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## BUSINESS

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Kevin Fujii photos / Chronicle

**Left:** Star Gazer, first of the Star Fleet Entertainment Yachts, launched in 1993, sets sail for Southshore Harbor earlier this month. From left to right are bartender Bridget Byous, server Leona Clark, Cruise Director Edith Mitchell and President Tom Lober.

# Pleasure cruisin'

Yacht fleet owner offers customers what amounts to limo service on the lake

By **CAROL RUST**

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KEMAH – Tom Lober trundled home from second grade with a three-tiered wooden box he'd made at school.

"This is my houseboat," he told his mother 35 years ago. "When I grow up, I'm going to live on a boat."

His practical-minded mother put the "boat" to work as a patio plant stand until it finally rotted from a decade of exposure.

On a recent evening, Lober stood on the bow of one of his four charter yachts, enjoying the sunset-tinted water and a mild breeze as the 100-foot luxury boat moved quietly from Clear Lake into Galveston Bay.

"This is what I love," Lober said, scanning a horizon dotted with distant boats. "The others are here to party, but this is it for me."

The founder and owner of Star Fleet Entertainment Yachts spoke calmly against the din of a mini-Mardi Gras heating up on the second deck, where bead-clad executives were letting their hair down at their annual appreciation party for a major customer. A Mae West look-alike hired for the event meandered among them, handing out cigars and sultry comments in her mermaid-cut white dress studded with faux pearls and white feather boa

twirled around her neck.

In the eight and one-half years since the 42-year-old Lober started Star Fleet, he's seen everything from fire-eaters to hula dancers as entertainment on the hundreds of custom cruises his staff of 70 puts together each year.

Last year, the company booked 400 cruises, which translated into \$2.3 million in gross sales, in events ranging from Gulf Coast versions of company picnics to a bat mitzvah with a *Gilligan's Island* theme. One guy recently plunked down \$2,000 to charter an entire boat for a date.

One of Lober's seven captains is, handily, a licensed minister for weddings. Star Fleet staff recently added squirt guns, Hula-Hoops, and limbo sticks as regular on-board equipment.

"It's a bizarre business," Lober said. "Nothing seems unusual anymore."

Nearly all Star Fleet's cruises include dinner. His kitchen staff does the prep work for hors d'oeuvres and main courses on land near the marina, transferring them to a generous galley on board before customers arrive. The galley crew does the final cooking.

Star Fleet Entertainment Yachts is one of about a dozen businesses of its size in the country that provides strictly private charter yacht cruises, but Lober has hundreds of competitors locally.

"I'm competing with caterers, hotels, restaurants - anyone in the eating, drinking and party business," he said. "People say there are two things you're never supposed to own: a boat and a restaurant. I put a restaurant on a boat."

Last month, he launched what he believes is the first-ever water limousine, a 30-foot yacht complete with wet bar, sound system, leather couches, TV and VCR that takes small groups to waterfront restaurants and bars, just like a limo does on land.

Sometimes, his clients hop off and dine at one of the restaurants on the Kemah Boardwalk while the limo is anchored beside it. In other cases, waiters deliver the food to the boat, equipped with removable dining tables that can seat 14, and the customers dine while cruising Clear Lake.

Lober was a natural shoo-in for a career on the water. His father owned a supply boat business in Houston and a fleet of shrimp boats based in Trinidad. He eventually became president of his dad's supply boat business after getting a master's degree in maritime management from Maine Maritime Academy in Castine, Maine in 1987.

But he still had that idea from second grade that grew from living on a boat to providing exclusive entertainment on the water.

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# CRUISE

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In 1986, he joined the Passenger Vessel Association, a national group of vessel owners that provides public and private cruises for gaming, ecotourism or other entertainment. He attended seminars, talked to boat owners, researched trends in the industry and tried to figure out what it would take to float his idea.

Lober drew up plans for a boat big enough to accommodate up to 150 passengers, but with a three-foot draft to keep from running aground in the notoriously shallow Clear Lake and Galveston Bay.



The 14-passenger Lake Limo cruising on Galveston Bay.

"I wanted to be able to take that boat anywhere on the lake," which is five feet deep in places he said.

Bankers were skeptical when he approached them for a loan.

"This was a new business in Houston that had never been done before," Lober said. "They had no confidence."

"I finally got to the point where I'd just take my business plan into a bank and say, 'I know I'm not going to get a loan - just look at what I've got and tell me what it needs,'" he said.

Even without a loan in place, Lober began hands-on research. During the week, he still worked at his father's supply boat business, but flew to Fort Lauderdale, Fla., on weekends to work as a deck hand and food server for a charter yacht company to learn the business from the bottom up.

After a year of loan seeking, he found a lender at the Passenger Vessel Association's annual meeting, Caterpillar Finance agreed to lend him 60 percent of the \$950,000 in construction costs if he installed Caterpillar engines on the boat.

Construction took a year, during which Lober continued his research serving drinks on weekends aboard a charter boat, on the Detroit River and Lake St. Clair.

Finally, Lober launched Star Gazer in October 1993.

The maritime academy might have taught him how to navigate by the stars, but it didn't prepare him for marketing.

"I didn't know what I was doing," Lober said. "The first year, I spent \$125,000 in marketing blunders," including a \$50,000 mass mail campaign that he called "a total flop."

"Marketing was twice as expensive as he thought it would be and took twice

as long for potential customers to understand the concept he was trying to sell," he said. Meanwhile, his boat sat in the slip for up to three weeks at a time.

Lober had a \$30,000 monthly overhead in debt service, office rental, insurance and slip fees, and "I still had to pay it if the boat didn't leave once," he said.

Panicked, he joined the Greater Houston Partnership to seek out ideas, and he got one: target marketing.

He and his small staff scrutinized every

location on the Houston Ship Channel. If a customer hires a deejay, a crewmember provides padding to put underneath the CD player on the bandstand because dancing on the steel dance floor causes the player to bounce.

Lober's three full-time cruise consultants handle charter buses to and from the marina, limos, menus, photographers and decorations. They work with Star Fleet's in-house florist and theme designer to provide floral arrangements for sit-down dinners and Hawaiian leis of fresh orchids and hibiscus for a major retailer's party, for which the florist helped transform the boat's stanchions into palm trees.

And consultants have their own suggestions, such as bestowing captains' hats instead of the usual corsages to employees with top sales who were being honored at a recent floating awards banquet.

Lober believes his company's custom service brings customers back.

"They handle all the details once, and after the customers go on that first cruise, they're sold on the concept," he said. "People love something different. We provide a different kind of party. If they do it once, they usually want to do it again."

But cruises aren't limited to parties, Lober said. Customers have chartered boats for banquets, retreats, new product introductions, incentive awards dinners and for scattering loved one's ashes.

About 60 percent of Star Fleet's business is repeat and referral. The

detail about the people who used the boat and set out to find more like them. He set his sights on the corporate client, which makes up about 70 percent of his business today. Corporate customers include Enron, Exxon Mobil, Shell, Continental Airlines and Katy Mills mall.

"We have had our party with Star Fleet every year for five years," said Ravi Lal, director of ethylene division of Technip, based in San Dimas, Calif. "The first year, I wanted to do something special that I hadn't seen before. Everybody likes it, and everybody wants to come back."

Business slowly began to build, and word spread. Lober added the 90-foot Star Cruiser in 1997, the 74-foot Star Spirit in 1999, and brought in a fourth, the Lake Limo, last month. Also in 1999, he bought 6 acres with 600 feet of waterfront and built Star Fleet Marina. While part of that land is still undeveloped, it eventually will become a parking lot for 500 cars when Lober adds a fifth large yacht, Star Ship, sometime in the future.

"We plan to add Star Ship when we're turning down enough business from the other boats," he said.

After more than eight years, Lober has yet to take home a salary, putting everything back into the business.

The more he puts back, the more business he can accommodate.

But Lober and his staff still keep close tabs on their customers.

"We track everything - which individuals, what type of event, whether they prefer sit-down dinners, how they heard about us - you name it," he said.

It's a lot of details. He knows that blackout shades, pull-down projector screens and multiple microphone jacks are needed for presentations, and that some clients like to be picked up at one of the Galveston hotels or other

locations on the Houston Ship Channel.

He also has to deal with the misconception that only the very rich can afford cruises, Lober said.

"Some people think they can't afford a luxury yacht, but when they compare our complete package with upscale restaurants, hotel banquet facilities, country clubs and wedding manors, we are quite competitive," he said. "And our food is gourmet quality. Just like a five-star hotel, we never cut corners."

Lober depends heavily on customer surveys to develop the service he and his crew provide. And customers informally give Star Fleet staff new ideas with some of the extras they bring aboard, such as squirt guns, Mardi Gras Beads, Hula Hoops and limbo sticks.

"We learn a lot from our customers," he said. "We see what they do, take the best and give it back to them."

Because customer surveys indicate that about 20 percent of Star Fleet's business comes from being seen on the water, Lober and his captains make their crafts as visible as possible whenever they take them out. The real opportunity for hot-dogging comes when a customer charters two or three boats, and they raft up to become the Star Fleet flotilla, with customers moving from one boat to another. A three-boat charter can handle up to 375 guests.

But one boat can still do a lot of advertising.

At the recent corporate party, Mae West joined the other revelers who were slinging Mardi Gras beads at al fresco diners as Capt. Tony DeFore edged Star



Corporate team building at its best.

recent corporate party featuring the Mae West look-alike was the fifth the company has chosen to have with Star Fleet.

Part of Lober's initial marketing problem - which continues today - is that Houstonians just don't realize how close to the water they are.

"It's not like Fort Lauderdale, where water is part of the landscape," he said. "In Houston, there's no high-visibility location to see the water, just one spot on Loop 610 that overlooks the Port of Houston. Even in Clear Lake, there are only one or two places when you drive around the lake that you can actually see the water. We don't have a San Francisco Bay or New York Harbor. So people have to be reminded."

Gazer close to the Kemah Waterfront. They might not have known it, but they were doing a little of Lober's public relations work for him.

As the boat pulled back into the Star Fleet Marina, Lober pointed out a barge under construction. When it is finished - by the end of the year, he hopes - the bottom floor will be a galley for food preparation, the second the Star Fleet office and the third floor an 1,800-square-foot apartment.

"It will kind of resemble that three tiered wooden box he brought home from school years ago," Lober says.

And he's going to live at the top.

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