

## Vasa Matter with Wall Street?

I make the trip from Glendale to Boston to Europe frequently, to visit my roots in “Beantown” and then on to our Glenair operations in Europe. On most of these visits I try to take time to look around and sample the local culture. One of my favorite outings is the *Vasamuset*, the spectacular maritime museum in Stockholm that houses a fully restored 17<sup>th</sup> century sailing ship, the *Vasa*.

*Vasa* was built for King Gustavus Adolphus of Sweden in 1628 and was one of the largest and most heavily armed warships ever launched in the Baltic. *Vasa* cost 40,000 Riksdaler to construct, a huge sum of money for its day. But a steeper price was ultimately paid: On her maiden voyage, the *Vasa* was so top-heavy with guns, sails, crew and equipment—and so insufficiently ballasted—that she foundered and sank less than a mile from shore. For all of you land-lubbers, ballast (heavily weighted material located below the water-line), is necessary to prevent a ship from tipping over in stormy seas and high winds. In the case of the *Vasa*, the ship was so inadequately ballasted against stormy weather that she met her bitter end in a mild sea within hailing distance of the dock.

While the story of the *Vasa* is interesting in its own right, I have a larger point to make concerning the financial crisis that currently has so many businesses, institutions and countries over a barrel. Global economics are extremely complex. And I don’t pretend to understand even a fraction of what is happening in the financial markets, the housing industry, the banks and elsewhere. It is, however, safe to say that the organizations and businesses that are now in the worst shape were, like the *Vasa*, woefully ill-prepared to weather bad stretches in their operational terrain.

When businesses—or governments for that matter—borrow more than they can afford to repay, gamble excessively on risky or wasteful ventures, or incentivize irresponsible or unethical behavior, then outright failure cannot be far away. In the business world, capital is the equivalent of ballast. And too many enterprises, like the *Vasa*, fail miserably to maintain the appropriate ratio of capital (ballast) to that big mountain of debt riding precariously above the waterline.

I’d like to promise you that Glenair is unsinkable. But such promises are foolish and impossible to keep. What I can tell you is that the good ship Glenair is equipped with a deep keel and plenty of ballast, and that, unlike the *Vasa*, we have successfully sailed through many a stormy sea and emerged right side up.

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