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Entrepreneurs at Sea

Tom and Anne Foley
Mystic Dream

Interviewing the sea captain and first mate of the 44-foot *Mystic Dream*, a luxury motor yacht docked in Key West, Florida, was hardly tough sea duty for us "land-lubing" editors. Headlined as "The Best Kept Secret in the Florida Keys," the *Mystic Dream* is a small, private, upscale charter operation run by Tom and Anne Foley, the boat's owners. What's especially interesting is that Tom Foley retired from the Ford Motor Credit Company after 36 years of service and skippering a charter boat was not exactly in his plans for retirement.

NEJE: You retired in November 1998 as the Albany, New York, dealer account manager for Ford. You could be relaxing on a beach anywhere in the world, living comfortably off your corporate pension. Yet here you are, 62 years old, and an entrepreneur for the first time in your life.

Tom: Well, it's been an interesting three years, I can tell you that. Your readers might like to think I was planning on this chartering venture for years and years, just waiting until I could retire from Ford Credit. But in all honesty, this chartering business was all one big mistake.

NEJE: Excuse me?

Tom: Anne and I love working together and maybe this whole charter thing will work out just fine. But if you told me we would become entrepreneurs in the boat charter business back in 1998, I'd have thought you were out of your mind.

NEJE: How exactly does one buy a 1989 \$200,000 "Bestway" Motor Trawler that measures 44 feet from stem to stern and not have some sort of business plan?

Anne: Oh, Tom and I had a plan all right. It's just that we were forced to make some major adjustments along the way.

NEJE: Such as?

Anne: During our negotiations and eventual purchase of the *Mystic Dream*, we were advised we could lease it out to a charter management service. They would find the customers, qualify them to run the boat, maintain and clean everything and hand us \$2,000 in net profit every month. They would charter the boat every May to October. Then we anticipated we would take the yacht down to Florida and literally live the life of luxury and soak up the sun during the winter months. It seemed like a "no brainer."

NEJE: There's a "but" coming in the next sentence.

Tom: A great big "but." We purchased the *Bestway* in September 1999 out of St. Petersburg, Florida, and hired a captain to help us sail the boat to Annapolis, Maryland, where the charter management service was headquartered. I had my captain's license, but we had never skippered a boat this size before so we needed to learn about navigation and how to work as a team. The trip took several weeks and brought us through some stormy conditions and rough water. It was some learning experience!

Anne: We left the boat in Annapolis with the charter service that fall so they could have the boat on hand to show potential clients and to begin their marketing program. We signed all the papers and headed north by car while they began advertising the *Mystic Dream* along with other boats in their "fleet" to prospective customers. It seemed like such a great plan. Let someone else pay for our boat's mortgage and insurance costs and we would then enjoy it for the other six months of the year.

NEJE: What happened? We haven't heard the "but" yet.

Tom: Oh, it's coming. The charter service examined the boat carefully, pointing out and repairing potential problems. They also insisted on upgrades that cost us another \$5,000 to purchase and install so the boat would meet their specifications. That took several months. By January 2000 everything that was required on their part and ours was done and they didn't need the boat again until May, so we planned to take the boat down to Marathon, Florida, for the winter and enjoy our beautiful yacht.

NEJE: "Planned?"

Tom: We never got there. That's one of the "buts." We blew the engine off the coast of North Carolina. A hose about an inch and a half long was the culprit and the "fail-safe" mechanism that was supposed to warn me about the engine overheating didn't work. We had to seek safe harbor and put the boat in dry dock for a complete engine overhaul.

Anne: I was in Florida staying with friends and waiting for Tom to arrive with the *Mystic Dream*. When the engine failed and he realized it was going to take weeks to repair, Tom went back north and dug out our 24-foot travel trailer from the snow. He drove south, picked me up, and we

spent the winter living in our trailer and trying to make the best out of a bad situation.

Instead of exploring the Keys by water as we had planned, we did it by land. We overheard a conversation between a desperate visitor and a tourist official while visiting one of the tourist information centers. The visitor needed a place to stay and everything was booked up solidly. Their only choice was to take a room for over \$300 a night. That incidental information was to help us a lot later on.

NEJE: And the Mystic Dream?

Tom: The final tab for the repairs was \$20,000. It was awful, but as bad as that was, the next shock came when we filled out the insurance forms and our claim was rejected. We were advised you need to save the part that fails, to collect on the boat insurance policy. The last thing I was thinking of when the engine failed was to save that little piece of hose which had given way. We appealed the ruling, but got turned down. We never got a penny from the insurance company.

Anne: Naturally, we were frustrated and upset. However, we didn't want to give up. Tom and I drove the trailer to Annapolis, left it there and rented a car to get us to Bellhaven, North Carolina. In order to honor the contract we had signed with the charter management service, the *Mystic Dream* had to be ready for charter as of May 1. So, heart in hand, we made our first solo trip as a team in April 2000 and brought the boat from North Carolina to Maryland.

NEJE: With no previous experience with large boats.

Tom: Correct. However, as a boy, I spent a lot of summers up in Lake Champlain with my grandparents and had my own small outboard. Later on, I owned a 24-foot SeaRay. And my dad and I once built a 27-foot boat together. So I did have considerable experience with boats, only they were much smaller than the *Mystic Dream*. Yet, it was always my hope to be a skipper one day. In fact, before I started at Ford, I spent four years aboard the *East Wind*, a Coast Guard icebreaker that operated in both the Arctic and Antarctica, but as a crewman, not the captain.

NEJE: Okay, the boat's fixed, it is now May 2000 and you're down \$20,000 after making your initial investment. How did the charter service work out?

Tom: That's the second "but." The charters began and so did the repair bills. They ate up all the profits and then some. Anne and I started going down to Annapolis to check on things after the first few charters to be sure all was going as planned. What we found was an unclean boat with dents and dings and a lot of scratches. There were stains on the sofa and carpets and we noticed some things were missing.

Anne: The inventory that the charter service was supposed to keep when the boat came in was not being carried out properly. This and other problems went on all sum-

mer and our trips to Maryland became more frequent in an effort to protect the investment in our "retirement yacht."

NEJE: Wasn't this all a bit much? Major repairs followed by a charter management service that wasn't keeping its word. Was it time to throw in the towel?

Anne: Not at all. This may sound naïve to some, but we were determined to turn the experience into something positive. We felt we had a real challenge on our hands, but we weren't going to give up. By that August we were depressed and upset seeing the state of disrepair our boat was in. We knew using the charter service was no longer going to be an option for us.

I've had substantial marketing and sales experience, first at Sears for 15 years, then as an entrepreneur selling holiday gifts at malls with a partner. I felt this background would come in handy if we went into chartering by ourselves.

Tom: After 36 years of wearing a suit to work and being the "go to" guy in a white-collar world of professionals, I was now faced with becoming an entrepreneur. Frankly, it was frightening. We were risking a lot of our retirement money.

Anne: Clearly, the only way we could keep the boat was to make it pay for itself. One of our friends told us about a captain they knew in the Keys who used his boat to sell food to other boaters. We looked into getting a food license, but it just seemed the wrong way to go. We tossed around several ideas. Then one morning I woke up and the answer came to me. I had remembered our trip to the visitor information center the previous winter and the desperate straits faced by tourists down in the Keys finding hotel rooms during the winter. So I suggested to Tom we turn the *Mystic Dream* into a floating bed and breakfast. In effect, we would do our own chartering. I did a lot of research over the Internet and it seemed feasible.

NEJE: What did you know about chartering boats?

Tom: Not a lot, admittedly, but we had picked up some things from the charter service in Annapolis and we figured we could learn "on the fly." It was our last, best shot at making this work. One more costly failure and we might have bailed out of the venture.

NEJE: What was your new plan?

Anne: We picked up the *Mystic Dream* in October 2000 and left Annapolis for Key West, determined to be successful. I designed a brochure, put together our first Website and so began our marketing efforts. We visited every hotel in the Key West area and invited the concierges to refer people to us who were desperate for a room. We also joined the local Chamber of Commerce. Nearly all of our business, however, came from the Website. We started getting inquiries right away, but business didn't really take off until after the December holiday season.

NEJE: Your brochure offers customers sunset cruises, half- and full-day charters. Which was the most popular?

Tom: Actually, none of them.

NEJE: Hello?

Anne: Something quite unexpected happened. We came across a real unmet need: chartering the boat to couples who wanted to get married on the water.

Tom: My son, Scott, from my first marriage and his fiancée decided they wanted to get married and asked us if they could get "hitched" on the boat. I got my notary public license so I could perform the wedding and we decked out the boat with flowers. Anne is an amazing chef and we hired a professional photographer. It all went so well, we figured, hey, why not? Let's go into the wedding charter business.

NEJE: You shifted gears, so to speak, in a twinkling and became the "Love Boat?"

Anne: Well, yes. Our first paying customer was a young couple very much in love. Tom and I didn't have a clue as to where we should go and how to structure the wedding cruise, so we were winging every minute of it. Luckily for us, the couple was so focused on each other they couldn't have cared less what we did. And as we got more and more business, we put together a wonderful wedding cruise itinerary. Weddings are a very personal experience . . . we became part of the wedding couple's lives, if only for a few days. They typically asked us for advice on the flowers and cake and some couples even asked us about the wording of the vows they were going to exchange. Inadvertently, we had become wedding coordinators!

Tom: We decided to customize each and every cruise for our customers and that meant having to pamper them. Once we made that decision, the services become quite complex. For instance, the tradewinds in Florida can be pretty severe. We didn't want anyone in the bridal party—our boat can hold up to six customers at a time—getting seasick, so Anne and I had to become really knowledgeable about where we could take the boat and where we couldn't on a daily basis. The weather became a huge factor every day for us. Storms can come up quickly whether it's the ocean or the bay side of the Keys.

NEJE: How many weddings have you performed?

Anne: About 40.

NEJE: How much did you charge for the wedding cruise?

Anne: It varied depending on what the couple wanted, but the average cruise fee was about \$750.

NEJE: So you started to make a profit.

Tom: Yes, but we had to look at our cost structure very carefully. I decided to take on the majority of the boat's maintenance to reduce our overhead. For the past 18

months, I've talked to everyone I could about how to take care of the boat myself. I probably cover 80 percent of the maintenance needs now including changing the engine oil. It's been a big step for me and a real cost savings for us.

NEJE: It sounds like you've made a commitment to the Mystic Dream and will remain in the charter business for at least another year.

Tom: Absolutely. I have to add, however, that I now find myself working 100 hours per week with few days off during the peak charter season in Florida. It's exhausting. Just washing the boat, an activity we undertake at least three times each week because of potential salt-water damage, takes me 3½ to 4 hours. If this venture sounds romantic to some folks, they better take their blinders off and realize it is totally time consuming.

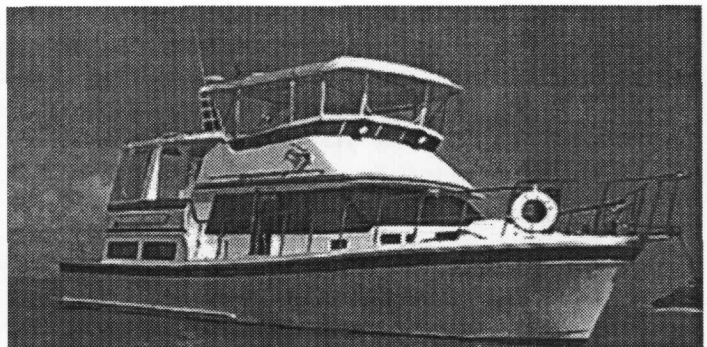
NEJE: And potentially lucrative.

Anne: We expect it to be. I love what we're doing and I'm excited about our next season. We're going to hire several part-time folks to help us keep the boat clean to reduce our workload. We're also going to pace ourselves by taking occasional days off. I wish I had a bigger galley to prepare the food, but for now, we'll have to manage with what we've got.

We've identified a viable business with the wedding angle. Our niche with the *Mystic Dream* is to provide personal service to meet the customer's needs. We're not a "cattle car" boat that just jams everyone in. We only take up to six people per cruise. It seems to make a real difference to folks.

NEJE: Good luck next season. We'll be interested in how you do in 2002!

—L.W.



The Mystic Dream is captained and crewed by her owners, Tom and Anne Foley. The Foleys pride themselves on paying attention to every detail to ensure their guests a pleasant and memorable occasion.