

TECHTOOLS: WEB-BASED WORKFLOW

INSIDE: THE  
▲ INC. 500

# Business Leader

*Helping Triangle Businesses Grow Since 1989*  
Research Triangle Region, North Carolina

**MICHAEL  
MALONE**  
ENTREBIZNEUR  
OF THE YEAR

**INSIDE:**

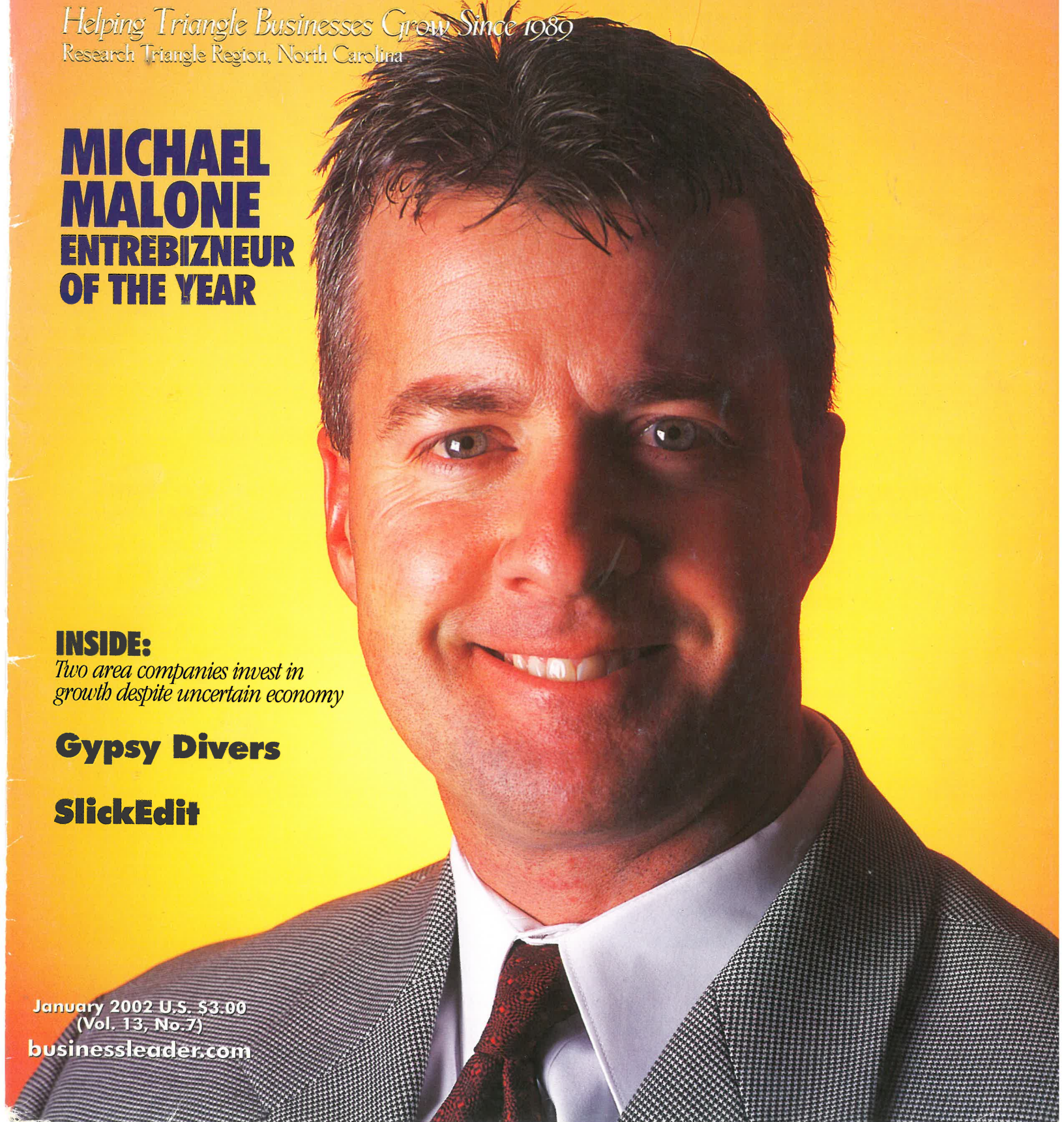
*Two area companies invest in  
growth despite uncertain economy*

**Gypsy Divers**

**SlickEdit**

January 2002 U.S. \$3.00  
(Vol. 13, No.7)

[businessleader.com](http://businessleader.com)



## Feature Story **Gypsy Divers**

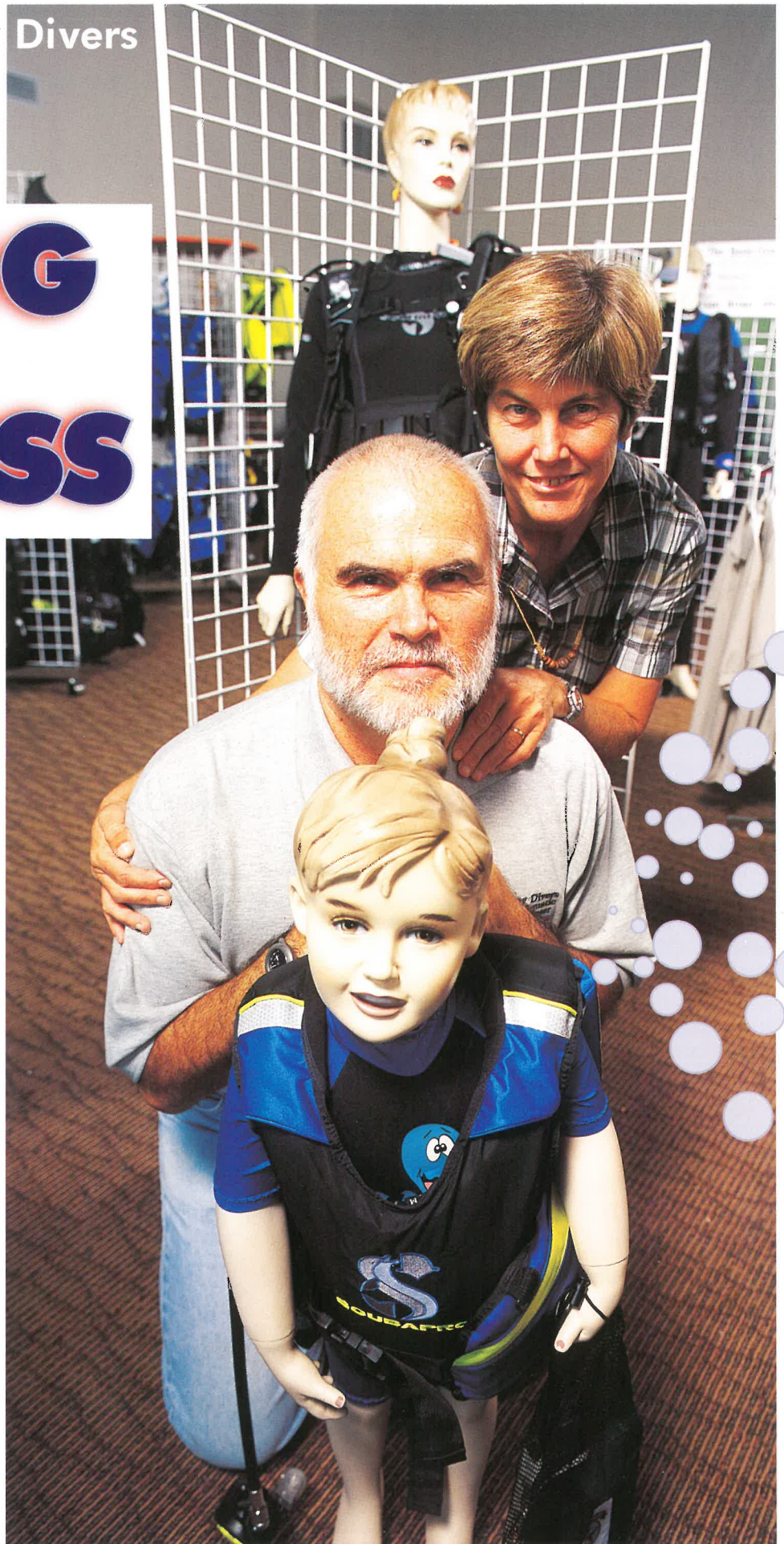
by Susan London

Photography by Paul Dagens

# DIVING FOR SUCCESS

Light dances across Dave Farrar's face, a reflection from the blue-green, 78-degree water stretching out in front of him. Scuba gear -- neoprene wet suits, rubber fins, heavy metal canisters, and bulky vest-style buoyancy compensators -- are scattered nearby. Instead of the uneven swaying of a boat deck, the platform beneath him is made of sturdy cement; the thick smell of chlorine takes the place of salty ocean air as he surveys the 12-lane indoor pool that is the centerpiece of the brand new Gypsy Divers Aquatic Center.

The 12,600-square-foot building, located on Bastion Lane near I-64 east and the Raleigh beltline, houses a fully-equipped dive service center, a state-of-the-art fitness facility,



locker rooms, and an expanded retail floor. The new \$1.5 million facility opened this past October and is a huge change from the small shop in the heart of Raleigh that was Gypsy Divers home for 14 years, and it marks the second time that Farrar and Margie Rhodes, his wife and business partner, have taken the plunge into new territory with their hobby turned business.

"Basically, after years of lugging scuba equipment all over Raleigh night after night to whichever pool could fit us into its schedule, our instructors were flat worn out!" laughs Farrar. "It's hard to believe how far we've come," muses Farrar. "When we started, our intentions were modest. Margie and I found we really liked diving. We just thought it would be cool to make a business of it, because it gave us a good excuse to go all the time."

The couple spent several years teaching before deciding they could make a go of a diving business full time. They tossed several concepts around before settling on the combined dive travel, dive instruction and dive retail business from which Gypsy Divers was born. In 1987, Farrar and Rhodes moved Gypsy into a small shop off of Whitaker Mill Road that would be its home. It was from there that the business grew, along with Raleigh's diving community.

When the Whitaker Mill shop first opened 14 years ago, the couple could fit all of their inventory into one corner. By the time they were ready to move this year, they were bursting at the seams. Gypsy started with a mailing list of about 400 divers. Today it has 5,000 people on its mailing list. One of the most interesting changes in Gypsy's customer base is in the number of women divers. In the beginning, Gypsy's divers were 90% male, now they have an even gender ratio.

Though diving wouldn't seem like an obvious past time in a city 200 miles from open water, the number of vehicles sporting license plate covers with the telltale red and white diver flag suggests otherwise.

"It's a certain kind of person who wants to dive," says Rhodes. "That's

the wonderful part about it. You end up getting a good group of people that all have a common interest in what makes diving so much fun. They have that appreciation for the ocean."

Farrar and Rhodes feel fortunate for Gypsy Divers' growth. Over the years, they've certified more than 2,500 divers, many of whom continue to rely on Gypsy for their ongoing equipment and travel needs. Farrar's implementation of dive-related events has helped as well. Summer Sundays, a monthly get-together at the converted Rolesville quarry known as Fantasy Lake, and chilly New Year's Day dives at the same location are a regular event for many Gypsy divers.

The travel segment of the business has expanded significantly. Gypsy now organizes up to 15 group dive outings each year to destinations all over the world. They also assist individual customers with the often-daunting task of planning a dive vacation.

"When you're dealing with a location you've never been to, and you don't know the dive operators, it helps tremendously to have as much of that worked out in advance as possible," Farrar says. "We've been traveling and diving for 20 years, and are quite familiar with most destinations - the hotels, dive operators and general ambiance. Sharing this information helps divers avoid common pitfalls."

Raleigh businessman Phil York, a customer and friend, has been on several trips led by Farrar and Rhodes. "One of the big trips we all went on together was to Truk Lagoon," recalls York. "We did some wreck diving and, at one point, found ourselves swimming with sharks. That was incredible - really exciting diving."

York's experience isn't uncommon.

While Farrar credits Rhodes with the level-headed business sense needed to run Gypsy, the easy-going attitudes both of them are known for has gone a long way toward growing their business.

The couple has also been quick to lend a hand to a worthy cause. "We've always felt it just as important to support the community that's been so supportive of us," explains Farrar.

Van Eure, who owns The Angus Barn and oversees the annual Walk for Hope charity event, is repeatedly amazed at Farrar's generous donation of the grand prize - a dive vacation - three years in a row. "You just aren't used to people treating you this well," says Eure.

Al Pendergrass, who runs the equipment service department, worked for a number of dive operations before joining Gypsy. One of the things that impressed Pendergrass most was Farrar's confidence in him to run the department in the way he saw fit, a facet that has spilled over to the design of the new facility.

**"I learned a lot about how banks look at enthusiastic, but seriously undercapitalized entrepreneurs with non-traditional business plans," explains Farrar.**

The expansion to a full-scale aquatic center was always in the back of Farrar's mind. Through travels, Farrar and Rhodes had seen similar operations and were impressed by what was being done with them.

"Initially, we thought it would be a great idea to have our own pool simply to

ease the logistics of doing scuba instruction," says Farrar. "The existing

shop was getting crowded and without a pool, the staff was at the mercy of other people - usually local colleges that helped fit us into their equally busy schedules."

Farrar also realized that an aquatics center couldn't survive on scuba alone. He began researching similar facilities. "We found they were incorporating things like swimming instruction and realized we needed to think about expanding the scope of our business to be able to build what we really wanted," says Farrar. "We decided to continue on in the tradition of diving by creating a place that emphasized fitness, safety and fun."

Once they had come up with a concept, Farrar and Rhodes found some minor obstacles stood in their way, most notably financing. It took nearly two years to negotiate a plan.

"I learned a lot about how banks look at enthusiastic, but seriously undercapitalized entrepreneurs with non-traditional business plans," explains Farrar. "The bad ones just said "no" and offered no further advice. The good

ones said "no," but took the time to explain why and to give some helpful advice."

Eventually financing came through. They began the whole process of building the facility with the purchase of land in December 1999 and broke ground in February 2000.

With the end in sight, Farrar finally settled on several core activities that would accomplish all of their goals. A full schedule of swim instruction programs, a state-of-the-art fitness center, and children's pool parties round out the offerings of Gypsy's newly expanded scuba business. The pool is also available to swim teams in need of practice facilities.

In addition, Gypsy's affiliation with Scuba Schools International (SSI), the agency that certifies its scuba instruction, led Farrar to implement a Scuba Rangers program. The SSI designed program introduces kids 8 -12 years in age to recreational diving and is a personal favorite of Farrar's.

The development of the Gypsy Divers Aquatic Center has naturally spurred other changes as well. Always a daily presence at the facility, Farrar has taken on more of an advisory role, turning over more of the day-to-day details of the business to his staff, most of who have been with Gypsy since its inception. Earlier this year, he hired aquatics director Cindi King to develop and manage the details of its new business facets. Rhodes is also stepping back from the daily involvement she once had, spending more time on the horse farm she owns and operates outside of Garner; but, she still loves to dive.

As the couple stands in the middle of their new building, Rhodes looks wistfully at old pictures from Gypsy's infancy. "It's hard to believe how time has just gone by -- where we were then and where we are now," says Rhodes.

"We've just been so darned fortunate," adds Farrar, "in the friends we've made, in the ability to make this concept work. We can't wait to see what tomorrow will bring." ♦

**Business valuation**   **Logistics**   **Complex litigation**  
**Real estate**   **Assurance services**  
**Financial workouts**   **Strategic planning**  
**Manufacturing**

**From medicine to manufacturing, from farming to finance  
When North Carolina business has had problems, we've had solutions...  
for over 65 years.**



3605 Glenwood Ave., Suite 400  
Raleigh, NC 27612

(919) 782-8410

**LYNCH & HOWARD, P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

hduncan@lhcpa.com  
www.lhcpa.com

LYNCH & HOWARD, PA IS A MEMBER OF THE  
SEC PRACTICE DIVISION OF THE AICPA

International services provided through membership in MacIntyre Sträter International Limited a worldwide association of independent professional firms.