

Business matters

RUNNING A LARGE YACHT IS MUCH THE SAME AS MANAGING A CORPORATION, VALUED IN THE TENS OR HUNDREDS OF MILLIONS OF EUROS AND WITH A TURNOVER OF SEVERAL MILLION PER YEAR. AS IN THE COMMERCIAL WORLD, THE ARGUMENTS FOR OUTSOURCING PROFESSIONAL SERVICES FOR A YACHT CAN BE COMPELLING. **NICK JEFFERY** LOOKS AT THE BUSINESS CASE FOR OUTSOURCING YACHT MANAGEMENT.

Think of a yacht as a business. Its brand values are most likely a reflection of the owner's values, as is its image within the public domain, whether positioned to stand out from the crowd or maintain a low profile. These values will be evident to all who come into contact with the yacht, its captain and its crew.

Like businesses, some yachts are run reactively as long as the quarterly numbers look okay, only adapting as change is forced upon them. Sometimes verging towards non-compliance with new regulations, possibly through ignorance, they may expose themselves to risk. Others take a more proactive, strategic and visionary approach and know where they want to be in two or five years time, assessing the risks and return on investment. Owners who choose to operate their yachts in the latter style usually exude a confidence that is evident in their life as a whole. They are free to focus on the way they use the yacht and to concentrate on their longer term aims – perhaps to spend 'X' on a two year world cruise with the family, or to net 'Y' out of three years charter operations.

The Nigel Burgess Group's own brand values certainly attract the business-minded large yacht owner. Sporting 'The Queen's Award for Enterprise' crest (unique in the superyacht brokerage world), the company is devoted to being the large yacht specialists. It provides unrivalled service in all areas of yacht ownership, from brokerage to charter management, with 'squeaky clean' levels of professionalism and ethics evident throughout its worldwide network of offices.

Owners are increasingly choosing to entrust the day to day running of their yacht to a professional team.

Headed by Mark Binnie, who has managed the 282ft (86m) yacht KINGDOM 5-KR for 18 years, the yacht management division is one of the fastest areas of growth at Nigel Burgess. The team comprises yacht managers, assistants and specialist accountants, naval architects and marine engineers, with further support staff in the technical services and new build department. Essentially, for the cost of a first officer, an owner gets the knowledge and opinion of two dozen experts, either through one point of contact or by going directly to any specialist within the organisation.

The days of the gentleman owner leaving it all in the hands of the captain and not wanting to know what goes on 'below decks' are all but over.

Nigel Burgess manages over 40 of the world's largest yachts, the majority over 165ft (50m). The owners of these yachts can rest assured that, when they welcome guests aboard, the crew is trained and prepared for any eventuality, with 24-hour emergency assistance from a response team of master mariners, engineers and naval architects. When the captain eases the yacht into port, the owners are secure in the knowledge that the paperwork is all in order. Even if a minor machinery problem cannot be repaired with advice from their technical department, Nigel Burgess will ship a replacement part on board fast and without disruption.

As the average size of yachts has increased and legislation has multiplied, so the profile of yacht owners has changed. More entrepreneurs and business leaders own large yachts now and while they take an active interest in the finances, they also recognise when to delegate responsibility and control. They insist on sound business principles and usually the financial argument alone justifies using the skills of a specialist yacht management firm.

"Our yacht managers are mainly master mariners or chief engineers and between them they have over 50 years of yacht management experience."

Mark Binnie
Director, Yacht Management
Nigel Burgess Group

"The days of the gentleman owner leaving it all in the hands of a captain and not really wanting to know what goes on 'below decks' are all but over", says Anna Hampton, a qualified naval architect and Nigel Burgess yacht manager. She not only presents papers at industry seminars – but admits to occasionally finding herself advising lawyers on regulatory matters. "Owners tend to be more business savvy and appreciate that rules exist, already having experienced them through ownership of private jets, where aviation regulations are not questioned".

Captains too have become more professionally-aware over the past four to five years, as yachts have increased in size. They realise that shore-based support is invaluable in enabling them to handle the day-to-day on board human resources management and also to keep on top of all the legal and financial work simultaneously. The relationship between Nigel Burgess managers and their yachts is such that the captains and crew take pride in working with one of the industry's top companies.

Nigel Burgess Yacht Management has a legal obligation to support the captain and respect the vessel's safety.

Once an owner decides to outsource yacht management, there is still a choice to be made between using a large management company, vertically integrated within a brokerage house, or an array of small independent consultants. This decision is sometimes influenced by concerns over losing control. At Nigel Burgess, the yacht management team is quick to allay such concerns. The yacht management department has a legal obligation to support the captain's request to respect the vessel's safety. If, for example, some essential maintenance work needs to be done, it will be carried out even if that means rearranging the charter diary.

"We have a continuing association with Nigel Burgess as managers of the motor yacht BOADICEA. They acted as project managers on the build and the outcome was most successful. Nigel Burgess are an efficient and professional group and we are happy to whole-heartedly recommend them to you."

Joy Chambers-Grundy & Reg Grundy OBE, PhD Honoris Causa

"I have been a professional yacht captain for over 20 years and since February 2002, have held the position of captain on KINGDOM 5-KR. I have always found Nigel Burgess management to be human, highly competent and helpful".

Captain Peter Evans

The benefits of the Nigel Burgess Group's knowledge of market conditions as well as yacht management issues clearly offsets any reluctance captains may have. One point of contact for administration of all safety, security, operational, crew, finance, technical, certification and insurance matters, combined with a 24-hour emergency response, has an appeal. Once objectives and reporting procedures are agreed, the Nigel Burgess team are often instructed to communicate only with the captain or owner's representative, and need have no contact with the owner whatsoever.

Nevertheless, owners usually like to satisfy themselves that the Nigel Burgess values match their own. An introductory meeting may take place some time after purchasing a yacht, or during a new build contract, perhaps as the technical services team are writing specifications, obtaining plan approval, and ensuring a smooth transition to the commissioning of the yacht. At this stage, the yacht management team can ensure that full MCA (Maritime Coastguard Agency) or SOLAS (Safety Of Life At Sea) compliance and appropriate flag registration, ISM (International Safety Management) and ISPS (International Ship & Port Facility Security Code) management systems are implemented.

This integrated approach is perhaps the strongest argument of all in favour of using Nigel Burgess as a one-stop shop for yacht management. The owner can arrive relaxed and confident for a launch party or first cruise and can enjoy the thrill of moving his new floating asset forward, directing strategy. Meanwhile a highly motivated team of experts is reporting regularly to 'board meetings' and making sure that the yacht becomes a true flagship for its owner.