

MGMT 321
CASE ANALYSIS INSTRUCTIONS
CH 13: Motivation and Performance
Points Possible: 25

Instructions - Content

1. Read the article below from Business Week on the Boston Duck Tours company.
2. Discuss the employment practices or policies at Boston Duck Tours that you think are motivating the employees to do a good job. However, you must go beyond simply describing those practices or policies. You must use the motivation theories within the chapter to help explain “why” you believe the particular practices and policies would motivate the employees. (**HINT:** the topics of merit pay, bonuses, commissions, stock options, piece-rate pay, profit sharing, etc. discussed at the end of the chapter are NOT motivation theories).
 - For instance, do you think letting the “conductors” develop their own characters increases their motivation? Which theory would help explain this? Is it expectancy theory, operant conditioning, Maslow’s hierarchy of needs, etc.? Which elements of the theory or theories help explain why this practice would motivate the employees?
 - You can use more than one theory to explain why any particular employment practice or policy would be a motivational tool
 - DO NOT merely list the practices occurring at Boston Duck Tours and state that these would naturally motivate someone.
 - DO NOT discuss what would motivate the owner, Andrew Wilson
 - Make sure that you explicitly make the connection between the theory and the practices and policies at Boston Duck Tours. For instance, don’t merely state, “Theory A explains why employees are motivated at Boston Duck Tours because employees are paid a good wage.” I would then ask why a good wage is evidence of Theory A.
3. DO NOT summarize the article.

Instructions - Format

1. **Failure to follow each of the format instructions will result in a reduction in the assignment grade, even if all other aspects of the assignment are correct.**
2. You must type the assignment using the following format and length requirements:
 - *Font:* Times Roman.
 - *Font Size:* 12 pt. DO NOT USE A SIZE LARGER THAN 12 PT.
 - *Margins:* 1 inch top, bottom, left, and right.
 - *Spacing:* Double
 - *Length:* The analysis of the case should total a minimum of 3 pages.
 - *Cover page:* please include a cover page

A Nice Business Built On Being Nice

Generosity is the hallmark of thriving Boston Duck Tours

A lot of experts tell Andrew Wilson he doesn't understand business: His prices are too low, his pay scale too high. But the 41-year-old founder of Boston Duck Tours, which offers land/water sightseeing trips in World War II-era amphibious vehicles known as DUKWs, or "Ducks," has built a flourishing company in just four years by swimming against the current. "Other businesspeople don't get it," he says. "Why argue with success?"

Why indeed? Buoyed by Boston's recent tourism boom, Wilson has made his entertaining tours stand out -- even in a market so cutthroat that tour-ticket vendors have been known to fight over customers on Boston Common. His colorful flock of 16 Ducks, bearing proud local names such as Kenmore Carla and Fenway Fanny, take visitors on a fun yet fact-packed trip that cruises along the Charles River as well as around the city's fabled sights.

The 80-minute excursion costs adults \$ 20. Boston Duck Tours carried 300,000 passengers from April to October, 1997, when the Small Business Administration named Wilson Massachusetts Entrepreneur of the Year. That traffic produced revenues of \$ 4.4 million -- and profits of \$ 900,000 -- even though school groups get discounts and Wilson gives away thousands of free tickets. Revenues are expected to pass \$ 5 million in 1998. But what makes this former investment bank vice-president a rare bird is the way he operates. Wilson won't raise prices, even though he turned away 250,000 customers last year because of limited capacity. (The city gave him permits for 4 more Ducks this year, up from 12. He has asked for 8 more.) "It'd be greedy," says Wilson, who relies on word-of-mouth and customer satisfaction to generate business. "People remember when you've gouged them." The situation has made Boston Duck Tours a B-school case study. At Harvard University, the professors thought he should expand outside Boston. But Wilson thinks the city's calm river and compact historical district are uniquely suited to the business.

PRACTICAL. Then there's his attitude toward profits. Last year, he donated 10% of pretax profits, or about \$ 90,000, to community projects such as cleaning up the Charles. He also paid out about \$ 1.1 million in bonuses -- to everyone but himself. His own salary is "significantly under six figures," he says. Managers get 1.5%-to-3% equity in the business after five years, and after three months, all 50 or so employees enjoy benefits almost unknown in seasonal work: year-round medical, dental, and life insurance, plus a 401(k). Such largesse is practical, Wilson argues, citing the success of employee-oriented Southwest Airlines Co.: "Ultimately, this business is about people. If they're enthusiastic, it works."

Enthusiasm is definitely on display aboard the Ducks. Each driver/guide "conducttor" develops a theatrical identity, costume, and spiel -- Brad Rigby, for example, calls himself "Ace Bandage" and dresses like a New England Patriots football player. But besides encouraging wackiness -- the crew carry kazoos to quack at passersby, who often reply in kind -- the company insists employees know what they're talking about. Guides study with the local historical society, for example.

And they're well-paid. The highest-earning conductor made more than \$ 50,000 last year -- for eight months' work. Even the part-time, mostly student, ticket-takers earn a \$ 1-an-hour bonus on top of their \$ 9-an-hour wages if they stay through their contracts.

Wilson says the generosity reduces labor costs by cutting down on turnover. (All four of the original conductors are still aboard.) Recruiting is also easier. Brad Rigby came from a rival tour company that runs trolleys year-round but offers no benefits. "I'm not gonna leave here unless they make me," he says.

Wilson hatched the idea for the company in 1992 when he saw tourist-bearing Ducks lumbering around Memphis. He had recently bailed out of "100-hour workweeks" as a vice-president for operations at investment-banking firm Boston Co., feeling, among other things, underpaid for his contributions. "I just hit a wall one day," recalls the Chicago native, who put himself through college working nights as a deputy sheriff. He thought Ducks would do well in Boston, where visiting friends loved to be taken out on the Charles in his sailboat.

PERMIT HELL. At the time, there were only two other Duck tours in the country: in Branson, Mo. -- a waterfront tourist destination, like Boston -- and in the scenic Wisconsin Dells, where a returning serviceman launched the original Duck tour right after World War II. Wilson started tracking down collectors of the vintage military vehicles and met Cambridge (Mass.) funeral-home owner Manuel Rogers Jr., who loved the idea and took a \$ 90,000 stake in the business. That kept Wilson afloat until he could raise \$ 1.2 million more from 35 limited partners rounded up by a small Boston investment bank. (As general partner, Wilson owns about 25%.) Wilson bought four Ducks, available for as little as \$ 500, and then came the hard part -- a two-year odyssey through "100 halls of government" to get the 30 permits he needed to launch in late summer '94.

Then Boston Duck Tours hit rough water. Wilson, \$ 270,000 in debt, lost \$ 80,000 the first year. But his whole crew pitched in to keep the startup going -- painting, wiring, and laying the carpets in the office themselves. He spent nothing on advertising, figuring, correctly, that he didn't need it; local media gave lots of play to the diverting newcomers. Revenues rose to \$ 1.9 million in '95, and the business has been making money ever since. "The investors are very pleased," says Jeffrey S. McCormick of Saturn Asset Management, though he adds that Wilson's "passionate commitment" to his city, employees, and investors creates a "healthy tension over where to dedicate resources and, frankly, profits."

These days, the Ducks are local icons, featured in ads for the Bank of Boston. Yet Wilson is thinking about moving on to other things. With nearly 600,000 tourists a year coming to his door, he can see expanding his "entertainment business" -- the business he says he ultimately is in -- into profitable new directions involving tours and merchandise for tourists. On the other hand, success has meant more seven-day weeks, and he hasn't taken a vacation in 18 months. "I'm at a crossroads in my life," he says. "You need balance. You've got to have time to watch the clouds roll by."

Although a number of buyers have made offers, he says, they tend to melt away when he insists they continue his profit distribution and benefits. Now, he's considering a sale to his staff through an employee stock-ownership program. "I

believe in employee ownership," he says. "I'm not anticapitalism, but the human element isn't taken into account enough." By making the most of his human assets, this engagingly odd duck has made his business swim.