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First day of Global Superyacht Forum emphasises necessity of value for money

By [William Mathieson](#)

Under the banner of "The Bottom Line," the day's second session was set up to address operating budgets, repair bills, management charges, staff costs and third party fees and how owners can better get value for money. As the afternoon session progressed, the panelists, Vincenzo Poerio MD of Benetti, Bob Wagemakers of Virtue Yacht Refit Management, Franc Jansen of Hill Robinson, Brendan O'Shannassy, Captain of M/Y *Vava II*, and Toby Walker, MD of Dubois Yachts wrangled with what issues continue to press the industry and what solutions might be considered.

Poerio pointed out that for his shipyard, negotiating a contract with a client was a delicate affair, as they could not reveal the yard's true bottom line lest the client do what most of them do best: drive a killer bargain. "Our solution is to work to reduce our costs without affecting the quality of our final product. We can not compromise quality for the bottom line. That's not how this business works." Saying that Benetti was now working to a positive profit, Poerio commented that today's market contains fewer clients who understand the yard's need to actually turn a profit on a new build.



Discussing refit, Bob Wagemakers insisted that the easiest and best way for owners to ensure they get value from their yacht is to work with their Captain and manager to plan and schedule refit and repair. "Refit clients will pay a premium for timeliness, so it can be a good business for managers and yards, but when yachts turn up with three day's notice asking for multiple quotes for a whole job, there's simply no time to get the contract done and workers started. What works best is when the repairs are planned well in advance and scheduled intelligently, and when the yacht turns up to the yard, people are ready to get aboard and commence work. It saves time, and if done properly, can save 10-20 per cent in cost as well."

Poerio said he was looking into a packaged management offering in conjunction with Fraser Yachts management which he could offer to clients as part of a new build package. Jansen commented however that in yachting, owners expect and demand widely varying levels of management and service, from single-season charter yachts to world-cruising 7-star service. "I can manage a yacht for the price the owner is willing to pay," he said.



"When you say 'cost,' I hear 'trust,'" Brendan O'Shannassy, Captain of *Vava II* said. "We owe it to our owners to provide them with clear cost solutions. If we do that, they will trust us, and as crew and operators, we are the front line of sales for this industry." He went on to say that one of the best tools he has for reducing costs of operation is peer-to-peer discussions, sharing knowledge on costs and deals and opportunities between a handful of trusted Captains.

Martin Redmayne, who chaired the panel, asked the question, "if owners knew the cost implications of their last-minute decisions, would they change their minds?" O'Shannassy insisted that they might not change their plan for a quick last-minute interior design refit, but if the Captain or manager is prepared with accurate cost implications, the surprise of excess costs could be avoided. "The days of the verbal orders are gone. We need spreadsheets and a business mind." It became clear that the issue of crew requiring tripartite skills as mariners, business minds and hotel experts was a continuing challenge for the industry.



In a humorous note, Toby Walker of Dubois Yachts colourfully suggested that what saves owners money on the bottom line are tight, transparent briefs. And on a more serious note, responding to a question from a delegate in the audience, insisted that brokers' commissions have reduced along with margins in the current climate. "What we all need to avoid is the surprise costs—that's what owners really dislike."

Poerio agreed. "This is pleasure yachting. If the owner experiences pleasure, it's worth it to him. If he doesn't, none of this is worth it."



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