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Australia's First Family Of Yacht-Racing Focus On Expanding The Business and Winning The Sydney-Hobart Race Again



Forbes Guest , Contributor



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Sandy Oatley, onboard his yacht Andiamo in Sydney Harbour, doesn't even attempt to fill his father's enormous shoes. Credit: Andrea Francolini For Forbes

By Ron Gluckman

When Robert Oatley and his family caught wind of how Netscape founder Jim Clark had splashed out on his high-tech megayacht Comanche, they knew hard choices could be ahead. They own *Wild Oats XI*, the unprecedented eight-time winner of the grueling Sydney Hobart Yacht Race and Australia’s most celebrated boat. Yet time, and tech, move fast in sailing. State of the art a decade earlier, *Wild Oats* barely edged out Comanche in 2014.

So the Oatleys gave Wild Oats a radical makeover, says its longtime captain Mark Richards. “We basically cut 7 feet off the back and 30 feet off the front. Then we added 37 feet up in front, so the mast and keel were, in effect, moved back 2 meters.” This added 12% more sail area, he says. “It was like turbocharging the boat.”



More than a hotel, better than a hotel.



The refurbished yacht debuted last Boxing Day at the annual Sydney Hobart race, but conditions were among the worst in memory, says Rob Mundle, an expert on the race. He's covered 45 races and penned numerous books, including *Fatal Storm*, detailing the deadly 1998 competition in which a dozen boats sank or were abandoned and six sailors died. "This could be treacherous," he warned before the start last year.

Scores of multimillion-dollar yachts plunged through the churning waves of Sydney's grandiose harbor. Cheers resounded from spectators on boats across the bay. This is the seminal event in the Australian boating calendar, and owners and executives were already popping champagne and digging into canapés.

By nightfall the mood had dampened. Storms battered the boats. Many hobbled home, including *Wild Oats* and *Comanche*. *Comanche* managed to undertake daring repairs at sea and won the race. *Wild Oats* slunk into Woolwich Dock, its new speed profile untested. Nonetheless, Richards and crew received the welcome of champions. "That's all right," said a stout man in a *Wild Oats* baseball cap, offering hot coffee and hugs, greeting all on board by name. The crew was dejected; preparations can run year-round, and many may never attempt the perilous race again. "Not to mind," the man insisted,

beaming. “What’s important is you are safe.”

This was Sandy Oatley, Robert’s son. He succeeded his father in 2001 as CEO of the Oatley empire, which employs 1,500 and includes Robert Oatley Vineyards and Hamilton Island, among the world’s largest privately owned resort islands. Sandy had been sitting with FORBES ASIA for a rare interview, but as Wild Oats came into view he hit pause. Priorities, he noted, dashing dockside. With unsinkable grace he welcomed all back, promising: “There’s always next year.”

Now next year is here, with the Wild Oats crew making its final preparations for next month’s race. But the event will be tinged with a deep sadness because for the first time in a half-century, Robert won’t be involved. He died in January at the age of 87. To family and friends, and the entire country, it was an era ending. “Robert Oatley was salt of the earth,” says Tony Bargwanna, managing director at real estate firm Ray White Hotels, who specializes in sales of hotels and island property. “What he did for Hamilton Island, the area, for yachting and for racing was truly beyond belief. When he died, there was this colossal big gulp.”

His successor, however, was already in place. “Sandy has a great reputation and perception,” notes Bargwanna. Sandy deflects any praise: “Dad

set things up perfectly, like a diamond. My job is to just continue his policies, which we call polishing the diamond.”

The oldest of three children, Sandy, 63, had been groomed for decades to succeed his father, a lifelong sailor whom everyone called Popeye. The pair was described as ideal complements, with observers noting that their styles were often polar opposites. Popeye was a colorful sportsman and philanthropist regularly featured in magazines; Sandy almost never grants interviews. With FORBES ASIA he was not only as quick-witted as his legendary father, spinning humorous down-home yarns, but also detailed to a fault. “I’m more hands-on,” he says. Nicky Tindill, Sandy’s daughter, added that it was “the ultimate partnership. Popeye had an amazing vision, second to none, and dad has always been the one making it happen.” Nicky, 32, is involved in marketing and design on Hamilton Island and is the leading third-generation candidate to take over as his successor.

Sandy doesn’t plan to even try to fill his father’s enormous shoes. “Boats have two steering wheels, one on each side,” he says, slipping into sailor jargon as we have tea on his boat, which he sails weekly. “Dad has always had one, and I’ve got the other one.”





Australian supermaxi-yacht Wild Oats XI in Sydney Harbour at the start of the Sydney Hobart race on Boxing Day of last year. Credit: PETER PARKS/AFP/Getty Images

By any measure Popeye was a larger-than-life Australian businessman, an entrepreneur with an uncanny ability to buy low, sell high and move agilely across industries. Friends and rivals alike say the self-made entrepreneur had few airs. When the Oatleys commissioned a biography for his 80th birthday, the obvious choice was Mundle, who knew him for 45 years. He worked furiously to finish before the party. “Guests were all going to get a copy,” he says. Instead, the book was nowhere to be seen. “Bob came back and said no,” explains Mundle. “He just felt it would seem like boasting. And that just wasn’t Bob.”

Robert was born in 1928 in Mosman, near Sydney,

and was proud of his working-class roots. He was descended from James Oatley, a convict shipped Down Under in the penal-colony period who became Australia's first clockmaker; a Sydney suburb is named Oatley in his honor. Robert's mother died just after his first birthday. While a teen in 1943 he was apprenticed to trading company Colyer Watson. His father reasoned that competition for jobs would be tight after World War II as soldiers returned home, and experience would outweigh school education.

A natural salesman, Popeye was sent to Papua New Guinea, then administered by Australia. The firm had interests in cocoa and coffee, which Popeye expanded much more enthusiastically than the head office expected. He eventually bought out the company's Papuan operations and expanded even more.

Much of his success came from his keen eye for spotting opportunities. He invested in coffee before it caught on in Australia. After selling his business in Papua New Guinea he repeated the same success with wine, buying land, planting vineyards and exporting ahead of most vintners in Australia. "In the late 1960s Bob wanted to diversify out of New Guinea and began buying land in the Hunter Valley," recalls Chris Hancock, a winemaker who worked with Oatley for more than 40 years. "It was

a home vineyard. They got a portable crusher and then built a small winery and a little bottling plant. It was modest—about 2,000 cases that first year.”

Sandy was still in high school when he was dispatched to the fields, overseeing planting and nurturing his interest in equipment. A relentless tinkerer who built his own boat as a youth, he modified farm equipment, hands-on work he still relishes as CEO. When pipes bringing water to nearby Dent Island needed to be pushed across the channel from Hamilton Island, he chafed at the cost and at the number of months engineers insisted the job would take. Instead, he worked out a way to link the pipes on land, lift them on wheels, roll them to the water, drag them by boat and finally sink them. “It was like a giant snake,” he recalls.

The Oatleys’ Rosemount become Australia’s largest family winery. “Bob used his knowledge from coffee and cocoa. He knew how to export and market,” says Hancock. And his timing was astute. “He picked Chardonnay before it became a global fashion. He took it to the U.K. when nobody knew Chardonnay. It was a bit like catching a wave—the trick was staying on that wave, and he managed to do that.”

Perhaps a better trick is knowing when to quit. Robert cashed out of Rosemount in 2001, as the

wine boom peaked, for roughly \$1.2 billion. Soon he embarked on a bigger transition than from coffee to Chardonnay. He bought Hamilton Island, near the Great Barrier Reef. Once again he wasn't the first one to see the potential, just the first to realize it.

The deal came together unexpectedly. The Oatleys had just sailed in the big Hamilton Island regatta. "We were saying goodbye to the CEO, thanking him for a great week and looking forward to next year," says Sandy, "and he said, 'Oh, we might not be here, because there was talk the island was going to be sold.' "

The CEO was Wayne Kirkpatrick, whose company was running the nearly 2-square-mile island. He explained that he was trying to put together a buyout as the island headed to receivership for a second time. He hoped that Oatley, flush with his wine profits, might be a white knight.

Robert was intrigued but, Sandy recalls, there wasn't much enthusiasm back at the office. "We took the documents to Sydney and gave them to one of our advisors. He had a look and said: 'You guys have been in the sun too long. It's already had two owners. It's doomed, a disaster,' and he threw it in the bin. We thought, okay. We realized he knew numbers."



Patriarch Robert Oatley, who died in January.

But Robert had been onto something. “The next day that same fellow came in, and he had on a Hawaiian shirt and shorts,” says Sandy. “He said, ‘This Hamilton Island could be okay, but you have to be careful how much you pay for it’.”

Within a few days Popeye made an offer. A bidding war erupted, but he upped the ante, invested \$200 million, then, in 2003, bought out the CEO who had recruited him. Surprisingly, Kirkpatrick has only admiration for the Oatleys: “They’ve done a wonderful job. Their investment has been tremendous, and they have created facilities that are first class. Robert Oatley had a grand vision.”

With the purchase Popeye began building his third

fortune. “Bob saw the potential—that’s the genius in him,” says Glenn Bourke, Hamilton Island’s current CEO. “He went into coffee when nobody in Australia was drinking coffee, and he went into wine when everyone was drinking beers in pubs. He saw the same thing in Hamilton Island, and he made it work.” It took years and a tremendous investment, around \$800 million to date. The property is profitable now, says Bourke, a rare feat in Australia’s northwest islands, where fortunes are more often squandered than made.

Take nearby Hayman Island, the home of a One & Only resort where rooms go for up to \$10,000 a night. For a decade the property belonged to Ansett Airlines, which sold it in 1998 for 20% of what it paid. In 1990 Club Med reportedly spent millions for a Lindeman Island site, then many millions more building a resort that it sold in 2012 for around an eighth of its total investment. Robert, on the other hand, died with a net worth that FORBES ASIA estimated at \$850 million. The investment assets are now 100%-held by a family trust.

Ironically, the key to Hamilton’s success was what Ansett was best equipped to offer—air service. “Infrastructure is key,” says Ray White’s Bargwanna, who has brokered many isle sales. “Ansett didn’t have an airport. That was the difference.” He praised the Oatleys’ other

improvements: the golf course on nearby Dent Island, roads and power lines. Waterfront homes have doubled in value over the last five to seven years, he estimated, with overall returns in the range of 4% to 7% annually. Sandy says resort occupancy tops 90%, leaving him free to focus on building and diversifying the Oatley businesses.

Dent could be a gold mine, with approval in hand for a 100-room hotel and 200 apartments and houses around a Peter Thomson-designed golf course. “When we built that, we put in the infrastructure for homes and hotels,” he says.

Because of the huge challenge in turning the island around, the Oatleys had “too many eggs in one basket,” he says. Now he wants to develop and expand other businesses, which include a stud ranch in Hunter Valley and nursing homes. Robert Oatley Vineyards in Mudgee, 260 kilometers northwest of Sydney, is about a sixth of the size of the Rosemount holdings the family sold 15 years ago. But it has moved into distribution of other wine labels, beer and water—more than 50 brands. “We’re opportunists,” adds Sandy. “We have a plan, but we need to be able to change it as opportunity arises.” And there is great confidence that whichever way the winds blow, the next generation of Oatley entrepreneurs is ready to set sail.

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