

# There's a Green Line

In the Middle of the Desert



During this year's Abu Dhabi Yacht Show in March, I took the opportunity while in the Gulf to visit the brand new facilities of one of the emerging and expanding yacht interior builders. This is a company that has for the past few decades built a successful empire creating the vast interior spaces of hotels and palaces, both in the Gulf during their prolific expansion plans and around the globe, where they have built their niche for high quality interiors where volume and capacity have been key to the project.

**C**OLIN ADDLEY, THE COMPANY'S VICE-President (below), collected me from my hotel with his Gulf driver, and whisked me through the desert along dusty roads and past construction projects that were either still on going if they were in the emirate of Abu Dhabi, or had ground to an almost halt as we entered Dubai's territory. All the way from one state to another, we discussed the market and the way in which Greenline Yacht Interiors has emerged onto the yachting scene. Back in 1997, after 30 years of growth in land-based interior creation, the founder and CEO, Samir Badro (right), a well-connected businessman who for years catered to the palatial needs of the Gulf's Sheiks and Princes, decided to expand his interests into a market that was starting to experience huge growth.

The world of large yachts back in 1997 was working on a handful of 50m plus projects and it was not until the early part of the next decade, in the early millennium, that yacht projects were being discussed in the upper three-figure ranges. As few as seven 100m projects had been built in the yachting sector since the 1930s, and with many projects under negotiation both yards and sub-contractors had to consider the sheer scale and volume of these

colossal projects. For the then stable of interior sub-contractors to expand capacity to cope with the vast cubic metres of interior contracts must have been quite scary for investors and management alike. In some cases even an 80m project would have required the total construction capacity from one or two of the key interior builders. No businessman would want to secure all of their billable man-hours into one contract; it would have been a potential commercial disaster had anything gone wrong, or had the estimates been under bid.

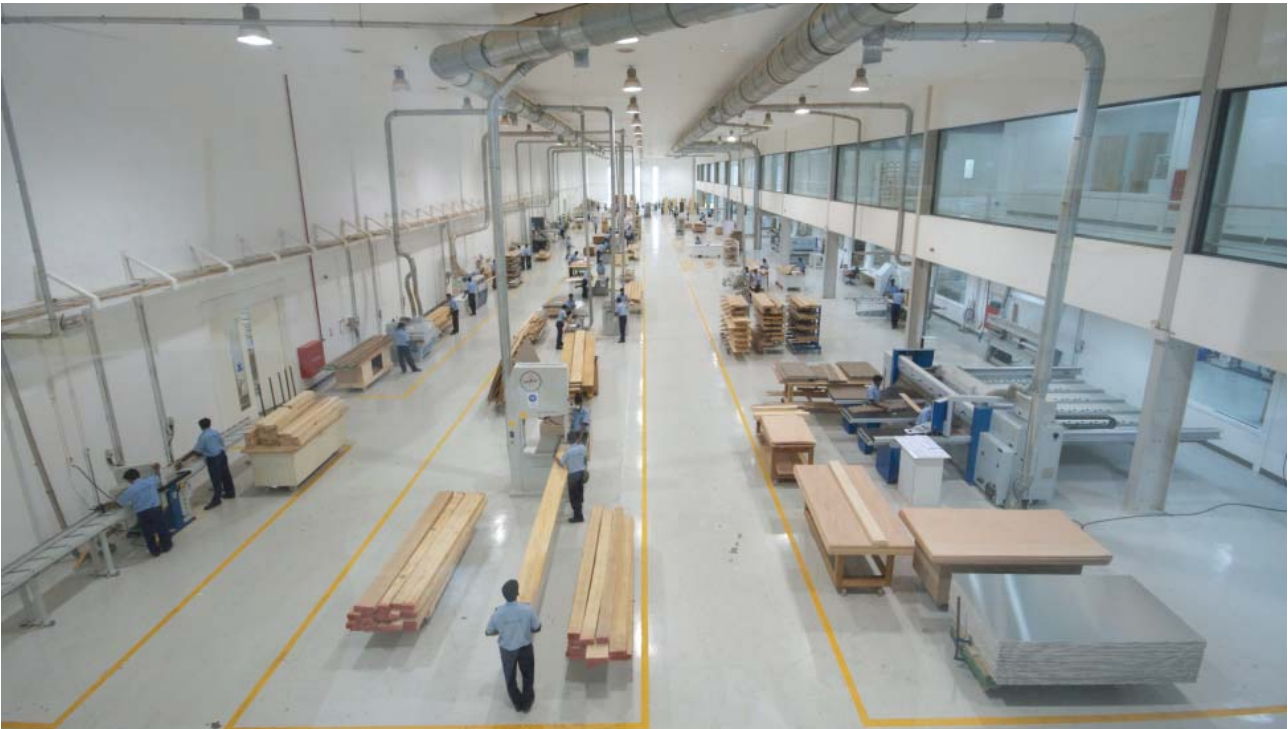


As the gigayacht market started to emerge and the demand for interior volume grew, the decision to enter the market started to pay dividends. With a contract to build the interiors for a three-yacht deal at the prolific Lürssen yard, the market started to open up to Greenline. The triple 70m contract required a brave contractor to take on the scale of this project, not only because the volume was immense over the five years of completion, but also the negotiated price with the yard dictated that they needed to find a sub-contractor that could deliver the job at a price that would fit the bill. The price of the typical north European interior builders was starting to explode and grow to levels that were, in some minds, obscene, but the demand for quality and the overall demand for capacity created a hugely profitable seller's market for the pedigree interior contractors.

This price increase created a position in the market that Addley and his management team had to face; do they bid on price or do they focus on matching the quality of the current market leaders, but with an increase in capacity that would provide the number of hours that the expanding market would soon be demanding. Luckily for the Greenline Yacht team, they were in a position to focus on both factors. Having built several palace interiors and a vast array of private homes for clients who ultimately owned yachts, they were already on the radar of some clients and the quality they had delivered met with pre-approval. The positioning of the Greenline facility in the Jebel Ali Free Trade Zone and the ability to build interiors with a labour force from the Gulf, Asian and Indian markets gave them a financially competitive advantage.

Not only was the location of Dubai – a major emerging hub for transport – a strategic bonus that allowed them to guarantee delivery to any shipyard in the world, but also the tax position of the Free Trade Zone added to





the successful formula. As the market expanded further and as the management recognised where the market was heading, with even

bigger and more dynamic projects in the wings, they realised they were able to offer a realistic alternative to their European competitors. The advantage would come through their next move, a significant investment programme into the market's largest interior production facility, some 280,000ft<sup>2</sup> of purpose-built factory.

As we drove through the factory gates, it was as if we had arrived in a Silicon Valley software complex, but the signs proved where we were, and on either side of the palm-lined drive were two almost identical facilities of gargantuan scale, one housing the land-based interior facility and the other a dedicated yachting interior factory. This was the site visit I had driven down the dusty motorway for. The foyer and entrance were vast, dynamic and impressive, all built to represent the quality and attention to detail

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that has been integral to the mission statement of the Greenline empire. Immaculate offices, prestigious board rooms and meeting spaces, and rows of computer terminals all formed the backbone of the operation, with dozens of engineers and higher management all capable of creating the systems, work plans and drawings to create the three-dimensional models that would find their way into the metallic hulls of the various major projects they would generate interiors for.

Samir Badro had created this purpose-built facility for the next generation of the business and it is clear that his investment is not only significant, but has also created a business model that many will be envious of: the capacity to build interiors for two distinctive markets, but the option to use the mirror image facilities should the order book dictate an increase in

demand from one sector more than the other. Badro himself is clearly at the helm of both factories and as a result has created mirror image offices

for himself at the two neighbouring facilities; this ensures that when he is in yacht mode he is on site in the yacht factory as he himself plays a role in the contract closing process whenever he is needed for negotiations or client discussions, as principal to principal. Having toured the offices and been shown the logistical structure of the administration of the business, we entered the enormous workspaces via a door guarded by a uniformed security man. Addley explained that many of the interiors they have worked on have very strict confidentiality clauses and the primary project they are working on, a 150m+ private yacht for a major German yard, is no exception.

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gleaming machinery and spray-paint booths all demonstrate the financial investment in the factory. The workflow is logical and streamlined; as drawings and information enter the network from the yards or designers, their in-house engineers and draughtsmen translate the information into the build drawings required on the factory floor. The myriad of workers all buzz around the space like bees creating a wooden hive, generating vast amounts of cubic structures that all fit together like a vast architectural installation. Every discipline is positioned around the building in order of necessity and timeline, ensuring an optimum efficiency with which to maximise production and minimise man-hours, the primary cause of excess cost with any yacht project.

Addley was keen to explain that they had worked hard to create a platform that would deliver the capacity and efficiency that could cope with any turnkey interior of any size the yacht market could build. This is a dramatic claim from any business, but having visited the factory, a claim that is justified. Of the 1,500 employees within the Greenline group, 600 are dedicated

to the yacht division and the billable hours exceed the million mark, but with a much reduced hourly rate when compared to the European counter parts: their competitive edge can be measured by a 25% or more reduction in price per cubic metre. This price point is a major selling point and one that in the current economic market cannot be ignored, it is this aspect of their proposition that is clearly at the heart of the Greenline model. The ability to directly compete in terms of quality, having invested in identical machinery employed by their competitors, coupled with a vast workforce who are willing to work long, hard hours, with the most manual and labour-intensive jobs being eaten up by the many hands approach, will allow them to build their interiors at a highly attractive price.

The wave of new build projects that require standardised interior platforms, but built within a reduced time

constraint in order to get the semi-custom ranges to market should fit the Greenline model perfectly. Their focus though is still clearly fixed on the larger and more complex interiors. However, there is no reason with the vast factory and the expandable and affordable workforce that they cannot deliver to both segments.

During the tour, you could see the vast capacity sitting ready and able to deliver anything and everything an interior designer needs, but as is often the case the stigma attached to cheaper products still flows through the market and many designers and yards are still reluctant to explore their financially beneficial alternatives. The relationships and the working arrangements between the German, Austrian and Dutch interior specialists still seem to rise to the top of the pyramid of favour, whereby clients and designers are much more comfortable

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with the pedigree and quality they have consistently seen from the big interior brands. But as Greenline Yacht Interiors grow their market position, and as more and more players understand their capacity and their financial benefit, I am confident that the vast number of hours available will soon be eaten up, once the market returns to a realistic level of stability. Whether the same number of 100m projects will ever return to the market I am not sure, but it is fair to say that as clients start to negotiate contracts for new builds over the next decade, they will be in excess of 50m and have 1,000 plus gross tonnage levels, all of which are ideal for the expanded capacity of this emerging talent.

In addition to the vast spaces within the brand new facility dedicated to building huge interior spaces, crawling with talented craftsmen, the most amazing location had to be the dedicated mock-up hall. At some 168m long, it is designed to house any deck level of any yacht in build at any size below 200m. This has two purposes: to create a space for the client and designer to visualise in three dimensions at one to one the space they have created; plus the mock-up is built to represent the actual framework of the new build they may be working on at the yard site. Before the finished interior packages are ready for shipping from Dubai, they install and fit every aspect of the space to ensure that there are no anomalies or

discrepancies. The team installing the interior can then start work on site with the confidence that the interior should fit, providing the yard has supplied the most up-to-date and accurate measurements of the envelope they have to fill.

Now over the years *The Yacht Report* has visited many impressive buildings, factories and shipyards, and two of my favourites have to be the Boeing Business Jet facility and the BAE Systems Nuclear Submarine building shipyard in Barrow in Furness, but I have to now add the Greenline Yacht Interiors facility too. It may not be as technically interesting or challenging as building a private jet in 11 days or a billion-euro submarine, but this is a clear demonstration of investment and expansion to meet the growth demands of our market over the next 20 years.

Martha Ann's main saloon, below, and St Nicolas's bar and dining room, bottom



Here in the middle of the desert, a mile or two outside downtown Dubai, alongside a vast car-storage park, where thousands of shrinkwrapped cars lie in wait for their shipping date, amongst sand storms and camels, there is a stunning high-tech factory that has grown out of the desert like a mirage; this apparent mirage is a real three-dimensional factory that draws a green line in the desert, one that is wide and strong in both its structure and its focus, and one that is likely to create a very big market share of the yacht business.



So next time you're flying through Dubai to whatever part of the planet, call Colin and his team and ask for a tour of this facility and prepare to be impressed. If you make your visit coincide with the end of their working week, you will be able to meet the Greenline team at one of their weekly staff barbecues, held on their purpose-built deck area and stunning green grass lawn that surrounds the even greener Greenline factory.

**MHR**

**Image: courtesy of Greenline**

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