

# BUILD IT & they will come

Traditional boatbuilders and suppliers are finding that to thrive or survive, the answer might lie in diversification



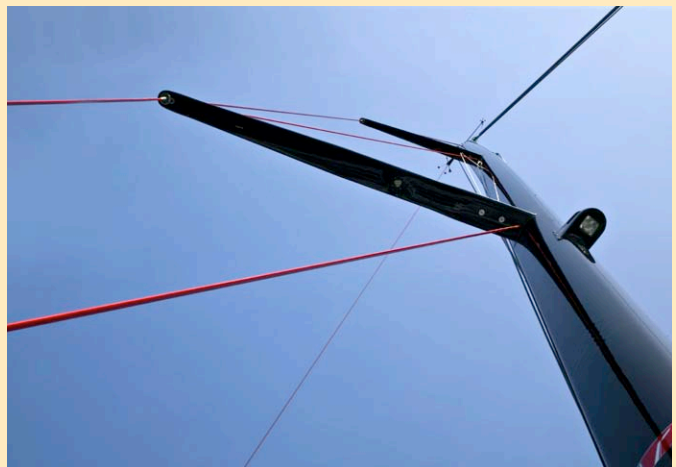
BY ZUZANA PROCHAZKA

**B**ACK IN 1932 WHEN GEORGE BLAISDELL founded the Zippo Manufacturing lighter company to sell a line of windproof lighters that were popular with the military, he probably couldn't have envisioned a time when people didn't smoke. Fast forward several decades, when health concerns and legislation were taking a big bite out of Zippo's revenues. They diversified, and soon were selling lighters for fireplaces and grills, designer pens, watches, handbags, and accessories.

David McConnell was a door-to-door book salesman who got more women's attention by offering perfume samples. Soon the perfume was outselling the books, and Avon was born. Global giant 3M was a mining company known as Minnesota Mining & Manufacturing before selling sandpaper and Scotch tape as a sideline. Today they market over 55,000 different products including car-care solutions and touchscreens. And Tiffany & Company started out as a stationer before switching to jewelry.

Marine companies are no exception to evolution. When the economic downturn hit five years ago, many realized they had to adapt to survive. Some had already been on a path to diversification and fared better when the marine industry stalled. Several fast, outboard-driven boat builders have tailored designs to government and paramilitary users. Parker Boats builds for police and natural resources departments; Fountain Powerboats has worked with the Drug Enforcement Agency; Boston Whaler provides vessels for numerous arms of the government.

David Glenn, marketing director at S2 Yachts, which builds Pursuit and Tiara, says they've provided police boats to places such as Lake Victoria in Uganda, and will work with agencies so long as there is a reasonable amount of customization required, beyond which it's not profitable. "Our reach beyond recreational marine started before the recession with strategic planning in 2006. We've built products for wind energy and other markets. Today, about 20 percent of our business is in non-marine applications." Building boats for state, federal, and



**Clockwise from left: S2 Yachts, which makes Tiara and Pursuit boats have provided police boats to faraway places. A tidal turbine being brought to its new home. This composite solar arch doubles as a car park canopy. How it all began: A Hall Spars traditional marine mast. A giant Christmas bauble made by Goetz. A vertical wind turbine. Cantilevered composite staircase. Musician Yo-Yo Ma and his composite cello.**

**DOMETIC** makes cooling and heating products for boats, but also manufactures hotel minibar systems, electronic safes, and computerized, temperature-controlled containers for the transport of blood.



**RECOGNIZE WHALE**, a U.K. manufacturer of pumps, from your onboard freshwater system? They also make pumps for in-home applications such as showers and heating systems.

**ZF FRIEDRICHSHAVEN** sells a variety of marine-propulsion systems including transmissions, pod drives, joysticks, and thrusters, but they also sell gearboxes for commercial wind generators.

**JEPPESEN**, a division of Boeing, got into marine software and charts with the purchase of Nobletec in 2000 but has the core of their business in aviation including airport planning and passenger baggage simulations to increase terminal-layout efficiencies.



**DR. SHRINK**, which wraps everything from boats to buildings, once wrapped the national Christmas tree after the 74-foot white spruce was cut down in Michigan and was readied for transport to Washington D.C.

## DID YOU KNOW?

Think that PLB or multifunction display you have aboard your boat was all the company made? Think again. For some manufacturers, the recreational marine market is a drop in the ocean, comparatively. You might even be using their products in airports, hospitals, or at home walking the dog, without ever realizing it

**HELLA MARINE** sells interior and exterior boat lighting but their core business is in automotive where they manufacture headlights. They also make lights for runways so pilots can land safely.

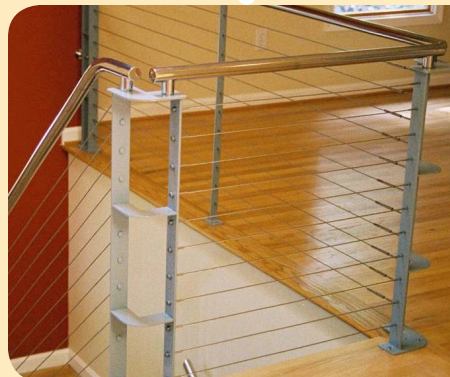


**KEP**, or Kessler-Ellis Products, makes high-end multifunction displays found at the helm of many larger powerboats and megayachts, but they also market electronic flow meters/instrumentation and counter/timers such as those used in slot machines.

**SOFT LINES**, maker of dock lines, also make pet leashes and horse leads.



**SEA-FIRE**, maker of marine fire-suppression systems, also mounts its extinguishers in professional stock cars while ACR, which makes personal locator beacons (PLBs) for mariners, is also heavily invested in military and aviation-survival products.



Many rigging companies like **EASTPORT SPAR & RIGGING** and **NAVTEC** are taking advantage of a popular architectural trend by providing wire railings for outdoor decks and interior staircases.

## THE TRICKLE DOWN IN REVERSE

*These once James Bond-esque products got their start in the military, but today most of us can't imagine life aboard our boats without them*

**W**HILE MARINE COMPANIES might be diversifying into other fields, boating has benefited hugely from other industries that edged their way into the marine industry. Navigation systems like Lorán and GPS have their roots in military applications, which led innovation partly due to their specific needs and partly because at the early-adopter stage, no commercial market could afford the new technology. These technological advances led to the creation of recreational marine electronics companies like Magellan, Garmin, FLIR, and Navico (parent of Simrad, B&G, and Lowrance) that eventually brought these cutting edge technologies to our boats.

"Early days for FLIR were all about the Department of Defense and large and expensive equipment," says Lou Rota, vice president of maritime sales at FLIR, a worldwide thermal-imaging company. "As the size and costs decreased, we expanded the technology to law enforcement, aviation, search-and-rescue (SAR) organizations, the U.S. Coast Guard, and now the recreational boater." FLIR also builds cameras for nighttime vision enhancement for the automotive industry. "Getting the costs down (to meet that market) has always been a challenge," says Rota. "That and working across different cultures, because doing business with government agencies is a completely different mindset." FLIR acquired Raymarine in 2010, a recreational marine electronics manufacturer that had been spun out of another defense supplier, Raytheon, a decade earlier.

Next on the horizon for FLIR is building surveillance cameras for industrial and home security. "As costs decrease, the technology suddenly makes sense to more and more markets," adds Rota.

Garmin, another marine-electronics manufacturer, may have leveraged GPS technology, but the company didn't evolve out of the military. Founded by pilot Gary Burrell and engineer Min Kao (hence the name Garmin), the company's focus in the 1980s was on general aviation. Today, Garmin sells navigation products to the auto industry and handheld topographical mapping devices to hiking, biking, camping, and hunting enthusiasts. — **Z.P.**

municipal agencies has helped them during the downtimes, especially in keeping a valued and skilled labor force employed so they'd still be there when the economy turned around. "We've been building yachts for 60 years, and the majority of our energy is still directed at that market," he says. "But any time you can build a quality product and keep talented workers employed through rough times, well, that's a win."

Eric Goetz's company, Goetz Boats in Bristol, Rhode Island, has been through the wars, including receivership. Goetz Composites was formed to serve diversified markets using skills in engineering, lamination, fabrication, and installation that came out of their marine experience. Chase Hogoboom, company president, estimates that over half of their business now comes from non-marine sources, including custom cupolas and a wind vane for the Staten Island Children's Museum, a suspended library that hangs in the headquarters of the American Yazaki Corporation; and a giant Christmas ball ornament embedded in the lawn of the headquarters of an energy company. They also restored the 24-foot Buckminster Fuller Fly Eye Dome, now installed at MGM Macau and filled with butterflies. "We thought it was funny that a product made here was shipping to China," says Hogoboom, "so we slapped 'Made in the USA' stickers all over it."

### THE COMPOSITE REVOLUTION

Marine-component companies have been taking some of the greatest leaps in diversifying their businesses. Notable examples are composites companies, which have successfully transferred equipment, skill sets, and technological know-how to other industries, including aerospace, military, medical, musical, architectural, transportation, and wind energy. Composites are replacing structures previously made of aluminum or steel because they're just as strong but lighter and made to very tight tolerances.

Hall Spars & Rigging in Rhode Island builds masts for racing and production sailboats, including supplying carbon compression tubes to various America's Cup teams. But in recent years they've added some interesting products to their portfolio including a turbine that generates electricity via tidal movement, and an arm mounted on military trucks that picks up landmines. "We built the lightweight composite cross atop the tabernacle in Martha's Vineyard because

the cupola wouldn't support the weight of metal," says Hall business development manager, Pete Levesque. "We've also built satellite dishes and components for James Cameron's *DeepSea Challenge*, a one-man submersible in which he descended to 6.8 miles below the ocean's surface." Hall has also produced aerospace products, including one for a project dubbed "Spars for Mars."

### CATCHING THE WIND

The growing markets of wind energy have also been a viable market for composite companies. VEC Composites, a vacuum-bagged composites manufacturer based in Greenville, Pennsylvania, used to make boats but now also manufactures truck parts, and containers like stackable housing modules – complete with kitchen, shower, latrine, and laundry – designed for the military.

Matt Dunham of Clear Carbon and Components (C3) opened his marine business in 1995 but a decade ago realized that to grow, he needed to leverage his abilities in other industries. Today, C3 is in the medical, defense, architectural, and music markets. They've developed vertical-axis wind turbines and a solar arch that makes energy while providing shade for cars in a corporate parking lot; built military communications buoys; created head restraints for CT scanners; fabricated stand-up paddleboards for surfer Laird Hamilton; and even a cello for Yo-Yo Ma.

Many of the U.S. composites companies are headquartered in Bristol, Rhode Island, which is becoming the defacto composites capital. Wendy Mackie of the Rhode Island Marine Trades Association recognizes the concentration of expertise in the area. "They're all practically across the street from one another, but they make all sorts of different products," she says, and adds that the focus on composites technology is so popular that the International Yacht Restoration School (IYRS) in Rhode Island has added a six-month program dedicated to working with the various materials. It's a trend Matt Dunham would agree with: "I've been through three down cycles in the marine industry, and knew early on that we had to expand our focus to grow. We started running like a manufacturing company focused on highly repeatable products, rather than just as a custom boat builder."

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