

The Story of **VICTOR VALLEY**



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Cabo Yachts, Inc.

One usually thinks of ships and sand in opposition to each other. Take for instance the fate of the *Sirocco*. Constructed in Los Angeles in the 1850s for the Briggs Brothers Shipping Company, the *Sirocco* was built to ferry passengers and cargo across the Colorado River.

The Briggs brothers' idea was to transport their boat from Los Angeles east across the desert by way of muletrain. All went well until the crew was seized by a storm of gale-force winds fortified with waves of sand. Shipwrecked in a desert sea, men and mules abandoned ship.

A likely end for a tale of ships and sand? Perhaps, if this weren't Southern California, where people delight in the unusual and ships and sand can lead to success. Such

Cabo Yachts' state-of-the-art production facility occupies 100,000 square feet. The newest plant expansion of the company's Adelanto site is planned for the future.



is the case regarding the phenomenal success of yacht manufacturer Cabo Yachts, Inc., located in the high-desert community of Adelanto.

The winning story of Cabo Yachts begins with company President Henry Mohrschladt. Fascinated with boats as a child, Mohrschladt sailed his first boat down a rain-swollen street gutter. Mohrschladt's captivation with boats followed through to adulthood. After majoring in economics at the University of California, Irvine, he turned his back on a Wharton Financial School fellowship in favor of setting his sites on the open sea. Instead of pursuing a career in finance, Mohrschladt took a minimum-wage job at an Orange County boatyard, and what seemed a questionable career decision turned out to be a wise step on a path leading to success.

At the boatyard Mohrschladt met Michael Howarth. Sharing a keen interest in boats and boating, the two men formed a partnership of mutual interest that led to the building of their first boat: a 25-foot, double-ended cruising sailboat. That first boat, built in Howarth's Anaheim garage, sold for \$11,700 at the In-the-Water Boat Show at Newport Beach, California. The year was 1976, and it was a very good year for Mohrschladt and Howarth to launch their new boatbuilding business.

Hard work and a firm commitment to building boats of the highest quality earned the partners recognition in the fiercely competitive sailboat design and manufacturing industry. By 1988 demand for sailboats built by the team of Mohrschladt and Howarth skyrocketed to the point that the two could afford to turn their sites elsewhere. They sold their sailboat manufacturing business to a Singapore shipbuilder, allowing them to focus their innovative ideas on crafting custom-built sportfishing yachts — called sportfishers in the trade. From the concept that quality is premier to the foundation of design, crafting and manufacturing, Cabo Yachts emerged. In 1991 Cabo Yachts moved to the high-desert community of Adelanto. Once again...eyebrows were raised. A yachtbuilder in a desert? And once again, what seemed in opposition to success was actually a stepping stone to it.

In Adelanto there was room to expand in a business environment that encouraged new industry. From its five-acre, state-of-the-art facility the team set up shop to build customized sportfishers designed for people who demanded the best in quality and safety for high adventure on the open sea. That first year in Adelanto, Cabo Yachts launched the first in a line of outstanding sportfishers: the Cabo 35. The industry cheered. Accolades for the Cabo 35 poured in from all corners of the world. *Saltwater Sportsman* magazine raved about Cabo 35's "solid quality and attention to detail." And *Sport Fishing* proclaimed: "The new Cabo 35 is so extraordinary that you must see it and drive it to believe it."

What did Cabo do next? The Cabo team set to work crafting yet another spectacular sportfisher, and another, and another. The award-winning team at Cabo Yachts delivered six new sportfishers in 1992, progressing to a sales record of \$1.4 million. By 1993 Cabo sales soared into the \$4 million bracket and factory space expanded from 10,000 to 15,000 square feet. In addition to setting a sales record, 1993 hallmarked the year that the ownership team of Mohrschladt and Howarth invited Greg Bourque to join them. A sales representative for Mohrschladt and Howarth since 1985, Bourque bought into Cabo Yachts in June 1993. Today, as part owner and sales manager, Bourque oversees the domestic and international marketing of Cabo Yachts.

A new Cabo 35 model, called the Express, was introduced in early 1994. Featured on the cover of *Boating* magazine in June, the Cabo 35 Express was hailed as a sportfisher that handled rugged bluewater chores "as easily as a tuna bends a rod." With the debut of the Cabo 35 Express, Cabo Yachts now had two popular sportfisher models. By the close of 1994, Cabo Yachts' sales topped at 30 units with a revenue of \$7 million.

Ever aware of industry trends, in 1995 Cabo Yachts manufactured a smaller version of its highly acclaimed Cabo 35 series: the Cabo 31 Express. Meticulously crafted by renowned designer Louis T. Codega, the 31 Express aptly answered the need for a shorter hull (31 feet) in a deep-sea fishing boat. With the success of its Cabo 35 models and the new Cabo 31 Express, Cabo Yachts enlarged its facility to 75,000 square feet.

In 1996 Cabo Yachts' sales surpassed all expectations, selling 68 units and reaching a revenue high of \$15 million. Could the Cabo team break its own record? Yes. In 1997 total sales tipped the scale at 77 units and sales climbed to \$19 million.

Cabo Yachts scored unparalleled attention in 1997. This was due in part to its new Cabo 45 Express receiving the prestigious "Boat of the Year" award from *Boating* magazine. The Cabo 45 Express answered the call for more amenities and more room, but with the same uncompromising quality as the smaller 35 models. Powered by twin Caterpillar 3196 diesel engines and sporting a custom-quality cabin appointed with designer fabrics and woods, the Cabo 45 Express offered the best of both worlds: high-powered craftsmanship in a luxury



The founders of Cabo Yachts were recognized for the outstanding quality of their product when their boat company was listed among 100 firms in *Fortune* magazine for producing one of America's 100 best products.

setting. As American beauties go — the Cabo 45 Express regally garnered the crown.

Yet another factor to Cabo Yacht's 1997 success was its marketing campaign. Previously, the Cabo team had pursued the lucrative international market. Noting that Italy, France, Asia and the United Arab Emirates had an expressed desire for U.S.-built sportfishers, Cabo Yachts increased its marketing efforts overseas. In 1997, \$3.8 million of Cabo Yachts' \$19 million revenue sailed in from foreign shores.



Boat builders work on as many as 30 Cabo Yachts under construction in the main production building. Cabo has developed a work force composed of the area's best artisans. Mechanics, electricians, engine carpenters, machinists, welders and upholsterers are employed the process of completing the world's best sportfishing boats.

more ways than one. The Cabo 47 Flybridge sportfisher rolled off the production line to the applause of 200 employees. Described as “elegant” and “top-of-the-line” in the industry, the Cabo 47 Flybridge set the theme for the Cabo team that year.

As top of the line, Cabo Yachts was top in the industry as well. Named as “Exporter of the Year” by the United States Small Business Administration, Cabo Yachts excelled over nominees from all 50 states as measured by six criteria:

1. Increased sales, profits, and/or growth of employment because of exporting;
2. Utilizing creative overseas marketing strategies;
3. Developing effective solutions to export-related problems;
4. Demonstrated encouragement of other small businesses to export;
5. Providing voluntary assistance to other small businesses entering the export market;
6. Demonstrated cooperation with other firms in the creation of export trading companies and/or introduction of unique trading relationships, products or services.

On June 2, 1998, the “Exporter of the Year” title was awarded to Cabo Yachts in a formal presentation at the National Winner Ceremony held at the Old Executive Office Building in Washington D.C. The gala occasion was presided over by United States Vice President Albert Gore, who personally complimented Cabo Yachts on its achievement.

that year. With sales of \$24 million the company set into motion a groundbreaking expansion of its Adelanto facility. In order to meet the demands of domestic and foreign markets, the Cabo team increased its factory by 55,000 square feet, thus expanding total plant size to 145,000 square feet and production capacity by 25 percent.

From its first national acclaim in 1988, when *Fortune* magazine proclaimed boats built by Mohrschladt and Howarth among the top 100 products of “What America Makes Best,” to present-day recognition as a world leader in the designing and manufacturing of sportfishers, the team at Cabo Yachts has demonstrated unrivaled excellence in boat building. What’s the key to Cabo Yachts’ success? Quality.

At Cabo Yachts quality is the product of complex research and an unwavering commitment to build each and every boat to perfection in design, performance, safety and construction.

When Mohrschladt and Howarth first formed what would become Cabo Yachts, they extensively researched the market. Highly regarded manufacturers and potential buyers were surveyed for input. After opinions and preferences were studied and competitors and markets were targeted, the Cabo team set to work to build a product that would serve as an industry standard, exemplary of the ideal sportfishing yacht.

The company employs strict standards in all aspects of design and manufacturing. Dedicated to the standard that quality and safety are always foremost in production, Supervisor Stan Broadfoot sees to it that everything —

from the engines to the smallest cabinet latches on each boat — is perfect or inspection approval is denied. Is Broadfoot’s penchant for perfection extraordinary? Yes, but not the exception. Quite the contrary, Broadfoot’s thoroughness is the rule in quality and safety at Cabo Yachts.

Each sportfisher is designed for comfort as well as performance and fishability and can be



ter of the Year” award
ed by Cabo President
rschladt, shown with
President Al Gore at
e awards reception in
Washington D.C.



Three Cabo 35 Express Sportfishers ply the waters of Cape Cod Bay in Massachusetts. The Cabo Yachts line has become a favorite of serious offshore fishing enthusiasts nationwide.

room might feature an oversized double birth, a roomy cedar-lined closet and a full-length dressing mirror. On the practical side, a sportfisher's cockpit features two huge 60-by-16-inch insulated storage boxes equipped with pumps to eliminate the untidy mess of melting ice and debris. Other personalizations have included imported upholstery fabrics, brass appointments and specially designed entertainment centers — just to name a few. All the creature comforts of home are combined with the luxury accommodations of a fine hotel outfitted on the highest quality sportfishing yacht that money can buy.

What's on the drawing board at Cabo Yachts today? In a effort to encourage responsible sportfishing today and into the future, Cabo Yachts enthusiastically sponsors the Billfish Foundation. The Billfish Foundation is a conservation and research group that works with national marine fisheries monitoring breeding and promoting a catch-and-release program of billfish such as marlin and swordfish.

Additionally, the Cabo team just completed a 65,000-square-foot

factory expansion. And in an ongoing concern to meet the needs of clients, Cabo has a Web site that allows an online factory tour and a place for enthusiasts to shop for apparel and accessories unique to the sportfishing lifestyle.

Be it a sportsman's dream, an adventurer's dream, an American dream... yachts designed and built by the Cabo Yachts team are dreams come true. With the singular objective to build the finest-quality, best-performing sportfishing boats in the world, Cabo Yachts has made boatbuilding a success in the unlikely environment of a sand-swept California desert.



Cabo Yachts worked to increase its global market share through aggressively promoting its yacht at international trade shows, such as the Tokyo, Genoa, and Puerto Vallarta shows, and through international media. The measure of its success was winning the Small Business Association's "Exporter of the Year" award in 1998.