

Chapter 7. The Second Generation—Johnny Chueh

Johnny Chueh, Ocean Alexander's youthful president, is an amalgam of east and west. His most impressionable years—the first 10—were spent in Taiwan. His grounding in western traditions began after his mother, Juanita Chiu, sister Anna and he left for Sidney, Australia, in 1984. Alex stayed in Kaohsiung to run the Ocean Alexander boatyard but visited his family for three weeks every two months.

Several reasons contributed to the move to Australia. Juanita Chiu wanted an international education for her daughter and son, an education that stresses independent thought and runs somewhat counter to Taiwan's traditional, family-directed way of life. Australia offered a cleaner and healthier climate. And like the 150,000 Hong Kong citizens a decade later, many Taiwanese sought an additional nationality in case the jittery tensions with the People's Republic of China led to an incursion.

The final impetus for the Chuehs to leave came from a car jacking and armed robbery. Johnny clearly remembers the late afternoon when all four family members were being driven home. In a narrow street near their house in Kaohsiung's suburbs, a vehicle blocked the road. Instantly suspicious, the driver reversed the automobile. It was too late. Three armed bandits rushed up to the car. With guns pointed at them, the Chuehs were forced to drive home where the gang loaded up on valuables. "Alex was very cool," recalled Johnny. "Maybe it was his military training, but he actually took command of the situation, addressing these guys with some respect, even jollyng them along. They didn't harm us and they were never caught. I don't even know if we were targeted specifically or if anyone entering that street would have sufficed."

After Juanita and her offspring arrived in Sidney, Anna entered seventh grade, while Johnny enrolled in the fifth grade. Both children were plunged suddenly into an English-speaking environment, with a culture and history deeply differing from their own. But they acclimated quickly and completed junior and senior high school. Alex invested in several local marinas. Juanita had hoped this aspect of the marine business would entice him to live in Australia, but boat building was in his blood and he continued to spend most of his time in Taiwan. The couple quietly divorced in 1990.

Although Alex may have harbored hopes for his son to succeed him in the family business, he encouraged his children to follow their own dreams. Anna eventually pursued a divinity degree. Johnny, a brilliant student, enrolled in the prestigious and demanding University of Chicago economics program, in which 10 faculty members have won Nobel prizes for their research. He loved studying at Chicago, although he still shivers recalling the record-breaking cold of his first winter there. Besides economics, which he found "highly number intensive and challenging," Johnny also signed up for psychology courses. "I grew into that discipline," he said. "By my fourth year, I had enough credits for a major in psychology as well as economics, but it was unintentional. Sure, I took all the required, tough economics classes with those Nobel Prize winners. But those courses were intellectual only, not personal. The psychology lectures were fun." Johnny also became a research assistant in his sophomore and senior years: one to a professor in psychology, the other in the business school. He enjoyed the combination of these

disciplines so much, he began flirting with the idea of earning a doctorate in organizational behavior—a degree that could lead to an eventual academic career.

Before applying for graduate school, however, he wanted to gain practical experience in the business world. He joined Mitchell-Madison, a Chicago consulting company that specializes in strategic sourcing, outsourcing and global cost control. He enjoyed his work and learned every day, although he frequently wished the firm would employ “less window dressing and more direct problem-solving techniques.”

Johnny often describes his father’s entry into a motor-yacht building career as an accident. It was a bypass—not a straight road—that led Alex to launch a Taiwanese boatbuilding company more than a quarter century ago. A similar fateful detour influenced Johnny to change tacks and, instead of attending graduate school, return to Taiwan—and boat building—when Alex suffered a stroke in 1998.

Alex had fallen at a dinner he hosted each fall for the yard’s workers. Although his head had hit the ground hard, he seemed unharmed. Over the next two months, however, a brain hemorrhage became manifest, impairing his speech and mobility. He was hospitalized and placed in intensive care. Fortunately, the clot was in the “right location” and he was not paralyzed, nor did he require surgery.

Johnny and Anna rushed back to Taiwan. “It was a severe shock for him and us,” said Johnny. “Both psychological and physical. Suddenly, my dad, who was always in charge, had become mortal.” Alex recovered slowly and regained much of his speech. Nevertheless, his words were often scrambled. “He was very impatient with it all,” recalled Johnny. “He frequently couldn’t get his tongue around the words and would throw up his arms in frustration. He was much quieter than before.” Although the plant had competent managers, all were reluctant to take over the leadership. “In Taiwan, even more than in the west, it’s traditional to pass on the family legacy to your own blood,” said Johnny. To solve the dilemma, the siblings agreed each would spend a year in Taiwan to support their father, which would also allow for orderly succession planning to professional managers. Johnny resigned from his Chicago job and moved back to the country of his birth, convinced he would finish his year and then enroll in graduate school.

Thus began a total immersion program in boat building and managing Ocean Alexander. Just 24, Johnny first spent a month in the plant’s production cycle, learning the basics of fiberglass lay-up, woodworking, mechanical systems, electricals and boat finishing. “Although I wasn’t going to stay, I had to roll up my sleeves and learn if I was going to be of any help,” Johnny said. “Within days, I was knee-deep in fiberglass, metal grinding and carpentry.”

He found the experience valuable, not only from the technical side, but it helped him earn respect from the workers, who looked askance at his youthfulness. Laboring side by side with them, he also discovered who the experts were in their area, who had perfected a subspecialty, how the staff interacted. “Working in the yard took the mystery and the romance out of the process,” he explained. From the shop, he moved into the office where, with his superior command of English and fluency in Mandarin, he handled the firm’s communications. Studying the letters and contracts, he learned about the company’s inner workings and its approach to clients and

suppliers. Often, he shadowed the managers as they communicated with clients, or inspected the stages of yacht construction. He read all he could about boat building. Spending half his time in the office, half in the yard, he soaked up information like a gargantuan sponge.

He also irked his father. His 14 years in Australia and the United States had taught him to question, to solve problems, to explore alternative management strategies. Alex ran the company like the colonel he used to be and was accustomed to having subordinates follow orders. Johnny's questions, sometimes motivated by inexperience, sometimes by knowledge from his university studies and his work at the consulting company, grated on Alex. Moreover, father and son had not shared living quarters for years: Alex expected traditional filial obedience; Johnny was used to independence. Two generations and two different cultural expectations clashed. "If I hadn't been the son of the boss, I would have been fired at once," Johnny said. "I suppose Alex was happy to have his son there, but angry I questioned his authority."

Johnny felt a similar ambiguity about working at Ocean Alexander. While instigating various projects and innovations, he pursued his earlier plans to apply to graduate programs at the University of Pennsylvania's Wharton School, MIT, Northwestern's Kellogg School, and the University of Michigan. His work at Ocean Alexander was demonstrating the importance of cross-cultural communications within the field of organizational behavior. He was accepted at all four schools and settled on Kellogg. Regularly, he reminded his father he was leaving at the end of the year. Alex urged him stay. Johnny wavered. "I was caught between Alex's power and need, and my guilt," he said. That guilt grew deeper when he learned Anna would not spend her year in Taiwan.

Time slipped by. Johnny did not want to leave his father in the lurch. Alex, for his part, became less overtly critical. Perhaps he knew Johnny's character better than Johnny knew himself. Perhaps Alex intuitively grasped Disraeli's notion that, "Patience is a necessary ingredient of genius." Perhaps his lifelong study of human character had taught him that sometimes, to make progress, one does nothing. Eventually, Johnny promised to stay a second year, although he remained adamant that two years was the limit.

He did not know his ship had already sailed.

While frequently visiting his mother in Australia, who was seriously ill (she died in 2000), Johnny found that, while there, he was calling the yard to check on projects. Unconsciously, through his hard work and dedication, he was imitating his father's actions of the 1970's. Fate had thrown him a curve: almost against his will, boat building had bewitched him.

As Alex's health became less robust and his energy waned, Johnny's experience and knowledge increased. Alex slowly released the reins and the relationship between father and son grew less confrontational, more cooperative. Graduate school goals grew dim. Bit by bit, Johnny assumed more responsibility until around 2002, he became both the titular and actual head of the company. But he remains characteristically modest. "The plant is dad's legacy," Johnny said. "I wasn't supposed to run it. But along the way you get involved. You take ownership. Mind you, I still can't build a boat. I'm learning all the time. I depend on the people who have the knowledge."

His management style differs markedly from his father's. Lacking the long-term boat building apprenticeship that Alex underwent in the 1970's, Johnny must rely on the plant's experienced managers and craftsmen. His western education has made him less hierarchical and the staff feels free to question, to suggest, to offer alternatives, to argue their case. He travels often and during his absence, the managers make the decisions and run the day-to-day operations, thus having much greater freedom—and greater responsibility—than under Alex's reign.

The staff at Ocean Alexander acknowledge Johnny as their chief. Their cultural heritage allows them to accept the second generation's leadership, even if it is provided by someone younger and less experienced in boat building than themselves. When Johnny first moved into a position of authority, some feared for the company's survival and their own jobs. But their youthful boss has stilled those worries: they marvel at his relentless pace to maintain Ocean Alexander's success. His hard work and dedication inspire respect.

Nineteenth century British novelist and editor Edward George Bulwer-Lytton wrote:

“In the lexicon of youth, which fate reserves
For a bright manhood, there is no such word as ‘fail.’”

That saying certainly applies to Johnny Chueh. Since taking over the leadership at Ocean Alexander, he has plotted his own course. Alex never had the opportunity to work directly with a brokerage, because private yacht ownership has been prohibited in Taiwan. “Not having a local market for your product is quite an anomaly,” said Johnny. “It can leave you out of the information loop.” Wanting to know more about the retail side of the boat business, and recognizing the Seattle dealership—one of the firm's top three sales markets—was performing below capacity, he independently purchased the brokerage in 1999. “I could be the eyes and ears for Alex and provide unbiased information to the factory,” he continued. “In Taiwan, it's hard to know what's going on in the luxury yacht market. I only met owners and potential buyers sporadically. What's more, the plant is production oriented, while the dealers are service oriented. It's a different mentality. Before I bought the dealership, I got inside, not outside information. I wanted both.” He flew back and forth between Kaohsiung and Seattle every month, keeping a foot in both production and sales. As a dealer, his interaction with the recently expanded brokerage network also improved: it was easier to sort out such issues as competition, trade-ins and pricing.

Has it worked? According to Mike Cranston, who has sold Ocean Alexanders at the Seattle dealership for nigh 20 years, having someone who moves easily between the brokerage, customers and factory is tremendously advantageous. “Johnny understands the American dealers and clientele,” he said. “Say we need a better water pump, or to modify the way a porthole is installed. His direct connection to the factory makes those changes happen. Instantly.”

Ken Morris, president of the Ocean Alexander Marine Center, an independently-owned service yard that commissions the yachts after they arrive in the Pacific Northwest, has known Johnny since he was a tyke. “I met Johnny in Taiwan even before the family moved to Australia,” he said. “I can tell you he's doing a terrific job with the company. He's mature for his age. His goal is to learn as much as he can in the shortest possible time. What he doesn't know, he finds out.

He always asks questions. I see him every few weeks and he's more and more like his dad, both in the way he thinks and his mannerisms."

Ed Monk concurred. "Johnny's highly intelligent, flexible, willing to make changes and implement them rapidly. And he relates well to people."

And lawyer David Mickelson, who has observed Johnny in many settings, told of the mix of pride and concern Alex would betray when speaking of his son. "When I spoke to Alex about some action of Johnny I liked, Alex would chuckle happily and then remind me how young his son is," said Mickelson. "But Johnny is like his father, true to his word. He has a foot in both western and Asian culture and switches between them as if changing a shirt. He learns fast, he doesn't put on airs, and he doesn't act like a prince. That's why he has earned everyone's respect. He's not just a son of the boss."

Frank Robinson, owner of a 61 pilothouse, visited the Kaohsiung plant during his boat's construction and observed the interaction between Alex and Johnny. Perhaps mindful of his own sons who work with him at Robinson Helicopter, Robinson commented—not entirely tongue-in-cheek, "I've been so impressed with Johnny. He handled his father so well."

Under Johnny's guidance, the number of Ocean Alexander employees has tripled, with 250 now working in Taiwan. Sales revenue has doubled, and grew even during the economic problems caused by dot-com failures and the 9/11 terrorist attacks. More yachts and bigger yachts are coming on line. "For the boomers and the older people coming out of sail, we build beautiful—and bigger—interior spaces," said Johnny. He explains that just like the square footage of homes is increasing, so are yacht sizes. Today's owners want quality, comfort, dining rooms, his-and-her heads, marble floors and granite counters. He compares it to wanting gourmet food or vintage wines. Wines all have a similar alcohol content, he states, yet there is a huge range in quality. Many owners are entrepreneurial, worked hard to create their businesses and now want to enjoy what they have achieved.

The Seattle, Taiwan and Shanghai operations, coupled with the international boat shows and the owner rendezvous Johnny attends, force the young entrepreneur to spend a good deal of time on airplanes. Where does he consider home? "Wherever my laptop and cell phone reside," he said. To create a bit of home atmosphere, he has bought houses or apartments in Kaohsiung, Shanghai and Seattle (although in Kaohsiung, he usually stays with his father, out of filial respect). He leaves wardrobes at each of his abodes, to avoid hauling luggage. "I try to buy the same clothes for each place so I don't have to think about what to wear," he said, suddenly revealing his boyish side.

But he quickly reverted to his philosophical, strategic self. His goals for the next few years are to continue learning and building the company. He does not complain about his overloaded schedule, the endless airplane rides and the jet lag, explaining he really likes the yacht business, not for its reputed romanticism, but for the many self-made people he encounters.

Does Johnny's youth work against him? Does he encounter reverse ageism? "Quite often," he replied. After hesitating, he demonstrated why he quickly earns people's respect. "The

patronizing tone usually disappears after a while. You know, in my mind, it's not about your age or education. What matters is the substance behind your words. I always remember one thing. People don't buy Ocean Alexanders because of me. They buy the plant and its craftsmen and our history. They buy the design and the quality. They buy Ed Monk, Tim Nolan, Ed Hagemann, for the boat's envelope, and Jon Pokela for his stylish, classy interiors. I'm only a small component and probably the least important."