences for novice divers, and is a member of PADI.

Whereas, there is a mutual benefit to Facility and Dive Professional to enter into this Agreement pursuant to the terms and conditions hereinafter set forth.

Now, therefore, it is agreed as follows:

1. Dive Professional represents to Facility that Dive Professional is currently a trained and certified professional member of PADI, is a member in good standing with PADI, and is qualified to render diving instruction consistent with Dive Professional's rating, pursuant to the most current PADI Standards and Procedures, and PADI Instructor Manual and/or Course Director Manual.
2. Dive Professional hereby authorizes PADI to release to Facility (initial by each paragraph to indicate information to be released):
 - _____ Certification Counts – summary (student diver name, certification level and certification date) of all certifications and registrations issued by Dive Professional for the period beginning _____ and ending _____.
 - _____ Member History and Status information – Current and historical membership renewal information, date of initial membership and initial certification at current rating (Divemaster, Assistant Instructor, Instructor, IDC Staff, etc.).
 - _____ Information related to any Quality Assurance or Business Practices and Ethics inquiry conducted by PADI. Specific information will be the number of Quality Assurance actions in the file for the preceding two years, the dates of the inquiries and the resolution of each inquiry.
 - _____ Verification that professional liability insurance is in effect at the time of the request.
3. Dive Professional hereby unconditionally releases PADI from any and all liability for any damages that may result from releasing the above information to Facility.
4. This Agreement shall remain effective until 31 December of the calendar year in which the Agreement went into effect, as noted above.
5. It is understood and agreed that Facility can make periodic requests for this information, with a maximum of four (4) requests per year. All requests are to be in writing and directed to the International Resort and Retailers Associations of the appropriate PADI Office.
6. Information is to be released to _____, only, as a representative of Facility.

It is understood and agreed by all parties that nothing in this Agreement is meant to conflict with or override the terms of the Dive Professional's Membership Agreement with PADI.
This Agreement is duly executed by the parties on the dates set forth below.

Dive Professional:

_____	_____
(Print Name)	Member No.
_____	_____
Signature	Date

Facility:

_____	_____
(Print Individual Name)	S/R
_____	Member No.
(Facility Name)	
_____	_____
Signature	Date

Eleven

Dive Resort Operations

Overview

White sandy beaches and brilliant blue waters lure divers from all over the world to resort destinations. This provides dive resorts with a steady stream of business and visitors year-round.

Many divers become dive professionals hoping to work at, or start a resort business. To dive professionals seeking careers in the dive resort business, success relies on careful planning, preparation, and above all, a *realistic* view of dive resort operations.

Resort ownership, management or employment offers many benefits, including interacting with interesting travelers and local cultures, and diving the best reefs and areas. These benefits, however, come with a price.

Most successful resort operators and owners warn newcomers about the rigors and challenges of running a prosperous resort. These experts describe resort operation as hard work, and the serenity of the surroundings shouldn't distract from this fact.

A well-run resort requires good diving conditions, a friendly staff, comfortable accommodations, good meals, relaxation, and a wide variety of activities and services. As dive resort operations are unique, so are many aspects of resort management.

Resort operations cater to customers on vacation who wish to maximize their options in a limited time. In addition to scuba excursions and services, they also expect activities such as entertainment programs, specialized shopping, local cultural tours, quality dining, nonscuba water sports and general “fun in the sun.”

Besides services for experienced certified divers, noncertified diver scuba experience programs, such as PADI’s Discover Scuba Diving are popular, and often the customers’ first introduction to scuba. Nondivers and divers alike also enjoy snorkeling, and resorts offering snorkeling and activities specifically for children appeal to families on vacation.

Time-efficient private and semiprivate scuba courses meet the needs of those wishing to become certified. Referral certifications are popular options for travelers, and provide an avenue for developing business relations with mainland dive centers. For resort personnel, the task of ensuring student skill mastery and providing optimum customer satisfaction within a tight schedule requires careful logistical planning, especially during peak seasons.

Rapid customer turnover with a high demand for quality service is a way of life at dive resorts. Repeat business and word-of-mouth customer referrals rely on maintaining customer satisfaction. Resort business is often seasonal, due to vacation schedules and climate. While mainland retail businesses promote off-season educational opportunities and creative merchandising programs to attract business during slow seasons, resort businesses seldom have these same options. Therefore, it’s vital to maximize peak season business, and come up with off-season activities and promotions.

From a management viewpoint, attention to physical operations and selecting and maintaining a qualified and reliable staff play key roles in customer satisfaction and service, and ensuring maximum business during peak season.

Physical Operations

The dive resort’s physical location, layout and support operations lay the foundation for its success. Dive tour operations require access to appropriate dive sites, a dependable air compressor, scuba and snorkeling equipment for use or rent and, if scuba certification courses or scuba experience programs are offered, confined water sites.

Resort operators must consider the following items for a successful resort operation:

Boats

Most commonly, dive tours are conducted from dive boats (though in many areas excellent dive sites are accessible from shore). Selecting seaworthy vessels suitable for diving, employing qualified boat operators, and providing regular maintenance or repair are key management concerns.

Researching the local availability of repair parts, logistical considerations for transporting the boat to the resort location, typical marine environment, fuel availability, applicable government regulations, number of divers to accommodate, distance and duration of travel required to reach dive destinations all figure into the equation that determines the type of vessel suitable to a particular resort situation. Resort managers may contact manufacturers, other resort operators and attend boat shows to gain insights on vessels suitable for resort operations.

Compressors

The air compressor is essential to the dive resort operation. If a compressor fails, diving operations cease, resulting in unhappy customers. The dive resort needs access to an air compressor large enough to meet peak season demands. Compressor systems range from small 56 litres per minute/2 cubic feet per minute (cfm) portable units to those of 2831 litres/100 cfm or larger. 283-850 litres/10-30 cfm compressors are usually adequate to meet the needs of most resort operations, with 566 litres/20 cfm the average. An available second compressor provides insurance that the resort can meet its air fill demands. In this case, having two identical compressors reduces additional spare parts and maintenance requirements.

It's prudent to determine repair and parts availability, and delivery factors to a particular location prior to purchasing a compressor. Available local electrical current may be an important factor in determining the type and size of a compressor for a resort location as well.

Another important consideration for operating a compressor in a resort area is complying with local compressor regulations, if any exist. Likewise, adhering to the manufacturer's specifications for maintenance and repair adds to the life and reliability of compressor systems and ensures legal protection.

Enriched air offers a special consideration for the resort operator. At many resorts, the need for enriched air is minimal because multi-level profiles and shallow water make dives limited by air supply, not no decompression time. At other resorts, especially those with a lot of moderately deep sites (18 to 30 metres/60 to 100 feet) with little relief for a multilevel profile, enriched air offers significantly more bottom time. More casual divers have, at this writing, relatively little interest in enriched air diving, whereas many “hardcore” divers do.

Further complicating the decision as to whether to invest in a resort-based enriched air system is the additional support such a system needs. In many parts of the world, it’s difficult to get parts and materials for a normal compressor system, much less parts and materials for the more specialized and esoteric demands of enriched air. So, a resort may find enriched air unfeasible and/or offering little benefit for the operational complexities, or it may find that enriched air gives it a competitive edge in the local market. The wise resort operator looks at the variables closely, because the effects of a poor decision may cost more in business and income than with a land-based dive center.

Choosing the right compressor system is very important, but as in any business decision, the buyer should base it on all the information and data pertaining to a particular situation. The Dive Center Physical Operations chapter has additional information on how to choose the right compressor.

Resort Rental Equipment

Scuba rental equipment should be functional, durable and easy to maintain. Parts are often difficult to obtain in many resort locations, and availability may be limited. Rental equipment with a wide adjustment range accommodates a wide variety of sizes. Having the same type of equipment also aids maintenance and repair by limiting the stock of service parts. Equipment storage requirements, repair and maintenance areas, parts and tools figure into the resort rental equipment plan. Likewise the resort must schedule regular visual inspection, hydrostatic test and valve servicing for scuba tanks.

The Dive Center Physical Operations chapter discussed rental inventories in detail.

Customer Accommodations

Vacationing divers usually arrive at their chosen destination after long hours of preparation and strenuous travel. Uncertainties and complications upon arrival increase customer stress, so it's important to ensure that customers receive clean and comfortable accommodations. Weary vacationers should see fresh, cheerful resort staff when they arrive at the airport. Many also look forward to rest in a nice comfortable room as soon as possible.

Whether a dive resort operation uses its own accommodations, or contracts the use of others, these should be cool, comfortable and conveniently located. Accommodation requirements are not usually extravagant, but must be well-kept and free of tropical pests. Resorts should figure out the easiest logistics for their guests, especially if the lodging isn't within walking distance from the boats.

In the end, visitors rate their resort experience in different ways, and some spend more time in their rooms than others. They will judge small items, such as housekeeping, cooling systems, electrical and water services, and equipment rinsing areas in varying degrees of care.

It's a good idea to schedule dining and social events to form bonds between the staff and guests. Positive social interactions provide yet another motivation for guests to repeat visits to a favorite resort.

Personnel Considerations

Perhaps the single most important attribute of a successful resort divemaster or instructor is *attitude*. Vacationers, as well as employers and coworkers, are impressed with dive professionals with friendly, outgoing and upbeat personalities. Combined with a neat, attractive appearance, this meets the initial prerequisites for the ideal resort employee.

While an upbeat personality is an important attribute for any retail operation, it's even more essential for resort personnel who interact with continuously changing clientele. Each customer expects a fresh, enthusiastic response to his activities, and continuous attention during his vacation.

Although personnel may soon lose their initial enchantment with resort attractions and find them rather ordinary, to the customer the experiences are new and charged with excitement and discovery. Resort personnel who empathize with and foster customer

excitement toward what may seem the most common and ordinary attractions develop excellent customer relations. Personnel whose demeanor presents an attitude of monotony detract from the customers enthusiasm and enjoyment.

Successful resort operators advise potential job candidates not to think of resort employment as an opportunity to “play in the sun.” Resort employment, these experts say, is hard work with frequently long days, and a grueling schedule that requires everyone at a resort to be ready to work at any time.

PADI’s *Career Tracking Tips for the Dive Professional* video gives some excellent insights regarding employment at resorts through candid interviews with some of the world’s most successful resort owners. These employers echoed the need for mature individuals who can perform their duties without getting distracted by their surroundings. Many resort/boat owners also stressed the advantage of mechanically inclined or trained individuals who can work on machinery, especially boat engines and compressors.

Dealing with the continuous turnover of tourists can be potentially frustrating for many dive professionals. The objective is to entertain the guests, and while on the job, there is little time to devote to personal diving interests. This could frustrate a resort staff member whose objective in working at a resort is to pursue personal interests, such as building an underwater photography portfolio.

Working on a continuous basis with resort divers, especially newly certified divers, student divers and scuba experience participants, requires patience, tolerance, and understanding. Besides focusing on customer service, the successful dive professional needs a realistic outlook on job-related duties and a sound work ethic. Work is not a vacation, and a professional who thinks a resort job is a working vacation is in for a disappointment.

While diving on a daily basis may appear attractive at first, diving day after day, often three to four times daily, requires a high degree of stamina and attention to personal hygiene. Continuous exposure to wet and humid conditions predisposes a diver to health conditions, which include ear and skin conditions. Careful attention to personal hygiene and cleaning/drying wet suits and other equipment is important for any dive professional. Colds and small cuts, which are normally considered minor annoyances, may become significant if a diver can’t recover out of the water.

Dive resort operators and employees should understand the local culture they're in if different from theirs. Religious beliefs, customs, language, attitude and way of life of local peoples often differ dramatically from those of the resort personnel. Income levels for local native residents often fall far below those of resort personnel and may present a potential source of resentment. Blending in with the local way of life and offering due respect to local customs encourages a comfortable coexistence between resorts and local populations. Longtime or local residents naturally know the local customs and how to live with them.

Subsequently, when hiring resort professionals, owners usually look for individuals who possess the above attributes, plus valid instructional credentials, of course. While divemaster and instructor-level professionals certainly qualify to work in most resorts, some operations hire Master Scuba Diver Trainers who possess essential PADI Specialty Instructor credentials, such as Underwater Photographer, Wreck Diver, Underwater Videographer, etc. For more information on employment criteria, refer back to the Personnel chapter of this book.

Captain's License

Many resort locations require a captain's license or an equivalent rating to operate dive boats. Different countries have different rules and regulations pertaining to this important license. Dive boat captains play a significant role in resort operations, as a captain's responsibility includes the safety of his vessel and the people aboard.

In addition to his safety duties, a dive boat captain should also be familiar with dive sites and local conditions. Resort owners cannot afford deviation from the local licensing rules and regulations and must ensure their staff follow these regulations faithfully.

Dive Boat Scheduling and Logistics

Management concerns regarding to dive boat operation, tour supervision and scheduling require careful planning to ensure customer satisfaction. This involves staffing considerations, accounting procedures, boat operations, emergency management and dive site selection. Providing customer convenience items such as on-board snacks and beverages, rinse tanks for camera equipment, spare equipment, and freshwater showers helps customer satisfaction.

When planning resort dive boat schedules, resort operators should also consider diver supervision, depth and dive profile limitations, flying after diving concerns, diver experience, certification levels and number of dive days.

Selecting appropriate dive sites requires familiarity with the sites themselves, which can be accomplished through research and exploration.

Live-aboard boats can offer more “unlimited” diving schedules as all support services are on the boat. Live-aboards usually travel to and from dive sites at night after the diving is completed and customers have retired for the evening.

Dive boat schedules should be tailored to meet diver needs. Some considerations include the group’s experience, local conditions and logistics. An operator may start groups with a day of easy diving to ascertain their skills and comfort level, then take them to more advanced sites on the following days if they so desire. Extended trips, up to a week or longer in duration, may be planned beginning with shallow, less advanced dives on the first day, progressing to deeper locations for subsequent days, and tapering off to shallower, less advanced dives during the last days of diving.

Flying After Diving and Multiday Diving

Dive vacation plans usually include scheduled flights, so it’s a good idea to remind vacationers of current flying after diving guidelines. The same is true for those traveling to high altitudes after diving, such as an afternoon tour of a local volcano.

Divers planning multiday profiles over several days should maintain conservative dive profiles and consider snorkeling or partaking in nondiving activities, especially on the day before departure.

Resort operators may offer dive tours and activities that promote conservative dive profile practices, such as visiting shallow dive sites toward the end of the visitors’ stay, or scheduling optional nondiving activities midweek and on the day prior to departure.

Diver Supervision

Diver supervision includes roll call and diver count procedures, surface and in-water supervision and dive profile management. In many instances, guided tours are advantageous for group control

and scheduling considerations. Group control provides dive profile, depth and diver count management. Additionally, guided tours aid in reef preservation efforts by carefully observing divers' buoyancy control and diving practices. Diving with a professional guide also reduces diver anxiety, especially concerning navigation, dive profiles and advanced skills.

While tours have many benefits, most divers prefer the option of exploring the reefs with a dive buddy of choice. This usually calls for surface supervision, with attention to maintaining surveillance of the dive site and readiness to respond to an emergency.

Whether resort operations conduct guided tours, ask divers to remain within stipulated guidelines or have divers monitor and plan their own profile, supervisory personnel generally can track diver profiles. Divers frequently ask divemasters to help them plan dives, so it is useful to be familiar with a selection of dive tables. It is good to consider dive computers when planning and monitoring resort dive tours, and address their use in dive briefings.

Snorkeling

Snorkeling has always been an integral part of resort operation, especially in warm water areas around the world. Dive resorts are smart to cater to this large market and ensure they service snorkelers and schedule snorkeling excursions, whether these are exclusively for snorkelers, or combined with scuba activities. With a little staff training, flexibility and ingenuity, resorts can cater to divers and snorkelers, and almost every area has dive sites that are conducive for snorkelers and divers alike. *Sting Ray City* in the Cayman Islands is one example; another is *Molokini Crater* in Hawaii. Both have shallow areas for snorkelers, and deeper ones for divers.

Even certified divers may want a change of pace, or decide to snorkel on the day before flying. The dive resort should be able to provide snorkeling services in this case.

Tips and Gratuities

Many resort divemasters earn tips from customers by providing exceptional customer service. A word of caution, however: No one enjoys being "hustled" for tips. Customers and staff appreciate having tipping policies explained in advance. Tips are tokens of appreciation for good customer service, not expected payment.

Special Considerations for Resort Personnel Management

Management policies that consider the health and well being of the resort staff promote contentment and security among staff members. A contented staff creates an atmosphere of friendly professionalism.

Scheduling time off allows employees to attend to personal matters, rest and relax. Seasonal fluctuation, unplanned guests and unforeseen circumstances often make unscheduled demands on resort staff. Management attention to maintaining an adequate staff helps reduce unscheduled demands. Although time off during holiday seasons isn't usually an option for resort employees, slow seasons offer opportunities for scheduling employee vacations and completing projects for which there is no time during the busy season.

Regular days off are usually scheduled on a rotational basis for staff members and although taking weekends off is uncommon, it is helpful for resort personnel to plan for regular days off on a consistent schedule so that they may attend to personal matters. Additionally, unplanned days off may occur when weather conditions restrict diving activities.

Health care benefits encourage staff members to pay attention to personal health concerns, perhaps avoiding major complications and days away from work, while contributing to their security. Diver Accident Insurance, available internationally through PADI, provides medical and evacuation insurance coverage for in-water accidents.

Planning conservative employee dive profiles reduces the likelihood of decompression illness, which could be devastating to a dive professional's career. Management policies that reduces the risk of DCI may include monitoring and logging staff dive profiles with attention to current safe profile guidelines. Rotating each day's diving duties so that staff members take turns attending to nondiving assignments allows for extended surface intervals between dives. Likewise, regular days off each week allow for recovery time out of water.

Outlining company policies regarding smoking, drinking and dating helps promote a professional attitude. Resort areas often don't offer a wide variety of staff entertainment options, leaving dating and social drinking as attractive diversions to staff members. Policies that outline recreational staff behavior and interaction with guests are important considerations to maintain a professional demeanor.

For the expatriate (foreign citizen) resort employee, work permits, visa regulations and accompanying logistics can be confusing. Management responsibilities often include arranging for these per-

mits, which require familiarity with local government procedures. Employers and employees alike should adhere to local laws and regulations pertaining to hiring and business policies.

Room, board, laundry facilities and related benefits may play a part when planning compensation for employees. Local accommodations may be expensive or difficult to find, making resort-provided accommodations attractive. These benefits allow employees to focus their time and energies on other concerns, and reduce stress due to housing uncertainties, especially for new arrivals.

Reef Preservation

The primary attraction to resort diving locations are the reefs themselves. Vibrant, healthy reefs, teeming with an abundant sea life provide a natural wonderland that attracts vacationing divers year after year. In the interest of preserving this spectacular, yet fragile environment, it's vital for resorts to focus on reef conservation.

Rotating dive sites, careful selection of sites with regard to diver skill and experience levels, and responsible anchoring techniques, all aid in reef preservation efforts. Coordinating dive site visitation schedules with other resorts helps distribute diver traffic and provides uncrowded dive sites for guests. United efforts to install moorings and cooperate on conservation issues benefits everyone frequenting the reefs.

Diver awareness and buoyancy control also play a role in reef conservation. Most divers don't intentionally set out to damage reefs, but may inadvertently cause damage due to lack of awareness or buoyancy control. To minimize this, resorts can organize diver awareness presentations including introductions to local marine life, reef awareness programs and peak performance buoyancy clinics. PADI Specialty Diver certifications courses such as PADI Underwater Naturalist, and Peak Performance Buoyancy add to the emphasis on diver awareness.

Responsible dive boat operation practices have a distinct effect on preservation efforts. Minimizing reef damage resulting from boat anchoring, bilge or garbage dumping, hull impact and fuel or oil spillage additionally reduces negative effects. Use of permanent mooring buoys, anchoring only in wide sandy or barren areas if moorings are not available, disposing of waste using appropriate on-shore locations and maintaining boat engines promote reef preservation.

These practices ensure the industry's continued adherence and commitment to reef preservation efforts. Resort operators, however, should be careful how to position this stance so not to imply that divers are the primary cause of reef degradation.

The real culprits of reef degradation are pollution, dredging, overfishing and other nondiving endeavors. Some within these groups may scapegoat divers as culprits by using out-of-context information, so it's important to acknowledge these facts, while continuing to teach divers about reef protection.

Resort and Retailer Relations

Resort and retailer cooperation within the dive industry provides many distinct advantages for the resort operator, retailer, instructor and customer. Dive retailers often market dive travel packages to provide excellent customer service and exotic dive experiences for their customers. Many retail centers book dive travel with individual resorts based on familiarity and assured customer satisfaction.

Incentives such as Fam Trips (complementary familiarization visits offered to retail dive centers), commissions on dive travel booking and complimentary trips for group leaders attract retail dive center business. Promoting dive travel business through retail dive centers requires promotional considerations that acquaint divers with the benefits and services offered. Readily available detailed information packets and brochures help promote resort services at retail centers. Other promotional venues directed at retail dive centers include association with dive travel agents, participation in dive industry trade shows and direct contact with individual retail centers.

In addition to dive travel considerations, diver certification referrals are a significant component of the resort/retailer relationship. Student referrals offer many distinct advantages for customers who choose to meet certification requirements at a variety of locations. Communication between resort and retail centers regarding referred students, certification requirements and other related issues builds relationships through which all parties involved benefit. Cooperative relationships will invariably increase business opportunities for both parties.

Mutually beneficial relationships between resort and retail operations require communications and trust. Generally, retail dive centers rely primarily on equipment sales income, while resort business income relies on vacation sales. Understanding and respecting

customer interactions within each respective business helps establish trust and long-term business relationships. Communicating concerns regarding customer sales interactions aids in establishing this understanding and reducing anxieties associated with the threat of competition for customer business.

Dive travel wholesalers, such as the PADI Travel Network can play a significant role in establishing resort/retail relationships. PADI Travel Network continuously interacts with PADI International Resort and Retailer Associations Members worldwide in areas where there are high dive vacation travel demands. Booking travel to PADI International Resort and Retailers Associations Members assures the retailer that his customers will be accommodated at a resort that lives up to PADI's standards, thus eliminating some of the concerns associated with booking customer travel to unfamiliar destinations.

The PADI International Resort and Retailers Associations

The PADI International Resort and Retailers Associations (IRRA) is a trade association that provides the dive resort community with business support, marketing assistance and advocacy to the dive industry and government. IRRA represents the interests of dive retailers, dive resort operators, live-aboard and charter boat operators, offering extensive services and benefits to its members.

IRRA membership benefits include marketing advantages since the PADI name is recognized worldwide by dive vacationers and professionals, networking with a large membership, access to PADI products and member services, PADI-sponsored resort dive operator and dive boat liability insurance coverages, global trend updates, business news and statistics, job placement information service and environmental updates.

IRRA grew to more than 400 members in its first year of existence, and this number is steadily growing. This fact and the news from the field indicate the good health of the worldwide resort business. Studies show that divers from industrialized nations are constantly looking for travel and adventure, which means well-run resorts will have a steady stream of business for the years to come.

Customer Service – The Competitive Edge for the 90s

(Reproduced from the Resort Association News, Fourth Quarter 1994.)

There are old business adages that state, “The customer is always right,” “Give the lady what she wants,” and “Service with a smile.” While these represent the basic elements of customer service, many feel that to gain a competitive edge in the 90s, customer service needs to reach new, higher levels.

According to some experts, customer service is becoming the make-or-break factor for most businesses in the 90s. Part of this is competition – specialized products and services (in our industry: rental equipment, dive boats, hotel accommodations, etc.) are widely available around the world. The other reason is customer sophistication and ever-rising expectations.

In their book *Total Customer Service*, William Davidow and Bro Uttal wrote: “Rising expectations of service are an economic and social phenomenon . . . Consumers are richer and better educated than ever before, and thus more demanding about the service they receive. For example, when U.S. semiconductor companies learned that Japanese suppliers of chip making machines offered much more effective maintenance than U.S. suppliers did, the U.S. chip makers drastically increased their service expectations.”

We’ve witnessed this in the dive industry; when one dive operator began offering hotel shuttle service, it quickly became the norm in most markets.

So what is “customer service”? We’ve all experienced being “served” as customers, and we make a living by “serving” our customers. Has anyone ever developed a definition of customer service by which we can measure either our performance or our customer’s satisfaction?

Davidow and Uttal again: “In the broadest sense, customer service is whatever enhances customer satisfaction. Satisfaction, or lack of it, is the difference between how a customer *expects* to be treated and how he or she *perceived* being treated.”

This is why great customer service is challenging: expectations differ from person to person, country to country and culture to culture. This is a challenge that resorts must face and resolve to achieve excellent customer service. Many international resorts do this by hiring a culturally diversified staff, and understanding and analyzing their market and clientele.

Customers worldwide are becoming better informed about the value of service and are more likely to take their business elsewhere if their expectations aren’t met. We know that our customers evaluate the quality of the entire experience, from the airline service, to the ho-

tel registration desk welcome, to the behavior of fellow divers – as well as the attentiveness and perceived competence of the dive operation. Each aspect is appraised and colored by the others. Research suggests that divers of the 90s want a pleasant “total” experience; that boats need not be the biggest or the dives the deepest with the biggest fish. It’s rather the entire experience, including the service they receive, that determines whether they will return or not. So how do we determine what their expectations are exactly?

A study on customer loyalty conducted by Learning International concluded the following: “treating customers in ways that lead to loyal, long-term relationships requires a total organizational response. It’s not enough to develop a top-notch product, sell it at a fair price, and provide adequate follow-up support. In many buyers’ minds, this merely allows a supplier [dive operator] to play the game.”

Jan Carlzon, who turned around Scandinavian Airlines (SAS), began with the question, “Who is paying attention to the real needs of the customer? . . . The world is changing, business is changing, and the needs of our customers are changing. We must formulate a viable *concept* for service.”

In their book *Service America!*, Karl Albrecht and Ron Zemke claim that part of finding this “concept” is developing a *service strategy* that includes finding out “what goes on in our customer’s minds when he or she thinks about our kind of service.”

The ultimate questions seem to be “How can we determine what our customers value most?” Also, “How do we satisfy their expectations, and how can our performance be measured?”

A total service concept that addresses these questions can be developed by including these elements:

- 1- Strategy
- 2- Leadership
- 3- Personnel
- 4- Design
- 5- Infrastructure
- 6- Measurements of service.

1- A service strategy can be developed in three steps: first, you must invest the time and effort necessary to obtain reliable market research to determine who your customer is – the varying market segments and service segments. According to Davidow and Uttal, “Segmenting by customer expectations, rather than by customer, often reveals that it’s possible to give great service to a wide range of people who share a narrowly defined set of expectations.”

Second, find out what customers expect so you can determine how many of these expectations your operation can fulfill. Research has shown that there is a vast gap between how an organization defines “good service” and how the customer defines it. Carlzon’s most

effective action was to realize that how SAS defined service for its own purposes had little to do with customers' perception of service. *The thing to remember is that the way a company views service may have little to do with the views of its customers.*

Besides capturing demographic and psychographic (likes and dislikes) data, use open-ended questions on your questionnaires, and ask your guests (minifocus groups): What do you expect from a dive operation? What are the factors that make a difference to you? What leads you to choose your dive operation over another?

Put yourself in your customers' place when you develop your questionnaire. Your research may indicate greater possible success by concentrating only on certain market segments, such as Club Med has done for several years.

The third step of developing your service strategy is setting the customers' expectations. This means *deliver on your promises!* Your marketing should set realistic expectations for you and your customers. In this way, your customers' expectations are always met, and hopefully surpassed.

2- Unless you, the leader of your company, view customer service seriously, you probably won't get the results you desire from your staff. Management must be visibly and rigorously committed to customer service to make it trickle down to frontline employees. If company leaders espouse customer service as being all-important, but don't treat serving the customer seriously themselves, neither will the employees. By providing leadership, you create the environment, or conditions, that encourage your employees to go the extra mile for your customers.

3- Success relies on the training and development of personnel. As an industry, we cannot afford to have unprofessional or unfriendly personnel. This problem, of course, isn't exclusive to the dive industry, as Albrecht and Zemke state in *Service America!*: "It is no exaggeration to say that in the majority of service organizations, the care and training of frontline people could be vastly improved."

As resort operators, we should strive to hire the right people – Ron Kipp of Bob Soto's in Grand Cayman says that attitude is often more important than experience when hiring employees. After hiring, train, retrain and cross-train. Companies that headed up the "excellent customer service" list such as AMEX, Delta Airlines and Singapore Airlines extensively cross-train. Besides creating a more flexible work force for the company, cross-training ensures that every employee has the knowledge necessary to solve the customer's problems. Motivate employees with recognition programs, incentives and perks

4- Organizational systems' design should permit easy, effective customer service. Peter Hughes' system became famous in the resort dive industry for streamlining dive check-in procedures. The key is to keep

it simple. Pinpoint, from your customer's point of view, likely points of failure, and provide for a quick response. It may be vital in this step to involve your frontline employees since they work with the system on a daily basis under a variety of conditions. Let them participate as team members to tell you how to improve your systems. Also, consider allowing customers to do more of the work themselves. Customer service may not necessarily mean doing everything for the customer, but simply changing to the way the customer perceives the service.

5- The backbone of your service is your infrastructure. If you think of yourself as a manufacturer (you manufacture an experience for your customer), the infrastructure supports all functions necessary to produce and deliver that experience, from your computer system to the dive boats and rental equipment inventory. The more closely you match the capabilities of your infrastructure to your customers through market research, the more efficient and effective your "factory" will be in meeting the customer needs and expectations.

6- Measurement is the last step of this process. A valid measurement system tells you what's needed to improve customer service. An effective measurement system focuses on three different aspects of service: product, process, and customer satisfaction.

To measure the product, ask yourself the following questions:

- Is the building/office clean, well-lighted and eye pleasing?
- Are the dive boats clean and in good repair?
- Is the dive inventory sufficient to handle customer requests?
- Do you have safety equipment at hand?
- Are your phone/fax/computer systems adequate for your needs?

To measure the process, examine how you and your staff deliver the experience by asking these questions:

- Does your marketing promise reasonable expectations?
- Does your advertising deliver the image you want?
- Do you open on time, and do your boats leave on time?
- Is your staff friendly and professional?
- Do your customers have to wait in line for *anything*?

Measuring customer satisfaction is a lengthier process and may involve a survey process, but it's worth the effort. In a study conducted by Texas A & M University, researchers identified several dimensions of customer service that can be measured:

- Access
- Reliability
- Communication
- Competence
- Courtesy
- Responsiveness
- Understanding/knowing the customer

- Security

Use these criteria to measure your customer satisfaction or to develop a survey. It's best to develop the questions from your customer's point of view, not yours.

Customer satisfaction is the true competitive edge for the 90s. Resorts that offer little of that will lag behind, and those that do will surge ahead and get repeat customers regularly. Fortunately, offering good customer service may be one of the easiest and least expensive things to do for a business – with the infrastructure in place, sometimes all that's needed is a new attitude and a staff training program, such as PADI's *Positive Approach Selling*, which was specifically designed for this purpose.

Don't lag behind, after all, the customer is always right, and you *should* give the lady what she wants!

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