

# Adapting to survive

WITH PROFITS NOT ANTICIPATED FOR THREE MORE YEARS — BUT WITH THE LUXURY OF SOUND FINANCIAL BACKING — VICEM IS RELOCATING ITS FACILITIES IN ORDER TO CONSOLIDATE AND MOVE FORWARD

**MICHAEL HOWORTH REPORTS**



The difficulty of transporting yachts to the sea prompted Vicem's move from its Tuzla yard

**T**o move a 32m (105ft) yacht from the factory where it was built to the sea just 5km away, Turkish superyacht builder Vicem had to begin the process at 8am — in the hope that all would go well enough for them to complete the process before 6am the next morning.

Moving any large boat by road is tortuous at the best of times, but taking 22 hours to complete this short journey involved removing (then rebuilding) two roundabouts, and the cutting of five telephone cables.

Light positions on 150 street lamps had to be altered and electricity supplies were interrupted when high tension cables needed to be isolated.

In today's harsh financial conditions, this crazy scenario — which adds US\$125,000 to the price of each yacht — is best avoided. Yet this extra cost is incurred every time Vicem

builds a large yacht in its Tuzla facility.

Financially, the matter is made worse by the factory being clearly unsuitable for the construction of such projects.

## Upwards and onwards

It is little wonder then that when the next 35m (115ft) Vicem hull and superstructure leaves Tuzla in the autumn she will be the last, with her departure heralding the closure of Vicem's original yard.

Recognising the importance of merging luxury, comfort and performance with classical charm, Sebahattin Hafizoğlu opened the Tuzla facility in 1991 after being pestered by local resorts and businessmen who were clamouring for anything he could build.

Twenty years later the wider world has come to recognise Vicem's craftsmanship and allegiance to quality, and the company has outgrown the factory where it all began.



Vicem's founder Sebahattin Hafizoğlu

In 2005 Vicem began the move to Antalya in the south of the country, attracted by the Turkish Government's creation of a duty free trade zone. It acquired the first of three factories — renting a 6,000m<sup>2</sup> facility that year. Three years later Vicem acquired the second (with an area of 6,500m<sup>2</sup>), and earlier this year — to compensate for the loss of Tuzla — it acquired a further 2,750m<sup>2</sup>.

Such prolific expansion could not have been possible where it not for the intervention of the Sanko Group which — perhaps unwisely in hindsight — chose the early part of 2008 to acquire Vicem.

The founder of Sanko, Sani Konukolu, believes the best business strategy is honesty, and this simple philosophy has been key to the group's success.

His son, Abdulkadir Konukoğlu, said on buying Vicem that he planned to build the company into one of the top five



Completion of Vicem's 46m flagship is expected in 2012 — five years after work began

superyacht builders within inside 10 years.

He appointed Hafizoğlu — the company's founder — as chairman of the shipyard.

Hafizoğlu resumed full responsibility for the operation of the company after 18 months when non Turkish CEO, Alberto Perrone, proved unsuccessful in the role.

"Sure, we are losing money now," says Hafizoğlu. "In fact we don't anticipate making a profit until the end of 2014, by which time we will have lost the group US\$50m.

"It is my job now to save money, and the

efforts to consolidate and move forward.

"We see Vicem as a rising star in the superyacht business," he says. "We have invested more than US\$60m into the company, placing huge responsibilities on it to deliver.

"Despite enormously challenging economic times, Vicem has, in our eyes, achieved unmatched success over the last six years.

"At Sanko we will continue to strive for excellence to improve our position in the market place, and in doing so will remain a true believer and supporter of the Vicem

**"Times are hard** for boatbuilders. No one is making money and some competitors are being squeezed out of business. With the power of Sanko behind us, we are far more fortunate"

move away from Tuzla is part of that strategy.

"Because Antalya is part of a Duty Free Trade Zone we are spared employment taxes, which in Turkey totals 35 per cent. Translated into dollars that means savings of US\$315,000 per month, or nearly US\$4m per year.

### Financial backing

"We have the cash backing of a very large corporation, which grants us the capacity to survive. Times are hard for boatbuilders. No one is making money and some of our competitors are being squeezed out of business. With the power of Sanko behind us, we are far more fortunate."

Zeki Konukoğlu, a director on the main board at the Sanko Corporation, confirms that the group was fully supportive of Vicem's

superyacht brand."

It is not only premises and senior personnel that are changing within Vicem, the course the company originally charted is also changing direction to meet the demands of modern boatbuilding.

Cold moulded mahogany built boats have for decades been the backbone of the yard's output, but since 2008 the company has been building in composite. Its 32m and 35m hulls — which caused so much disruption to the streets of Tuzla recently — were both built from composite, with the 32m developed to be fully bullet-proof at the insistence of her Turkish commissioning owner.

Work on the company flagship, a new and as yet unnamed 46m (151ft) yacht, continues at a slowed down pace. Conceived to be built

on spec during the heady days of 2007, she has not progressed towards completion as quickly as was initially intended.

"Of course in hindsight 2008 was not a good year to begin the construction of our first big boat project without an owner," concedes Bob Reimens, the Dutch Canadian project manager brought in by Vicem to oversee her construction. "But to their great credit the company has never stopped work on her and she continues with a small but highly skilled work team.

"I anticipate she will be finished during 2012 and will be a great testament to our boatbuilding skills here in Antalya. The hull and superstructure were constructed using vacuum bagged epoxy, quadraxial and triaxial E-glass together with Corecell to ensure she is lightweight, economical and strong."

### Looking to the future

At 30m (98ft) the largest wooden boat to be built by the yard is well on its way to completion. Built out of Khaya mahogany using traditional cold moulded processes, she is laminated with West Epoxy and covered in E-glass. The hull is finished to a high gloss to create a Royal Blue hull with wooden accents.

It is perhaps fitting that the first Vicem 100 Vintage — the company's first wooden superyacht — is being built for Hafizoğlu himself, and he hopes to take delivery and begin cruising before the year is out.

As part of the overall relocation and consolidation process the Antalya workforce has been slashed from 400 permanent staff to 136 — with work outsourced that was once carried out in-house. The paint department and stainless steel construction section were closed down, along with manpower involved in cabling and plumbing.

Department heads were retained to employ and supervise subcontractors. When the Tuzla facility finally closes, the company proposes to open a head office in Istanbul. Employing approximately 20 staff, it will concentrate on international purchase and procurement, accounting, and sales and marketing. **SB**

## VICEM YACHTS KEY FACTS

- ▶ **Name of yard:** Vicem
- ▶ **Size of shipyard:** Three yards totalling 15,250m<sup>2</sup>
- ▶ **Number of direct employees:** 220 across four countries
- ▶ **Maximum length it can build to:** 60m
- ▶ **Largest yacht built so far:** 30m
- ▶ **Web:** www.vicemyachts.com