

STAYING OUT OF TROUBLE

Nick Delaney didn't become one of the most innovative and successful longliners in Alaska by taking unnecessary risks.

BY JENNIFER KARUZA

In the summer of 1970, a 19-year-old youth on break from college in Oregon headed north to Kodiak, Alaska, with the ambition of going fishing. Although the New York native had spent much of his childhood hanging out with fishermen near the beaches and inlets along the eastern edge of Long Island, Nick Delaney didn't really know one end of a boat from another, and finding work in Alaska wasn't easy.

Delaney finally ended his unemployment by purchasing a 20-foot open skiff, built by a Kodiak high school woodworking class. Encouraged by the rumors of large volumes of halibut, Delaney steamed to sea with visions of jigging between 1,000 and 2,000 pounds a day. Kodiak was primarily a salmon and king crab fishing town, and Delaney was one of only two skiffs in Kodiak fishing halibut that summer.

"I went up jigging for a couple of days and couldn't catch a fish," Delaney remembers. "I ended up coming back in and decided to fish snap-on gear. So I got a little hand reel and put on three or four skates of gear."

He made two-day trips, spending his nights in a native trapper's cabin 10 miles out of town, and delivering between 500 to 1,000 pounds of iced fish when the trip was over. Delaney estimates he caught

roughly 6,000 pounds of halibut that summer. The price was 25 cents a pound.

"I did that for about six weeks. By Labor Day, I was pretty well ready to hang it up," Delaney says. "I'd really made no money, but I'd learned a lot. It was a 'Well, that was great, I'll never do that again,' type of thing.

"But they had some professional poker rooms there in Kodiak," he recalls, amused by the memory. "I stayed. I ended up spending most of that first winter hanging out during the day and playing cards at night."

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Relationship stability is
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—Nick Delaney

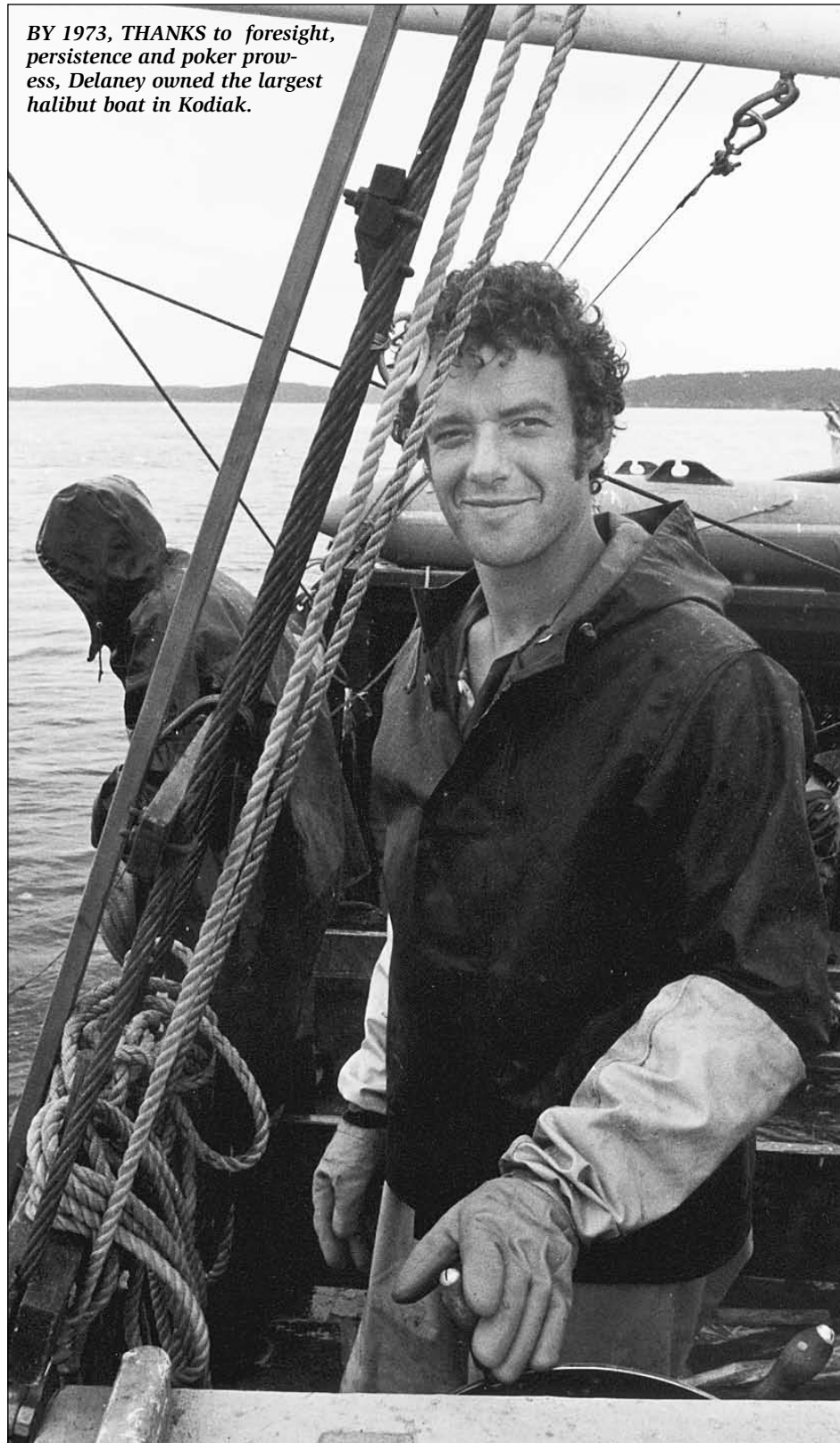
ALASKA LONGLINER

Delaney didn't return to college, and instead remained in Alaska. Today, the first-generation longliner from New York has come a long way from that first venture at sea. After longlining out of Kodiak and Dutch Harbor for 20 years, Delaney made the transition to a Seattle-based co-owner and

co-manager of three successful Bering Sea freezer-longliner partnerships. His highliner status, individually and in partnerships, is the result of a keen ability to project ahead, a willingness to take calculated risks based on careful planning, and a little luck. Most of all, he insists, it has come from the good fortune of finding strong partners to work with, both on and off the vessels.

Standing well over 6 feet tall, Delaney is an imposing presence. His appearance, however, is betrayed by a surpris-

BY 1973, THANKS to foresight, persistence and poker prowess, Delaney owned the largest halibut boat in Kodiak.



COURTESY OF NICK DELANEY

ingly gentle manner, and his articulate speech depicts a thoughtful and well-read man. For someone who recently ranked among the top of all individual fishing quota holders, he is remarkably humble. A typical visit to Delaney's office overlooking Fishermen's Terminal will find him signing documents, writing checks, and answering calls ranging from business associates to family members.

"He is one of the nicest and smartest guys I know," says Steve Alger, who works with Delaney in the Seattle office. "He's sharp as a tack, and he's got vision. I've got a ton of respect for him."

But before his current partnerships in a fleet of Bering Sea longliners, there was Delaney's 20-foot open skiff. During the winter of 1971, after a few frosty months spent playing poker, Delaney began preparing for his second halibut season. It looked promising: the fish were coming back to Kodiak from the Bering Sea in

great numbers, prices were at 60 cents a pound and still climbing, and demand was high.

"I began figuring that maybe the longlining wasn't so bad if the price was different than 25 cents a pound," says Delaney. "So I took my poker earnings and plowed it back into the skiff and upgraded the operation."

The upgrade was to a mechanical reel with nine skates of gear, with which he caught roughly 40,000 pounds of halibut at 80 cents a pound that summer. At the end of the season, Delaney sold his woodshop skiff and moved up to a 32-footer, for a time the biggest halibut boat in town.

By 1974, Kodiak's salmon fishery was a limited entry system. Many smaller vessels had begun looking at the opportunities of the halibut fishery, which resulted in a yearly increase in small-boat halibut participants by nearly 100 percent. Many of the large Kodiak area vessels were also switching to longlining.

To stay competitive, Delaney's response was to build a 76-foot aluminum combi-

AFTER 20 YEARS of halibut fishing, Delaney now co-owns and co-manages three successful longliner fleets.



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nation longliner/crabber. At the time the Shoshone was completed in 1979, it was the largest aluminum boat built on the West Coast and was set up for 120 skates (40 miles) of snap-on gear. He added a full shelter deck and a Norwegian Mustad autoline system, and converted the vessel to a year-round longliner.

At that time, the idea of U.S. vessels longlining for blackcod and Pacific cod was unheard of in Kodiak and Western Alaska, and the grounds and markets were pre-empted by Japanese and Korean vessels. In part because crabbing was overcapitalized, Delaney decided longlining would be the primary focus of his fishing career.

"Right after we did that conversion, we had the luck of having some really good halibut trips. We had one trip into Kodiak for about 176,000 pounds, which was one of the larger landings by a single American boat in a number of years," Delaney recalls.

Unfortunately, Shoshone's promising career was brief. She ran up on a reef and sank outside of Dutch Harbor on the Aleutian Islands while fishing halibut during the summer of 1981. Fortunately, everybody got off the ill-fated vessel without harm.

"That boat didn't have a long history," Delaney says, with a wistful chuckle. "I was running it. We had fished around the clock the day before and basically didn't have enough sleep. I fell asleep at the wheel going through a pass. That was quite a setback on everything."

After the Shoshone sank, Delaney ran a few other vessels out of Kodiak, and then in 1984 bought the Moriah, a 75-foot ex-crabber that had been tied up in bankruptcy, and used it to fish blackcod and halibut. The number of fishing days was shrinking at the same time as the fleet increased, and although all non-U.S. vessels were being removed from the Alaska fishing grounds, Alaska longliners began seeing their incomes drop by 50 percent a year. Delaney was also raising a young, growing family.

"We were watching our halibut and blackcod fishing turn into such a derby that it was pretty unpredictable in terms of making any money. And I was burning the candle at both ends, trying to fish and raise a family," he explains.

In the late 1980s, Kodiak's small boat halibut and blackcod fisheries ran into trouble, mostly because of an increase in

participants and rapidly shrinking numbers of fishing days. Together with five other Kodiak fishermen, Delaney began looking for other opportunities in the industry. The idea of entering into a partnership to build large, freeze-onboard longliners that would fish year-round on the Aleutians and the Bering Sea for Pacific cod was born.

The partnership became Alaskan Leader Fisheries. "We did a co-op because basically, it was either do it or starve. We weren't big crab fishermen, and the only industry we were really centered in was the longlining. And at the time, longlining for halibut and blackcod was the antithesis of a growth industry. So we had to do something, and this was the only thing we had. And it was difficult to do. It was difficult to get away from the mom and pop side of things."

Their original dream was to build two local-fisherman-owned-and-operated 150-foot freezer-longliners, but they decided to build just one.

"It was a little bit of a jump financially for us," Delaney explains. "Even though we had financing for two, we pulled in our horns on the second one because we were in unfamiliar territory."

In 1990, the 150-foot Alaskan Leader was built. There were some larger converted vessels in the fleet, such as old crab and World War II boats, but at the time, it was the largest freezer-longliner of its type ever constructed in the U.S.

Ironically, at the same time the big boat was built, the small-boat fishery the group had depended on for so many years prior had become a viable fishery again with the advent of the IFQ system. The partners were able to fish their small boats during the spring, summer and fall for halibut and blackcod throughout the state, while the larger, partnership-owned Alaskan Leader fished year-round in the Bering Sea and the Aleutians.

"In hindsight, we lucked out," Delaney says. "It was fortunate that at the same time we built this vessel primarily for the Pacific cod fishery, the smaller vessels had become viable again for halibut and blackcod."

In 1997, Alaskan Leader Fisheries partnered with the Bristol Bay Economic Development Corp. in Dillingham, Alaska. The group was one of six formed under Alaska's federally mandated community development quota program, which offers local communities economic support. Deciding the risk was manageable,



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THE 150-FOOT Alaskan Leader was the first freezer-longliner of Delaney's original partnership. Built in 1990, it was the largest such U.S. vessel ever constructed.

the new partnership built and shared equal ownership of the 167-foot Bristol Leader, a 450-metric ton capacity freezer-longliner that would fish the three main longline species in Alaska: Pacific cod, blackcod and halibut.

The partners decided to implement a hand-baited operation instead of an autoline baiting system, figuring the size of the boat would draw a good crew on board to hand bait a higher percentage of hooks, as well as be able to set and haul the gear faster. Their decision was right. Delaney estimates the Alaskan Leader and Bristol Leader combined fish an average of 120,000 hand-baited hooks per day and catch between 100,000 to 200,000 pounds of (round weight) fish a day, depending on the fishery.

"It's pretty hard to compete with a vessel that can effectively fish hand-baited gear and has the space to carry the necessary manpower," Delaney says.

Alaskan Leader Fisheries came across another freezer vessel license and an opportunity to build a third large freezer-longliner. Instead of going big, however, this time they went small, building the 59-foot Shemya in 2000.

"There is a stable number of participants in the fleet, and we just didn't really feel like we wanted to do another aircraft carrier-type of vessel. We liked the thought of the challenge of the smaller vessel. So we have the smallest and the largest in the fleet and have managed to make them both successful," Delaney explains.

Steve Alger has assisted Delaney for the past year as vessel manager for Shemya, and helps manage the larger vessels.

"Nick juggles a lot of things, and he's got a lot of irons in many fires," Alger says. "He does a great job keeping them all hot without burning them."

The company keeps its boats fishing 11 months a year, and are some of the only fishermen fully entrenched in the three main longline fisheries. The three-tiered footing means that if one of the segments is down, the groups usually have two others to fall back on, making for a strong economic foundation.

"It's pretty much a blue collar fishery in the sense that it's not huge dollars for the species, but it's offset by an abundance of fishing time and a certain degree of predictability on daily catches," Delaney says.

He attributes the strength of his partnerships to the strategy of having each investor actively working side-by-side and taking over different areas of responsibility, both in management and operation

of the vessels. It's crucial to always have an owner onboard, explains Delaney, because an owner will keep better lookout over the interests of the vessel, and in turn, the interests of the other owners.

"Without the good fortune of having the opportunity to co-op with many excellent, hard-working partners," he explains, "none of our success could have happened."

Because family ties are important to Delaney, he creates a family-friendly environment in his office and on his vessels. He has been known to spend time bowling with, and hosting dinner parties for, his employees and partners. Because Delaney understands the toll that time and distance take on the fishermen who spend several months a year aboard his vessel, he routinely shoulders the cost of flying the wives and girlfriends to Dutch Harbor during layovers in port. His reasoning is simple.

"Money is important," Delaney explains. "Relationship stability is more important."

Rather than a burning desire to keep growing, what Delaney craves now is more of the stability he's seen in his partnerships and the fisheries. His approach is to keep everything simple and not take unfounded risks. However, he doesn't rule out taking advantage of opportunities as they come.

"Our success doesn't change the fact that it's a really tough industry. We don't keep our eyes closed and think that it's because of our making that we've been terribly fortunate. We don't want to get confused by our good fortune, thinking that everything we touch turns to gold, because that's not the way it is. We're conservative, but growth is good if it's productive and warranted."

Thirteen years into the initial partnership, none of the original partners has sold out, but additional partners have been brought in. The financial goal of the company also remains the same: to cover bills and maintain some cushion, but not to take 100 percent of the profit, which would keep debt high during growth.

"That's worked out well and kept us out of trouble in the sense that it means we don't have a lot of cash lying around that we're going to use to buy more boats and get huge, or have some big ego thing," Delaney explains.

"Our distinct motto," he says, "is to just stay out of trouble." ■

Jennifer Karuza is a freelance writer living in Seattle.



JENNIFER KARUZA

OWNERSHIP OF THE 167-foot Bristol Leader, built in 1997, is split evenly between Delaney's partnership and the Bristol Bay Economic Development Corp., a CDQ group.