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Slikkers, David Oral History Interview: Carl Frost Center Oral History Project

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Oral History Interview

David Slikkers

Conducted and Transcribed by:

Ryan Harvey

August 10, 1994
2:30 p.m.

RH- First, could you state your name, date of birth, and the company you presently work for?

DS- David Slikkers, [date removed], 1949, S2 Yachts is the place of employment. I've worked here since April 1, 1974.

RH- How long have you lived in the Holland area?

DS- All my life.

RH- Could you describe your educational background?

DS- I went to private elementary school, the Adventist Church School. When I went to it, it was located on Pine Avenue. It's now on East 32nd Street. From there I went to a parochial boarding academy for my high school years. Then, I did one year of college at Andrews University down in Barian Springs. Then finished up a business associate degree at Davenport Business College in Grand Rapids.

RH- Could you tell me a little about your first job experiences, either before or after college?

DS- Do you want me to tell you the first one?

RH- Sure.

DS- My first job was cleaning offices for Dad on Washington Avenue. Everyday after school I'd have to bike up to the old skating rink, as it was known in town on South Washington, that's where the plant was, and would have to clean the offices. Well, I was more interested in the thirty-five cents an hour than I was the actual work. Of course, my work must have shown it, because it wasn't long before Dad came and checked up on me to see how I was doing. He quickly pointed out that I had missed several areas. He taught me a very valuable lesson, even cleaning offices and doing such mundane things as emptying the trash, and doing a few things like that, how important it was to do a thorough and complete job. Dad was pretty exacting on detail.

RH- Once you graduated from college, did you come straight to S2?

DS- I started working for Dad when I was twelve. And every summer between schools, from that point on, I worked in the business. So, it's hard for me to distinguish business and school because I had more fun in the business than I did in school. Academics was not my forte, so I was eager to get done with, if you want to call it, the minimal amount of school to get into the business. I truly wanted to be in the business and knew that going to Harvard and getting an MBA was not the route for me. If it meant that I had to work my way through the business physically doing a variety of jobs, I was committed to what was

necessary.

RH- Did you ever consider going into another business, or was it always the family business?

DS- I never really considered another job. At a very early age, I had only one mission, and that was to work in the business. Eventually, I had the dream of taking over the business when Dad would decide that he had enough. I was pretty devastated when Dad sold the first business of Slickcraft to AMF. I thought, "Well, there goes that dream." However, I continued to work and do a diligent job, knowing that you never know what's going to be in the future. As fate would have it, Dad started a second business. Then, I was able to realize that dream later on.

RH- Could you describe some of your first positions when you came to S2 out of college?

DS- Well, when S2 started it was in February of '74. We were running a small place on 7th Street, right next to Marsilje Travel Agent. We were building the plugs and the molds for the first new sailboats. So, basically it was an engineering job, the first job, working a lot with your hands, shaping and forming the new products, and being very involved at the elementary level of building and starting a new business.

RH- So your first full-time position was on 7th Street?

DS- Yes, that's correct. I started in April of '74. I started on 7th Street, and that's where we did it. At that time, Fibiano's was a peanut store and ice cream store in Downtown Holland on 8th Street. Every once in awhile for afternoon break, we'd send somebody over and get some nutty paddle pops. That was the treat of the week.

RH- So you are President now?

DS- Yes. I am currently the President of S2 Yachts.

RH- When did you become President?

DS- In May of '84, so that was just a little over ten years ago.

RH- What were some of the difficulties that you experienced in the first years after starting S2?

DS- I don't know if there were any difficulties. I think the challenge, if you will, was once again realizing that you were the son of the owner. That carries a different set of responsibilities than just being an employee. You have the family name to uphold. You have a work ethic that is going to be watched and scrutinized beyond belief. And of course, everybody

will try to interpret what you do or how you do it. So, what you really have to do is be committed to the mission at hand- that's building good quality boats- but also understand that there will always be a few that are critical of what you do or how you do it. The important thing is to know that in your heart you've done everything you know how to, to do it right. And that you're as honest as you can possibly be.

RH- What were the reasons behind your father's decision to sell Slickcraft?

DS- Well, I don't know. He's probably never said them one on one with me personally. I can come up with a supposition. Dad was the sole stockholder of Slickcraft. Slickcraft was experiencing a tremendous amount of growth. Of course, Dad was leveraged at the bank to some degree. But he was unable to get more funds to expand the business rapidly. He viewed the opportunity to sell as a way to tap into a bigger organization that had a lot more resources at their disposal than what he had as an individual. He viewed that as an opportunity, I think, to expand his dream. But at the same time to, I'm going to say, realize some of the effort, some of the blood and the sweat and the tears that he and Mom put into the business earlier. It was a way for them to get some of that reward then, but he continued to work. He is very obsessed with working, and works as hard today as he did then.

RH- How did you raise the capital over the years to expand the business?

DS- Initially, as you probably already heard from Mother, we sold the original house, and that generated the capital for the first business. The capital for the second business was a result of the sale of the first business. So, from that point on we've been able to generate the necessary resources from within. On occasions, we would have to go to the bank and get a short term note. If we do an expansion, we'd have a short cash need for maybe one or two years. For the most part, we've been able to fund it ourselves, and today we are completely debt-free.

RH- Have you ever considered going public?

DS- I can't say that it's never been a thought. I guess probably the reason that we haven't spent a lot more time on it is that we're not sure that's the right answer, or see the need to do that at this particular time. Generally, when a company decides to go public is when they're trying to raise large sums of capital to either fund more development or to aggressively expand the business. We seem to have enough of the resources that we need to expand at a rate that we feel comfortable with without jeopardizing the integrity of our principles as an operating firm, or with the quality that we instill in the product itself. So, maintaining those two things is vitally important to

us.

RH- What are some of the most difficult decisions you've had to make over the course of the business' lifetime?

DS- I would say there are probably two things that come to my mind, and that's making decisions to let certain people go. You've come to realize that their talents and their skills are not the skills that you can use in your business anymore, or that they aren't able to grow with the business. So, you've outgrown, maybe, their skills and abilities. So, separating from those people is a very difficult thing. I can assure you that having done it a few times, it doesn't get easier with time, or doesn't get easier because you've done it multiple times. People are very important to us, and how we work with them, they almost become a part of your family, so to separate is difficult. The other thing would be, probably the most difficult from a true business perspective, is knowing when to expand and when to develop and when to stop building certain products. The marketplace is a wild and woolly place. A lot can be gained and a lot can be lost by how you play the market, and I'm talking about the boat business market. So, those are probably the most difficult decisions, of knowing when to continue to expand a given product line that we have. Some real difficult decisions were deciding to no longer build sailboats, deciding to no longer build sport boats. Those are what I would call very difficult

decisions in the business.

RH- When you give up a certain segment of the market, do you do that so you can expand into another segment?

DS- Yes. Basically each time that we have come to that decision, we have done it because we want to aggressively pursue or aggressively expand another segment that we're already in. We feel that there's greater opportunity for our employees and for the company itself.

RH- Has the company ever experienced a crisis situation?

DS- I guess I'd want to know what your definition of crisis would be. Certainly one that comes to my mind would be the luxury tax. What that did to the company was rather devastating in its impact. We had almost 800 employees just prior to the beginning of the recession and the final straw was the implementation of the luxury tax. We got down as low as 227. So to go from almost 800 to 227, I can assure you that there was a lot of pain associated with that. When you layoff hundreds of people in a community as small as Holland, it's felt and it's effective, and you affect a lot of people's lives. So, that would probably be the closest thing that I could identify as a crisis.

RH- How would you describe your management style?

DS- I don't know if there's a name or a handle for it. I guess I have what I would deem a rather open management style. I like to be informed of what is going on. I like to sit down with my subordinates and review with them the challenges that we face corporately. Then collectively, I like to set goals and objectives that I think are a stretch, but that are achievable. Then, I like to allow that individual to then go and pursue the course necessary to achieve those goals and objectives. I try to have as much of a hands-off as possible, because if I'm going to be making the day-to-day operational decisions for engineering, or sales and marketing, or purchasing, or human resources, or accounting, then why did I hire these executives to do that? If I didn't need or want their talents and their skills, then I shouldn't have hired them.

So we've hired what I believe is a very competent professional team in addition to the family members to complement the full needs that we have here. I like to challenge them on an annual basis. We have a lot of dialogue more than just on an annual basis. The beginning of our fiscal year we set out so there is a very clear mission as to what we're trying to accomplish. Then I hold them accountable for that, and measure their performance. Some of their bonuses are tied into that exact performance. So, during the year when we have discussions and they'll come to me and say, "Well, what do you think?" I'll

clarify for them, "Are you looking for me to make the decision, or are you looking for a dialogue and a discussion here with input?" Because I make it very clear to them that I will not be making the decision. I charge them with the responsibility to oversee that area of the company, and I'm going to hold them accountable for making those decisions. I appreciate the fact that they want to discuss it with me, and I will give them my input, but they know before we start that I will not be making the decision.

RH- Do you think it's easier or more difficult working with family members in the business?

DS- I would say that it adds an added dimension of challenge. A lot has to do with the family member themselves, himself or herself. I have a tendency to want to run a very professionally run organization. So, I expect them to perform to the same standards and expectations as a hired professional. I don't always get complete consensus on that. (laughter) But that's my perspective. I think it's awful important that we try to administer as many of the policies and guidelines absolutely the same as we do with any other manager of the company. I realize and understand and know that because you are family there will be some things that are different. I think keeping those to a minimum, but acknowledging those clearly to the rest of the management team of saying, "Okay, this is how this is going to

be. Don't try to play games with them. Don't try to pass it over as something not being the same. Be real straight with them. Come clean with them. Tell them exactly what's going on." I have found that when you have that kind of open dialogue with the rest of the management team, you really don't have a lot of problems.

RH- What changes have you seen in the market and your business in the past twenty years?

DS- I don't know if we've got that long of time to cover all that. I would say that.....over how long?

RH- The past twenty years.

DS- I would say the first ten years were basically what I would call normal cyclical business. You have three or four years of good times with growth in the 10 to 20% range, then you'd have a lean year. Then, you would cycle again for three years of good, and then another lean year. The decade of the eighties brought on a whole new set of business challenges. There was enormous difficulty in the early eighties with high inflation, high interest rates, as the Carter administration left office and the Reagan administration came on. Then the explosion of what I would call the Reagan administration years. The United States grew phenomenally. A lot of people criticize the Reagan

administration for what they did. I think that President Reagan had a very correct view on taxation, and what it does to stimulate economic growth. More jobs were created in the decade than probably three other decades combined. So we saw very explosive business growth. Our industry saw unprecedented six years or seven years of growth that was just never before seen. The ride up was thrilling and exciting, only to be equaled by the ride down. That's probably the most difficult thing was in '89 and '90 when the recession started to be felt, then the impact of the luxury tax, to know on a month-to-month basis you could not make business corrections fast enough to deal with the elements being thrown at you was the most difficult. So, the fact that the rules of the game, the stakes were moving on a month to month basis, that is really very unsettling.

RH- Has there been much of a change in technology over the years?

DS- I would say that there has been a change in technology. From the time when Dad was making formed plywood hulls, to molded plywood hulls, to the initial fiberglass, to now where we're using, I don't want to call it exotic- but certainly we're using premium resins and special materials in the construction of our product. In some of the processes that we use today, ten years ago it would have been viewed as very sophisticated. Today, we view them as normal, just because it's an evolutionary process as

opposed to a revolutionary process. As time comes along and new materials evolve from suppliers, we try to take a leading edge, and to take advantage of those and giving a premium product to our customers.

RH- What kind of changes have you seen in the Holland business climate as Holland has grown and developed?

DS- Well, it's difficult to find a parking place in some places in town now, where it used to be you could find a parking place anywhere. I would say the growth that Holland had experienced has been pretty phenomenal. If you take a look, probably over the last forty years, Holland has been very blessed with a diversity of industry. So that the community was not so heavily tied to one particular industry, whether it be furniture, whether it be aerospace, whether it be automobile, whether it be the boat industry, or whatever it might be. It has a very diverse industrial base, and for the most part, has a very clean industry. Our industrial parks are something to really be proud of as a community. You can drive through them and they're really a showcase of what American business is today. I think Holland is experiencing some real growth challenges with reference to schools, highways, and road systems. I think in the last couple of years, I think it's basically run out of people, when I say run out of people, industry has grown so much because we have such a high concentration of high quality companies in the West

Michigan area or region that we have basically absorbed all the manpower that is available. Now, I think the challenge that's faced with local industry is how are we going to import more people to continue to build the industrial base that we have. I don't care if you're the Herman Millers, or the Donnellys or the Trendways, or the Transmatics, or the Haworths, or the Princes, or S2, Brooks. You go down and look at all the companies and they're all in the top quartile of their industry from quality and positioning standpoint, quite a phenomena. As a result, they have the position and they now need the man power to support that growth. And we're basically going to get in a labor war in the community because of the shortage.

RH- Are there any specific actions that businesses are taking to bring in more labor?

DS- I'm certainly not privileged to all the things that the various companies are probably trying to do to bring in the necessary human resources that they need. If they're like us, we're trying to get as creative as we know how to answer that part of the challenge. It potentially could limit the amount of growth that Holland has from an economic standpoint because businesses come to a brick wall with reference to the ability to bring on additional employees, they then will be faced with the decision of expanding their businesses in other communities outside of Holland. Whether that be out of the State, or other

places within the State, I can't answer that. Only they can answer that. But we know Donnelly has made decisions like that. Haworth is in the process of making decisions like that. So, you're already starting to see the road signs that that's what their going to be faced with. That's probably the disappointing part of growth. Particularly in our community, where you've sucked the community dry of it human resources. Who would have thought that twenty years ago?

RH- Has the business turned out the way you originally envisioned it?

DS- Well, I don't know that I had a specific vision of how the business would turn out, or how it is. From year to year, you do have a vision of what you'd like to see out of the business in say three years from now or whatever. I think that the opportunity that I see for us is really pretty exciting. The amount of growth that's there for us, we have positioned the company extremely well. As I already mentioned, we're debt free. We have good engineering and new product design, talented resources. So, we have the ability to meet the challenges, and for us the challenge is making sure that we've got our ear to the ground and listening to what the market is saying. So, that we can have the right product at the right time and take advantage of that growth opportunity. So, is it what I wanted? I would say that it's better than what we expected.

RH- If you could change any of your business decisions, would you?

DS- Would I change any of the business decisions? I'm sure there would be a couple of them that you would like to change, but they would be pretty small in retrospect given the total scope of things. Some of the things that you ended up making decisions to stop doing, you say, "maybe we should have never done that in the firstplace." But, yet I think those were the stepping stones to helping you do some things that you might not have otherwise done. It gives you exposure to things. It's all learning experience. Probably the only thing that comes to mind, maybe I shouldn't have hired a couple of people that I did because they didn't work out as well as what I envisioned. So, those would probably be the things that I would like to change.

RH- What course would you like to see the company take in the future?

DS- I think as I already alluded to, there's an opportunity for us to still have what I think is substantial grow. I think the direction that I would like to see the company take is to simply pursue the product segments that we are already in within our industry to simply exploit them. I mean really go after them aggressively, take advantage of the technology, the facilities and the talents that we have within our company.

RH- Do you see S2 possibly acquiring other boat companies?

DS- I'm not sure that acquiring another boat company is really in the cards. We have a tendency to want to do it ourselves. Not that there aren't some good companies out there. I guess I don't like to ever say never because you just don't know what opportunity may come along. At this point I would say that that's probably fairly low on the probability scale.

RH- What advice would you give to a young entrepreneur?

DS- I guess the advice that I would give to a young entrepreneur would be to simply passionately follow his dream. An entrepreneur is a very special individual. They have special talents, special capabilities. They have the ability of creating new products, and within that they may not always have all the talents that they need to run a business. I would say recognize your strengths and weaknesses and build around them to complement yourself I would say would probably be the best advice.

RH- A lot has been said about the "work ethic" in West Michigan. Do you think there is a difference and if so has it helped S2?

DS- I think there clearly is a work ethic I might say advantage in West Michigan. I think the Dutch ancestry that we're so well know for is certainly a factor. I think the work ethic of that

culture is well known, and there's other European cultures that are present besides the Dutch influence, the Danes, the Swedes, the Norwegians are somewhat here, not to the degree that maybe the Dutch were because it was heavily Dutch populated. I think that there was a strong European base of people and out of that I think we have that advantage. I think that from this point forward the work ethic and advantage that we have been privileged to for the last forty years or maybe even a half of century, will now start to wain. As we continue to import more and more people to meet the needs of a growing community. You will be getting them from a real diverse background, and we'll end up with a real melting pot. So, some of that will get watered down. Some of the old traditions and some of the old work ethic, you will still find pockets of it, but it won't be as broad spread as what we've seen over the past forty or fifty years.

RH- Has the company been involved in any community service projects?

DS- We have taken probably a rather low profile with reference to community activities. The family is not what I would call a high profile group of individuals. We have helped an awful lot of organizations both personally and financially. That's an ongoing process. Unlike some of the other companies in town who take a very high profile, we've simply elected to take a low profile and do things behind the scenes, and aren't looking for a

high visibility. So, we're very concerned about our community. We feel that it's our responsibility as a corporate citizen as well as individuals to continue to enhance and improve the community that we live in.

RH- For a final question, if you could give a mission statement in your own words for the company, what would it be?

DS- I would say that the mission statement for our company is fairly simple and fairly straightforward that is, we want total customer satisfaction, profitably. That's easily verbalized, but it's a real challenge to deliver. To have total customer satisfaction is a tall order, but to have it profitably is even a taller order. I believe that in order to have the first, you have to be profitable to continue to serve the customers. If you don't position yourself to get paid what you should, then you won't have the money to take care of them in the future. So, that's what I would state.

RH- Unless you would like to add something else, that's all of my questions.....okay, thank you.