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## Entrepreneurs

December 06, 1999

By: Omar Perez

On Oct. 31, a Miami-Bahamas ferry service, the Cat, closed without explanation. Seven days later, a hydrofoil operator, SeaJets, opened a Palm Beach-Bahamas connection.

The Cat, operated by Bay Ferries Ltd. of Prince Edward Island, Canada, was a 300-foot catamaran that took passengers from Miami to Bimini, while the Palm Beach-based SeaJets uses a smaller and faster hydrofoil to shuttle people between West Palm Beach and Grand Bahama Island.

So how is SeaJets president George Bradley Jr., a beginner in the ferry business, going to pilot through the rough waves that drowned the Cat?

First of all, Bradley is betting on a bread-and-butter approach. "We're basically a passenger vessel making round trips in a comfortable fashion," he says. "The Cat had a theater, bar and casino. All of that costs money to operate."

He also notes that his vessels will operate at higher speed and will provide service from a city that is closer to the Bahamas. His ace, though, are agreements with hotel and resort operators on the islands.

In the travel industry for nearly 30 years, Bradley, 54, has worked in marketing and managing resorts including RockResorts, Key Largo's Ocean Reef Club and Princess Hotels. The idea for the transport service came to him after Hutchinson Whampoa, a Hong Kong conglomerate, invested more than \$300 million in rebuilding three hotels on Grand Bahama Island.

"I saw a need to fill up hotel rooms, and help tourism overall," Bradley says.

Hydrofoils, which have been used in Hong Kong and in Europe for trips between the Canary Islands and to cross the English Channel, are relatively new in the United States for passenger use; only the military has used them since the Vietnam War.

Bradley initially considered a catamaran, the same type of vessel as the Cat. He also looked at a SWARTH, another catamaran-type vessel. But he selected the hydrofoil because there's minimal contact with the water. Floating 14 feet above the surface, thanks to water jets that push the boat upward, the jetfoil ride is smoother than a catamaran's.

"I found hydrofoils to be the best when it comes to crossing rough waters such as the Gulf Stream, which can be [like that] several months out of the year," Bradley says.

Enter Sven Paulsen, owner of a ferry company in northern Germany whose family has been in the transport business for 50 years. Paulsen, who lives in Germany, had just bought two used hydrofoils from a Belgian company for about \$23 million, and was looking for a place to operate them. Bradley, who met Paulsen through a broker two years ago, contacted Paulsen, invited him to the Bahamas, and convinced him the idea was worth pursuing.

Paulsen became chairman and sole investor at SeaJets, providing the boats and \$1.5 million to cover start-up costs. "It was a big investment and a big challenge for me," he says. Like for Bradley, this is his first hydrofoil venture.

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The vessels arrived in July of this year. The first obstacle was getting certification from both American and Bahamian authorities to meet safety requirements. That's not to be taken for granted. A hydrofoil company in Southwest Florida, Buquebus Florida, which is planning to start a similar service between Fort Myers and Key West, has received press attention. It has been delayed by almost a year because it failed to meet U. S. Coast Guard regulations over its life rafts.

But things went well for Bradley.

Bradley considered other seaports, including Port Everglades, but a Broward County ordinance states that no more than two day-trip operators are allowed to use that port at once. The distance from a U. S. port to Grand Bahama Island also played a role. The Port of Miami, 92 miles from the destination, was too distant. The Port of Palm Beach, 65 miles away, was the closest.

Bradley, which has a 22-person staff, estimates that the operating costs for his SeaJets vessel is just 20 percent of the Cat's. That's not only because of smaller size, but because of the lack of high-maintenance amenities. SeaJets only offers the basics — a snack and cocktails during the ride. And with 8,200 hp, the hydrofoil burns a fraction of the fuel of the 38,000 hp Cat.

SeaJets sails Thursdays through Mondays, with departures at 9 a. m. and 4:30 p. m.

Sailings average 25 percent capacity, though Bradley expects that number to rise to 55 percent or 60 percent this month. Bradley expects a profit at 35 percent capacity. He expects passengers from the Bahamas to make up about 7 percent of ridership. That figure is currently closer to 20 percent, because of the holidays, he says.

To increase ridership, the company is offering hotel packages. It has teamed up with the Lucayan, a luxury resort that opened in Grand Bahama Island. The resort offers SeaJets the same rates it gives large tour operators. For \$169, travelers get a one-night stay at a hotel and a round trip ticket. The trip itself costs \$99.

"Everyone benefits from this," says Joe Gill, director of sales and marketing for the Lucayan, which also has a similar package agreement with Discovery Cruises.

And Paulsen says he has been marketing the package deals to Germans planning to fly to Florida for the winter. Bradley says they have been selling more hotel packages than expected. Initial estimates were that packages would make up 10 percent of total ridership. But Bradley says so far it's been 30 percent.

Grand Bahama Island, getting ready for a relaunching of several resorts on the island, also hopes SeaJets increases its ridership.

"If they're successful we're successful," says Jeritcan Outten, of the Grand Bahama Tourism Board. "We can use any kind of lift. "

Bradley plans to put his second boat into operation next year, increase ridership and make more connections with Grand Bahama Island hotels, allowing for more package deals.

In the meantime, Bradley isn't discouraged by the failure of the Cat. Instead, he sees what happened to it as an opportunity to grow his business: "You always have to look at what others have done wrong. "

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