

Life on the Pamlico

The Fountain Powerboat Story

By Theron Boyd and Chris Hill



Mr. Reggie Fountain of Fountain Powerboats.

Introduction

By Theron Boyd

If you had been sitting on the bank of the Tar River during the summer of 1952 near Tarboro, you would have seen a young twelve-year-old fellow zooming up the river in a little Speedliner boat, with a Mercury Super 10 Hurricane motor on it, racing with all the local fishermen. The young man was Reggie Fountain. Mr. Fountain grew up in Tarboro, North Carolina. He started boating when he was six around the Tar River. In 1954 a local farmer bought a B-class hydroplane and utility racer and was looking for somebody to run them. Everybody said, "That crazy Fountain boy is always racing up and down the river," so he called Reggie and Reggie found himself in a 60-mph boat. At age 14, Reggie entered his first boat race. This would be the spark of a future illustrious career in boat racing. In the meantime Reggie graduated from Tarboro High School in 1958. He then went on to receive two degrees from the University of North Carolina, one from the business school in 1962 and the other from the Law School in 1965. Because of a lack of time and money, Reggie did not race much during college. In 1970 Mr. Fountain moved into professional competition. As a member of the elite Mercury Factory Racing Team, Mr. Fountain earned three world and seven national championships. He also racked up 76 wins in 129 starts for a 59% winning percentage.

After 12 years of competition Mr. Fountain decided to hang up, at least temporarily, his racing togs and pursue other interests; one of the other interests was boat building. After building and working on a boat design, Reggie Fountain

noticed a growing market for the highly customized test boats. This is when Fountain Powerboats started in an abandoned used-car dealership in the city of Washington, North Carolina.

Fountain Powerboats started in 1979 as a 16,000 square-foot manufacturing facility with 14 employees. This business has now swelled to a 170,000 square-foot facility with nearly 300 employees and is listed on the American Stock Exchange.

Fountain Powerboats builds several different models of boats. The model line ranges from luxurious powerboats to sport fishing boats. In the early years of Fountain Powerboats Mr. Fountain concentrated on his patented 33' Executioner. In 1991, the Fountain Sportsboat catalog included a 42' Signature; a 42' and a 35' Lighting; a 38', 32', 29', 27' Fever; and a 38' Sports Cruiser. The Fever model comes in lengths of 27', 29', 32', and 38'. The Fever models all offer several different "muscle" engines that let the driver attain maximum speed. Each model offers a cabin that can be filled with all kinds of conveniences. These include luxuries, such as wet bars and bathrooms. The Lighting model comes in lengths of 42' and 35'. These also offer the finest and fastest engines available. The cabin has a very plush interior and also offers extras like wet bars and bathrooms. The 42' Signature model offers custom luxuries like a ceramic toilet and a refrigerator. It even comes with custom-embroidered accent pillows. The engine department is also filled with top-of-the-line equipment. There is also a line of sport fishing boats offered by Fountain. There is a 25', 27', and a 31' Sportfish. Also there are 25', 29' and 31' Sportfish Cruisers. The Sportfish models offer everything a fisherman would want in a fast, high-tech fishing boat. These models offer continuances like built-in tackle boxes, built-in insulated

Life on the Pamlico

ice chests, 35 gallon livewells and non-skid floors. The 31' Sportfish Cruiser is similar to the other Sportfish models except this one has a cabin that has things like a wet bar, microwave, refrigerator, and stand-up bathroom; almost any convenience you could imagine can be added onto this luxurious fishing boat.

This interview was conducted by our advisor Dr. Roy Armstrong and journalism students Chris Hill and myself. On December 12, 1992, we met at Fountain Powerboats on Whichard's Beach Road just outside of Washington, N.C. The journey over to the southside was hindered by a downpour that would have made a August afternoon squall look like a drizzle. Once we arrived and ran inside the Fountain building, we removed our drenched coats and were greeted by Mr. Fountain's secretary. Mr. Fountain was on an international phone call when we got there. So we had a little time to dry out before talking to him. In a few minutes we were talking with Mr. Fountain. Mr. Fountain was pleased to answer the questions we had. Drawing from 35 years of experience, Mr. Fountain has led Fountain Powerboats to a reputation as the international premier high-performance boat company.

Life: Tell us how you got into this business?

Mr. Fountain: Well, boating had always been a hobby of mine since 1948 when I was eight years old. By 14 years old in 1954, I was racing boats. And I water-skied a lot too, since I was eight years old. And I continued to do that throughout high school and college. After college, I started in the life insurance business, and my boating activities expanded. I then started racing around the world for Mercury Marine. I raced for

Life on the Pamlico

Mercury Racing Team until 1980, and during that period of time, I did a lot of extensive testing for them. Towards the end of the period of time that I worked for them in the late 70's, I did some testing of boats similar to the ones that I am building now. And that's where I built my first boat. It turned out to be a pretty neat boat; so I took it to a boat show and sold it, built another one and sold it. It was about 1979 when we began selling boats. By 1982, we were selling them fast enough that we built this place. In 1978, I had a company down in Florida build the boat to my specs for me. Then later I came up here and tooled up and started building them in Washington in 1979. By 1982 we started with this place out here on Whichard's Beach Road, and we've added to it every since.

Life: Did you design the boats?

Mr. Fountain: Designed everything here.

Life: I know it's a very complicated thing, but what kind of procedure do you go through in building the boats?

Mr. Fountain: Well, we first decide what we can sell in the marketplace. And then, after we do that, I build a boat like the one I think we can sell. I go out and test it and change things on it until it works right. Then after it works right, and it's a boat we can resale over and over, we then make a tool off of it. A tool is a big glass part with a steel frame around it so that it lasts a long time. And we lay it up over the top of this boat that we've created called a plug. When it's pulled off the plug, it has the same shape as the boat we laid it up over. Inside that mold, we can then go in and reduplicate that boat over and over again by laying glass in there; it comes out the same shape of

Life on the Pamlico

that mold, which is the same shape of the original boat we built. So, basically, we design the boat by finding a need that we think is in the marketplace. I design a boat that will meet that need. And then I build tooling for it here by first building a prototype hull; then I'll make the tooling from that. Then we start manufacturing.

Life: How many people do you have working?

Mr. Fountain: We've been as high as 354. Currently we are working about 300.

Life: How do you go about identifying the people you sell the high-end boats to.

Mr. Fountain: We do it by talking with customers at boat shows who know what they want and by talking with our dealers who buy our boats and by also seeing what's available in the marketplace and how many of those units we see. So if we start seeing a particular kind of boat out there a lot, we assume there's a need for it. We may elect to build one just like some of our competitors may already be building, or we may do individual research and talk with customers at shows or to our dealers when they come here and visit and determine what additional demand there might be. So basically those ways: our dealers, our customers, and the contact with people at boat shows and then, finally, what we see being used on the waterways.

Life: Who have been some of your more famous customers?

Life on the Pamlico

Mr. Fountain: It's hard to remember all of them but... King Hussien of Jordan, his majesty, the King of Jordan; Tommy "The Hitman" Hearns, the boxer who just bought one of our boats; Ross Perot, the man that ran for President, he owns one of our boats; Roger King, who owns King Enterprises, which has the Oprah Winfrey Show and all kinds of shows. There's just a large number of them.



Life: Do you sell any to the government?

Mr. Fountain: We sell quite a few to the United States Government, different divisions of the government.

Life: Like the Coast Guard?

Mr. Fountain: Well, we're really not allowed to specify all the agencies we build for and what kind, but I'll tell you that of the agencies you know, some of those that you could be building for would be like the Navy Seal Team, Coast Guard, U.S. Customs, Drug Enforcement Agencies, groups like that.

Life: How do you see the future for your company? Do think it's going to continue to grow?

Mr. Fountain: The boat business is very tough right now. The marine business isn't doing very well in general. Specifically, we've had an increase in sales from last year because we have so much additional product [new models] that we never had before. So it's caused us to have an increase in sales in the market, where total marine sales have dramatically decreased. The way we pulled that off was we had more product. And we went into the different market areas, and we also took market shares from other people because if the market is going down in total sales and we're going up in sales, we are actually having to gain market shares. So what few boats are being sold, we're selling more than [our competitors].

Life: So you are actually gaining shares in the market?

Mr. Fountain: We're gaining market shares, and that's also gaining us a total increase in sales.

Life: I don't know exactly what year it was, but not long ago you had a fire. How far did that set you back?

Mr. Fountain: Anytime you have a fire, it always sets you back. It occurred in late 1987. And within a day from the time the fire

occurred, we were back in the process of rebuilding our lamination department, which is where you create the hulls and decks. To do that we also had to recreate all of our tooling. We had all of our tooling burn up in the fire. They just caught on fire and burned up. The tool's what you make the boats out of, so we had to have a massive tooling operation go on and create more tools and build the boats from the new tools. That enabled us, on the positive side, to redo any old tooling and upgrade it and update it, much like General Motors does with their automobiles. So it set us back, but when we finally came back, it enabled us to have all new tooling. So we were in a good position to move forward, although we're not in as good a position as we might have been in if we hadn't had the fire.

Life: Is your business handicapped by the big tax on luxury boats?

Mr. Fountain: Yes, that creates a handicap. If we sell a \$200,000 boat, there's a \$10,000 luxury tax. Now, most people buying \$200,000 boats can afford to pay the \$10,000 luxury tax. However, as a matter of principle they're not used to the idea of paying that tax; they don't like the idea of paying that tax. They don't have to buy a boat; it's not a necessity, so to speak. So we're finding that quite a few of them say, "To heck with it. I just won't buy one. I'll keep my old boat or I'll buy a used boat that someone has like I want that's in good condition, but I'm just not going to pay that luxury tax even though I can afford to pay it because I don't like the idea of having to pay it!"

Life: There is not a tax on a used boat?

Mr. Fountain: No.

Life: Even the very expensive ones?

Mr. Fountain: Just the new ones. And so as a matter of revolt, if you will, or of dissatisfaction with the tax, a lot of the people have not elected to pay that \$10,000. Contrary to what the government thought when they put it in, it's dramatically hurt overall revenues rather than helped them because, first of all, it stopped people from buying expensive boats. So they never collected much tax to begin with. Most of the companies selling big boats went bankrupt or cut back dramatically. In either case, that [tax] laid lots of people off. So that cut down on taxable revenue that the government has by taxing the salaries of the people who would have been earning income if they had been building boats. They were no longer building. It cut down on taxes they might have gotten had somebody been building boats. And in addition to all of that, it put all of these people on unemployment, drawing money away from the economy. So like in many cases with our government, they made a very stupid decision for which they paid to the extent of billions of dollars by increasing unemployment, decreasing salaries, and not generating tax anywhere.

Life: Could you just tell us about your top-end boat, the specs on it, and what kind of speed your talking about?

Mr. Fountain: Well, the speed of any boat depends on the motors we put in it. The biggest boat we build and the most expensive is a 47' sports cruiser. We also have a race-boat version of that, and it's 47' long. The difference is, the raceboat has a low deck, the cruiser has a high deck. The cruiser has

showers, refrigerator, stove, and living quarters. The low deck, raceboat-type version has room up there for that and maybe has a Spartan-type bed and sofa setup. There's not much weight up there. That boat—be it the raceboat or the cruiser—is the most expensive boat, and it's our top of the line. We've been sold out of it since we came out with it a year ago, which makes us happy because those boats sell anywhere from \$240,000 to \$450,000, depending on the motor that's in it. The motors can easily add \$150,000 to \$200,000 to it, when you put three motors in with the kind of drives that you have to hook those motors up to.

Life: What kind of speed could that boat run?

Mr. Fountain: The 47' cruiser runs between 62-74 mph. We build a couple that run over 80 mph. The raceboat version like the one we raced all round the world—the one we won all the races with—that boat will run 125-130 mph.

Life: Are you still racing?

Mr. Fountain: I raced some this year, quite a bit; in fact, we won the world's championship in the last month in APBA [American Powerboat Association] and OPT [Offshore Professional Tour]. But I was racing one of my boats that was bought by a customer so it was owned by him. It was his boat and his racing team. I helped him keep the boat up. I built it for him, helped him keep it up, and I got out there and raced it with him. I trimmed it and throttled for him. So I raced this past year for one of my customers. The previous two years I raced with my own boats that we built here, and we covered the expenses, which gives me a little more control of it. It cost us over a

Life on the Pamlico

million dollars. I just couldn't afford to do that another year, so I had to spend someone else's money and use their equipment, which happened to be my boat!

Conclusion

By Chris Hill

Mr. Fountain's remarkable success story is one of a man following a lifelong dream. Once we entered his office, it took only a brief glance to realize what an important man we were about to meet and interview. Not only is he an educated businessman with a tremendous amount of impact on our community's economy; he is also one of today's top boat racers in the world. With the world championships from the APBA and OPT under his belt this year alone, Mr. Fountain shows no sign of letting up, thus giving him the well deserved nickname "Full Throttle."

Known for what some would call an extravagant lifestyle, Mr. Fountain, however, was down-to-earth, friendly, and interested (in our project) as well as being interesting during our enjoyable interview. His fast-paced and colorful lifestyle make him not only a fascinating interviewee but a fascinating individual as well.

Reggie Fountain has dealt with some of the most prominent people in the world in the past years. It's easy to understand where a person could get caught up in such an exciting lifestyle, yet every time I visited the boat plant, I was never made to feel less than important, even though I'm not a customer, a king, or a middleweight champion. Mr. Fountain has surrounded him-

Life on the Pamlico

self with success, which has paid off, yet he still hasn't forgotten the "little man," nor has he forgotten the importance of hard work. His accomplishments prove that persistence, hard work, and a commitment to excellence definitely pay large dividends to those who have a dream and follow it to the



Chris Hill, Mr. Fountain, and Theron Boyd, with some of Mr. Fountain's Trophies