

WHAT HAPPENED?

For most Americans, 2001 was the most historically significant year of their lives. Economist Joe Kennedy looks at the past year's impact on business, and **What Lies Ahead.**



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QUEEN OF THE SEAS

Christensen yacht looks like a lavish penthouse from the inside, but its true place is on the high seas. Joe Foggia, president, talks about where Christensen will be cruising in the future. —ERICA GALLAGHER

WHETHER HE KNEW IT OR NOT, JOE Foggia was being groomed to lead Christensen Shipyards from when he was 14 years old and worked on the ground floor of production. His stepfather and company founder, David Christensen, mentored Foggia as he moved his way up in the company. After college in 1991, he came on board full time, working in various capacities, from purchaser to project manager and operations manager, until he eventually became president. But unlike many company presidents, in his 18 year tenure, he has been involved in all sides of the business, not just management.

"I've been in all departments so I have a well-rounded view of the company," Foggia says. "I've been in all areas of production: cabinets, fiberglass, painting, plumbing and mechanics. I was pretty much groomed to become president."

Today, Foggia is at the helm of Christensen Shipyards, the foremost high quality cored composite fiberglass ocean going yacht manufacturer, producing large vessels from 90 to 155 feet in length.

PROFILE

CHRISTENSEN SHIPYARDS LTD.
www.christensenyachts.com
PROJECTED 2001 SALES: \$30 million
EMPLOYEES: 220
HEADQUARTERS: Vancouver, Wash.
PRODUCTS: Luxury motor yachts
JOE FOGGIA, PRESIDENT: "A small minority of builders build to survey and certification. I think there needs to be stricter regulation on boats - there's too much that can go wrong. Investing \$18 million to \$20 million in a yacht that sinks is a big chunk of money."

Each Christensen yacht is custom built to meet a customer's desires. Christensen's design and engineering staffs work close with customers and their decor designers in the process. Christensen Shipyards has 220 employees and has built custom yachts for

customers in the United States, Switzerland, Italy, Belgium, Japan and Thailand. The company has built more cored fiberglass GPR yachts longer than 120 feet than any other shipyard in the world.

The yachts' various systems, according to Foggia, are more complex than a typical building project. Because the company works with customer specifications, there are times when Christensen is taking on entirely new concepts.

"Our R&D budget, as one may expect, is large," he says. "New ideas are popping up all of the time in-house and from customers. When a customer has a creative idea, and it's safe, we'll implement it. If it's successful, we'll apply it to our custom spec yachts."

"In one case, we put an elevator into a 142' Namoh," he explains. "The lady of the helm needed an elevator for mobility. It was a success and we now provide elevators as standard in custom spec yachts."

And custom specs are definitely something Christensen Ship

▷ yards is positioned to delve into more. "We are starting a trend of custom specs in the market. Potential customers don't want to wait two to three years for their custom yacht; they want instant gratification," Foggia says. "What we're doing is setting out to build three to four 150-foot yachts at a time and getting them 70 percent complete - they are all a little different, though. Then, a customer can make decoration decisions such as color coordination and furniture. All the elements of a customized yacht are there, with the finest quality, but the finished product is available in seven to nine months rather than a few years."

One feature of Christensen yachts that goes above and beyond the standards is safety. In addition to beauty, safety is an utmost goal for Christensen Shipyards. When dealing with a boat as large and complex as a Christensen, most insurance companies raise their rates after they consider the lack of construction guidelines in the boating industry. The company is aware of this practice and does all it can to ensure its boats are the safest possible, which protects buyers in more ways than one.

Christensen yachts are under the American Bureau for Shipping Inspection and Supervision and are delivered with a ABS AI Maltese Cross Rating for hull, superstructure and machinery. The boats are surveyed and certified under the Maritime Coast guard Agency as well. "It's very important to us that our yachts meet various guidelines," Foggia says. "A small minority of manufacturers build to survey and certification. I think there needs to be stricter regulation on boats - there's too much that can go wrong, investing \$18 million to \$20 million in a yacht that starts to have a leak of money."

Christensen Shipyards' mechanical, electrical and structural engineers work together, using the latest computer technology, to design high-performance yachts. They are capable of building six yachts simultaneously in their 120,000 square-foot yard in large, enclosed climate-controlled assembly bays. They can handle hulls from 90 to 155 feet. "Our fiberglass composite boats are No. 1 in the world," Foggia says. "Our material lay-up is stronger than steel, and lighter than aluminum and non-corrosive."

The privately held company employs many generations of families in different departments. Boating is not only second nature to Christensen and Foggia, but Foggia says, it's near and dear to the dedicated work force. "The advantage of this business is that the most valuable assets are the employees more so than equipment," he says. "We have minimal turnover and 80 percent of our employees have been here for seven years or more. We're like a large family of people."

As Christensen cruises into the future, Foggia says it expects to begin shipping out 200-footers. The company has current plans to build a new facility to house manufacturing. "We've been looking at a few different areas to build," he says.

The main thrust is to build 80 percent on custom speculation. "This is the way we need to go," he says. ■

NAIAD

Christensen Yachts is a prolific builder of mega-yachts, known for its attention to detail and unyielding quality standards. That's why NAIAD Marine Systems has supplied virtually every Stabilization System in Christensen's remarkable history, and why NAIAD remains the equipment supplier of choice at Christensen. NAIAD has the leading technology, highest quality and unmatched performance Christensen demands.