

John Dane

AN OLYMPIC COMPETITOR IN 2008, THE HEAD OF TRINITY YACHTS IS AS FIERCELY COMPETITIVE IN BUSINESS AS HE IS IN SAILING

DIANE M. BYRNE REPORTS

Not even an emergency root canal operation could keep John Dane from fulfilling his lifelong dream of competing at the 2008 Olympic Games. Since learning to sail at the age of 10 on New Orleans' Lake Pontchartrain, sailing has been in his blood.

In 1968, aged 18, he came second in the US Olympic trials, narrowly missing out on the opportunity to represent his country. He subsequently competed in the US Olympic trials in 1972 (Soling class), 1974 (Finn class), and 1984 (Star class) — coming close each time but never managing to achieve top spot.

He finally won the Star trials for the 2008 games (with son-in-law Austin Sperry as crew) beating highly

regarded competitors and multiple medalists such as Mark Reynolds. At 57 years old, Dane was officially the oldest US Olympian at the summer Games in China.

It was a status that saw him inundated with requests for TV, newspaper, and magazine interviews during which he always came across as gracious and grateful. Yet beneath the surface lay that fierce determination which had helped him get there.

“By nature, I’m a very competitive person,” he explains. “I don’t like to lose.”

As president and CEO of Trinity Yachts, he monitors design work, keeps a close eye on the accounts, and promotes Trinity’s two yards within the states of Mississippi and Louisiana — while staying fully apprised of what all his competitors are up to.

Even in the midst of the worst recession on record, he remains determined that his yard will prevail — and is taking steps to ensure Trinity stays at the leading edge of construction and technology.

Private acquisition

In terms of the world’s top superyacht builders, Trinity Yachts is a relative newcomer.

In the late 1980s, Dane was president of the Trinity Marine Group (a division of Trinity Industries) which specialized in commercial and government vessels as well as gambling boats. His trusted friend and fellow employee in the commercial sales and marketing group, Billy Smith, suggested diversifying into the superyacht sector. ➔

Biography

► **Current role:** President and CEO of Trinity Yachts — a yard that builds custom aluminum- and steel-hulled yachts up to 400ft (123m)

► **Work experience:** Graduated from Tulane University in New Orleans with a BSc degree (1972) and PhD (1975) in engineering. Joined Halter Marine (1974) as a program manager, leaving in 1980 to establish Moss Point Marine shipyard. Trinity Industries bought Moss Point Marine in 1987 with Dane named president of Trinity Marine Group. Sold Halter Marine Group off from Trinity Industries in 1996. Founded Trinity Yachts in 1988 as part of the Halter Marine Group.



TO THE POINT

What is the biggest difference between clients these days versus the early years of Trinity Yachts?

Trinity is now a recognized name and — more importantly — has a proven track record of holding resale value.

We are enjoying the luxury of some clients who only want a Trinity and those who are repeat clients.

Our current clients are definitely more demanding in terms of quality and features. Early clients were mainly looking for the biggest well-built yacht for the money. Most of our current clients expect northern European quality but at a reduced cost.

Even with some buyers suffering from recession fatigue, why do you think many are taking longer than usual to sign a contract?

It is still a buyer's market — and most shipyards are not at capacity. This means that at the moment there isn't so much pressure on the client to hurry up.

And the buyers also still need to feel comfortable about the future of the world economy.

Do you still see buyers weighing up their options on the brokerage market rather than signing a contract for a new build?

Buyers are definitely trying to use the current weak pricing in the brokerage market to get a lower price on new construction. Fortunately, when a buyer makes up their mind that they want to build a true custom yacht, they're not likely to go back to the brokerage market. It also appears that most of the desperate sales of yachts over 40m (130ft) have already taken place — and the banks and owners seem to be holding their price a little firmer than a year ago.

Have recent currency-market shifts helped Trinity?

The weak dollar has definitely helped us expand our client base internationally. In the past, 80-90 per cent of our clients were US citizens. Now seven of the last 10 contracts were to non-US clients. It was very important for us to take advantage of the weak dollar and it resulted in us picking up clients from Mexico, Russia, the Middle East, and the UK.



Research shows there are thousands of billionaires worldwide — far more than the superyacht industry has managed to tap into. Do you believe the industry is missing out in failing to capture them?

Purchasing a large yacht is typically not an impulse buy for most clients, and it requires much more than slick marketing to make them decide to build a yacht.

We agree that the percentage of clients who can afford a yacht versus the percentage that actually own a yacht is way out of balance.

The good news is that there is tremendous upside potential for continued sales.

There are a number of factors keeping out qualified buyers. These include:

- The complexity of the

transaction. Lawyers, brokers, surveyors, shipyards, captains, and spouses, etc. all want to put in their two cents' worth.

- Crewing and manning issues. It is getting more difficult to find and keep really good crew
- Bad people in our industry. Anytime you have big dollars along with emotional or subjective issues, it makes it easy for the quick-buck artists to get into the industry and give it a bad name

- Kickbacks and under-the-table deals. No owner wants to feel — much less find out — that they have been taken advantage of by unscrupulous individuals or shipyards.

At Trinity we believe that we need to make the purchasing and ownership of a superyacht as easy and as professional as possible so that our owners will refer us to other people in their sphere of influence.

The easiest way to reach the untapped market of people who can afford a superyacht is to take care of the clients you already have and to make sure that they enjoy the entire yachting experience. Referrals are much more powerful than just marketing.

“Smith conducted a study showing that yacht owners wanting boats in excess of 110ft (30m) had no choice but to contract with European yards,” recalls Dane. Thus the Trinity Yachts division was formed in 1988 — with Dane as president and CEO and Smith as vice president.

By the early 1990s — after slow start gaining traction in the industry — Trinity Yachts was accounting for a small but significant portion of the overall new-construction business of its parent division (known at that as Halter Marine Group).

In 1996, Dane decided to spin Halter off from Trinity Industries, taking Trinity Yachts with him.

Through a merger in 1999, Halter became Friede Goldman Halter, and Dane held the concurrent positions of vice chairman plus president and CEO — while still overseeing Trinity Yachts. The following year saw his retirement from Friede Goldman Halter and his acquisition — with Smith and a yacht client, Felix Sabates — of Trinity Yachts. Smith now serves as vice president, while Sabates is chairman of the board.

“Taking Trinity Yachts on privately with Smith and Sabates was one of the proudest moments of my career,” he says. “It was a risky move but I had an excellent mentor during my time at Trinity Marine Group. The chairman and CEO, Ray Wallace, taught me not to be afraid to try new things and showed me how to grow a business into multiple locations, attract the best people — and set goals for them so they can run their end of the business as effectively as possible.”

This is seen in the way each employee at Trinity is in charge of the quality of their own sector. Every pipe, for example, has a number on it, corresponding to the identity number of the employee who welded it.

Trinity performs around 80 per cent of its construction in-house, sub-contracting interior millwork, marble and teak cutting, A/V systems, and navigation systems. Owners can, however, approve the millwork supplier, and captains and/or project managers are invited to select the navigation and A/V suppliers. This way, the management team can track

both good workmanship and problems.

Dane also continuously monitors the idiosyncrasies of his clients. He relates the story of one owner who, it turned out, couldn't decipher general-arrangement plans. "It was a problem that was only discovered after the contract had been signed," remembers Dane. "The guy was worried because he couldn't understand the spatial relations or layout. Thankfully, Billy Smith realized that using tape on the floor to outline the yacht would help. I'm glad to say the client still has the boat."

New business

Even though most of Trinity's current clientele is more experienced, one constant remains: "It is easier to keep a client than to have him go and build the trust with someone new," explains Dane. "The captain is a vital part of the relationship, as well. After all, the owner doesn't want to know every time the toilet doesn't flush. We would rather address situations like this directly with the captains and crews so the owner can enjoy having a good time. Too often, an owner has a bad experience either with his crew or a shipyard, and gets out of yachting. That's not good for any of us."

during the economic crisis and, understandably, wants to avoid laying off any more.

There are still several yachts on its order books to keep the workers going, including ones for repeat clients and its largest project to date — the 242ft (73m) *New Horizon*. These contracts should take production through 2012, but Dane is realistic: "We do not see the yacht market getting back to where it was prior to September 2008 anytime soon."

That's a primary reason why Trinity expects to deliver four to five yachts per year now, rather than upwards of the eight it had been delivering in recent years. It also explains why Trinity recently signed contracts to build 10 patrol boats for the

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He also finds that owners regularly ask him about resale values. It's something Dane not only understands — but encourages. "We hope that they'll come back and buy another Trinity, so we always stress resale value."

Such owner inquiries are particularly frequent these days and Dane says he is still witnessing concern over where the economy is headed. It explains why Trinity, like many builders, hasn't signed a contract since 2008.

"Whether owners have experienced a significant change in their finances or had a change of heart, the result is the same — there will be far fewer new yachts 24 to 30 months from now," he says.

"I'm very confident that Trinity will sign new business within the next few months. In fact, one client who recently took delivery of a new build is already considering commissioning another project."

Dane attributes this to both the good relationship established with the client and the fact that the client "wants to keep the craftsmen employed".

Trinity laid off around 20 per cent of its employees

US Navy and two escort tugs for use in the Port of Pascagoula, Mississippi.

"We still have plenty of contacts in those sectors dating from the 1980s and 1990s, so it has come full circle — the crash of 2008 brought us back to our roots."

Technical innovation

Military boats in particular allow Trinity to maintain its position on the leading edge of construction and technology — even the most demanding yacht owner pales in comparison to the military when it comes to performance specifications.

"Yacht owners may only just now be learning about diesel-electric propulsion, but I remember Halter building its first diesel-electric craft, a supply boat, more than 30 years ago. And dynamic positioning and Z propellers were featured on the naval ships built there about 15 years ago. Gambling boats and other ships had to meet SOLAS requirements, so when MCA came along for yachts, it equated to a small bump in

Dane was 57 years old when he represented his country at the Olympics



Dane still gets a thrill by seeing raw materials turned into a superyacht

the road for us," he says — jokingly referring to MCA as "SOLAS-light."

Shallow drafts

Military projects are also a fitting connection to the origins of Trinity Yachts' New Orleans yard.

The facility, alongside the Industrial Canal, is on the same ground as the fabled Higgins Shipyard. If you're a history buff or a student of World War II, you'll know the Higgins name well. Andrew Higgins was a naval engineer who designed and built the shallow-draft landing craft — LCVP (Landing Craft, Vehicle, Personnel) — that allowed dozens of soldiers at a time to spill out onto the Normandy shores, before retracting from the beach to pick up a new load of men.

Of course, the yachts coming out of the New Orleans and Gulfport yards of Trinity Yachts these days bear no resemblance to the Higgins landing craft, but the themes of ingenuity and resourcefulness are ones to which the management and build teams can still relate. Many Trinitys have drafts of less than 8ft (2.4m), making them Bahamas-friendly.

"While that's more important to our American clients," says Dane, "Europeans find it appealing, too, as there's the additional benefit of 18kt-20kt cruising.

"Another example is the new 190ft (58m) *Mi Sueño*, delivered in June. With four more under contract for repeat buyers, this series was conceived for clients who want good accommodation but relatively shallow cruising ability."

Product value

"Our boats represent good value to this sort of client," he says. "The low dollar value versus the euro also helps Trinity Yachts look like bargains. But above all, you've still got to really stress perfection to clients because no-one buys a superyacht to make money — a contrast to the commercial-vessel sector.

"*Bacarella*, which we completed in 2009, was a major stepping stone for us. With its 35ft (10m) beam, it again proved to the world that Trinity does steel boats when requested. The project also proved that clients don't have to go to a European yard to get quality interior work. We sub-contracted the detailing to Metrica on other projects and have also collaborated with outfitters in New Zealand.

"Working successfully with clients always comes down to one simple concept — the super-wealthy can afford almost anything, but they don't necessarily want to overpay."

Despite his many years of experience, Dane still marvels at the craft his company builds.

"It's amazing how a slab of aluminum can arrive at the yards on the back of a truck and two years later it's a superyacht!"

And all of this is going on right in the backyard of where he grew up in Louisiana — and presently lives in Mississippi.

"It's an unusual way to make a living," he says. "But then again, not everyone is going to become a computer analyst who has graduated from college."

And then again, not everyone's going to become an Olympic sailor who has built themselves a superyacht yard from the ground up. ●

COMPANY OVERVIEW

- ▶ Trinity Yachts was founded in 1988 in New Orleans as part of the Halter Marine Group — a company focused on the construction and repair of oceangoing vessels for commercial and government applications.
- ▶ Trinity Yachts was fully acquired by Dane and his partners — Billy Smith and Felix Sabates — in 2000.
- ▶ When Hurricane Katrina hit New Orleans in 2005 — cutting electricity to the yard — Dane, Smith and Sabates acquired a facility in Gulfport, Mississippi, in order to keep the business operational. Today, both facilities are maintained today for new construction.
- ▶ Trinity Yachts operates a sales office in the Middle East and — through its ownership of International Yacht Collection — additional offices in Florida, the Bahamas, Monaco, and St. Maarten.
- ▶ The largest delivery to date was the 196ft (60m) tri-deck, *Bacarella*, which was completed and launched in 2009.

