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FRANCES AND MICHAEL

★ HOWORTH ★

ANOTHER FABULOUS ONBOARD MAGAZINE PRODUCTION

# Management MATTERS

Yacht managers provide a valuable service allowing captains and crew to focus on the job in hand. Words: Frances and Michael Howorth



As the size, number and complexity of yachts has increased over the past twenty years, so new industries have grown up to service them and perhaps the newest of these are Yacht Managers. Where there were once just a few shore-based individuals assisting captains to run their large yacht there are now companies specialising in every conceivable service for the yacht, the crew and the owner. At every stage of building, buying, designing, refitting and selling a superyacht there is now a specialist offering to manage the process. There are project managers, construction managers, design managers, safety managers and of course, financial managers each seemingly set on helping an owner get the most out of his yacht. What do they achieve? Do they perform and could super yachting exist just as well without them?

The sceptic would say that yacht management was born from the desire on the part of the yacht broker to stay very much in touch with the owner during that tricky period between when he takes delivery of his yacht until such time as he decides that he wants to upgrade to a larger yacht or otherwise dispose of

his current vessel. That way he was sure to be on hand when he was needed to become involved in yet further commission earning revenue. Others who are slightly better advised would suggest it is because the process of looking after the yacht as a financial investment became so great that specialist advice was called for by the owner in much the same way he called the stockbroker to manage his share portfolio. Either which way, the yacht broker in the guise of manager and advisor is on hand to guide the owner through every step of the process.

There is no doubt that the increase in the popularity of chartering and the advent of regulations such as ISM (International Safety Management) and ISPS (International Ship and Port Safety) also played timely into the hands of the would-be hand holders and so the career path of yacht manager was formed. At around the same time as this was happening the MCA began to take interest in standards of yacht construction and manning, new qualifications for crew came into force and gradually as the face of yachting changed for ever and adopted a more sombre and professional level the managers role rose to the fore.

First to enter the fray were the large brokerage houses, shortly followed by the boutique managers, each claiming that they were untainted by the filthy lucre of sales commission. A brief professional skirmish ensued but gradually the whole thing settled down to the point where today each type and style of yacht manager seems to happily coexist with the other as they strive to satisfy every whim the yacht owner has.

### Well connected

Many yacht managers emerged from the commercial side of the shipping industry claiming that they knew what was needed and adopted practices seen in the international merchant marine companies. Others, from a more solid background in yachting, opened up shop and from both groups came several well connected and highly experienced captains who equally brought professionalism to the newly hatching management industry.

At first, captains of large yachts saw this as interference and, it has to be said, some of the older and more experienced captains still do. However as yachts became larger, so there were others who quickly latched onto the breast milk concept and saw management as an aide to their careers and an easing of their stress levels. There are those in the industry who believe it is the smaller yachts with younger, less experienced captains that need, and should take full advantage of yacht managers and the guidance they offer believing that when they are senior enough to get a larger yacht they will no longer need such tutoring. There are however equal numbers of captains sailing aboard large complex yachts who have good reason to be happy that there is professional back up in the form of a management company to fall back on when it hits the fan.

Many captains report that yacht managers provide a vital link through which he operates the yacht. It is they, he says, who pay the large invoices once he has approved them, it is they that pay crew salaries, instigate insurances and look after the financial implications of running the yacht on behalf of the owner. Because they are not specialist in yacht operations the captain also works with a specialist yacht manager who undertakes ISM and ISPS work as well as dealing with all flag and classification issues. West speaks well of his relationship with both managers and praises them for not interfering too much, allowing him to get on with his job as the yacht's Master. Equally because he knows they are there, he values their presence so that if and when they are needed they are no more than a telephone call away.

Other captains are not so generous with their comments about managers and one has told ONBOARD Magazine "they constantly seek to demonstrate to my owner their worth and so frequently create management mountains out of minor molehills that could, if I had been allowed to deal with them, have been sorted out by me in half the time and less than half the cost." One comment on the subject came from a captain when we asked if he had ever been helped out of a bad situation with assistance from yacht managers ashore. "Yes" he said, "but we only got into that state because of their interference in the first place, but they claimed the credit for averting the disaster and the boss was happy as a result."

But what of the managers themselves? Captain Adrian McCourt the Managing Director Watkins Marine Services in London manages amongst others, the superyacht Luna. He believes yacht



### Titan Fleet Management

In the same way professional financial institutions aim to protect their clients' assets, Titan Fleet applies integrity, diligence and professionalism to the safeguarding and daily running of their vessels. Their extensive personal experience as yacht captains has provided them with the insight required to foresee and alleviate issues, enabling the ultimate goal of stress-free yachting to be achieved. They have developed a yacht management structure over a number of years and proven that the quality 'hands-on' approach implemented by the team is what good yacht management needs. Without brokerage distraction, Titan Fleet is able to propose 'purely yacht management' for your vessel. For more details Tel: +33 (0) 4 92 93 17 43 or visit [www.titanfleet.com](http://www.titanfleet.com)



### Sea Alliance Group

Sea-Alliance Group Yacht Management can provide hands-on management and detailed knowledge of every boat and its daily operation combined with the expertise and experience to allow clients to really enjoy ownership of their yacht. With a global network of agents and representatives to deal with every aspect of the yacht's systems, logistics, suppliers, route planning, crew recruitment and supervision, and finance, Sea-Alliance takes care of all the associated worries and headaches which can often exasperate an owner. A 24/7 service is provided for private or commercial yachts of 5-50 metres and valuable advice and assistance is guaranteed from a highly skilled team including commercial skippers, project managers, financial experts and experienced yacht crew who understand the needs of the yacht owner. For more details Tel: +44 (0) 7887 676888 or visit [www.sea-alliance.com](http://www.sea-alliance.com)

management is becoming more competitive, and securing good manning by employing competent crew is becoming even more difficult, but otherwise, it is like any other kind of management. It should improve and embrace change. This typifies the organisation he runs which comes from a commercial shipping background where he is an expert in Risk Assessment. McCourt believes that yacht management has developed over the years from a simple, add on by brokerage houses, into a big business for a number of reasons including: increased legislation; more sophisticated vessels; a more competitive manning market; and ISM requiring increased shore support. He feels "Owners are becoming more discerning and wanting to limit their various liabilities in an increasingly litigious environment. The advantage to the Owner is one of (one hopes) protection, reliability, compliance, reduced liability, improved residual value and financial accountability."

## Owners are becoming more discerning and wanting to limit their various liabilities in an increasingly litigious environment

"No two kinds of service are the same," he said "and we tailor them to meet the client's needs and expectations, but the range goes from ISM support to full management, including charter. On the subject of fees he believes that around £100,000 pa, quoted by others, are on the low side adding that his own fee structure is competitive and confidential "but are calculated based on the client's needs and our need to provide a quality service and return income to our capital providers. We don't enter bidding wars. If a competitor wants to manage a boat as a loss leader, we won't try and match that, but in general terms, an Owner will get what he/she pays for. Having said we would reduce management fees if party to brokerage and similarly, and would provide a reduced brokerage rate if involved in management."

### Quality control

When we asked him whether yacht management offers value for money or is it a crafty way of a brokerage house staying in close contact with an owner between his buying and subsequently selling his yacht his answer was disarmingly honest "Yes to both" he said, adding, "sadly. Depending on the management company of course." When talking about his involvement in crewing issues he is quite clear about the need to become so, stating, "We see ourselves as the last quality controller to see the crew before the charterer does. If an owner or charterer has to tell us that one of our crew is not suitable, we should ask ourselves the question, how did we not see this first? We want retention of quality staff, competent, trained, motivated and happy. We see that as a vital part of the manager's role."

Sea-Alliance Group Yacht Management based in Gibraltar provide hands-on management and detailed knowledge of every boat and its daily operation combined with the expertise and experience to allow clients to really enjoy ownership of their yacht. Managing



### Knox House Marine Management

The foundations of KHM are firmly based in yachting experience; from building, refitting, operating, repairs and surveying. As with all great structures the foundations are the most important feature but often not visible, it is the backbone of any company. KHM provide sound technical and fiduciary support with a personal touch, all vessels under KHM management receive regular personal visits and annual technical inspection by the vessels engineers. This gives them a real insight into how the vessel is built, maintained and operated which better places them to assist in operational, maintenance and budgetary decisions. For more details Tel: +44 (0) 1624 653821 or visit [www.khmarineaviation.com](http://www.khmarineaviation.com)



### Kedus Yacht Services

As a captain, choosing a yacht management company to look after the day to day operation of your vessel is a major priority, you need to feel secure in the knowledge that any headaches will be theirs! Kedus have a reputation for quality, integrity and innovation resulting from many years of building relationships with their clients that have been based on trust and mutual respect. Their expertise and knowledge encompasses all aspects of yacht management, including the application and thorough understanding of formal codes for the code of practice, rules and regulations, technical expertise, reliable administration, commercial awareness and crewing needs. For more details Tel: +44 (0) 7985 389421 or visit [www.kedusyachts.com](http://www.kedusyachts.com)

Director Roy Klajman told us "With our global network of agents and representatives to deal with every aspect of the yacht's systems, logistics, suppliers, route planning, crew recruitment and supervision, and finance, we take care of all the associated worries and headaches which can often exasperate an owner." Sea Alliance offers a 24/7 service is provided for private or commercial yachts of 5-50 metres and valuable advice and assistance is guaranteed from a highly skilled team including commercial skippers, project managers, financial experts and experienced yacht crew who understand the needs of the yacht owner.

## We are now looking at owners who want to get value for money without compromising service and quality

Nick Sevier Director of Titan Fleet Management believes that the focus in today's yacht management circles is to run the yacht in a very similar way that owners run their businesses. He said, "I think the days of extravagant yachting are over and we are now looking at owners who want to get value for money without compromising service and quality. To match these expectations, we focus on delivering this 'value for money' approach. In the same way professional financial institutions aim to protect their clients' assets, we apply integrity, diligence and professionalism to the safeguarding and daily running of our vessels.

Annex 2 of the revised Large Yacht Code (LY3) stipulates that all Red Ensign flagged commercial yachts over 24 metres and under 500gt should have a safety management system onboard. The Mini ISM is a version of the International Safety Management (ISM) code; meets that legal requirement and a system of good practice within yachting. Mini ISM comprises of procedures and checklists for routine, safety and emergency situations as they apply to a particular vessel.

### On course

The yacht management division of Bluewater in Antibes has created a proven Mini-ISM system, which they adapt to the specific requirements of each yacht at a reasonable price. They told us, "Compliance with ISM and ISPS is obligatory for every commercial vessel of 500gt or more. ISM and ISPS codes provide an international standard for the safe management and operation of ships, prevention of pollution and the security of the ship.

Bluewater teaches ISM and ISPS courses at their Training Centre in Antibes offering a Safety and Security package to maintain the vessels value and ensure its legality for a low monthly fee. Working with the Captain and crew, the company will produce customised manuals that include:

- Safety Management Manuals
- SOLAS Training Manual
- SOLAS Fire Manual
- SOPEP Plans
- Towing Manual
- Ship Security Plan
- In addition they provide a 24 hour Designated Person Ashore (DPA) and Company Security Officer



### Monoeci

Based in Monaco and headed by Janet Xanthopoulos, Monoeci Management is well placed to advise and assist yacht owners, captains and brokers, during the whole ownership process, starting from the purchase or construction, through to the sale. With a wide spectrum of tailored services, their professional services go beyond yacht registration and include ownership structuring that could provide beneficial VAT planning and tax mitigation. Monoeci are also able to arrange for yacht finance and insurance, and will take care of any project requirements in addition to the day-to-day maintenance and administration of the yacht and her crew. For more details Tel: +377 (0) 97 97 21 41 or visit [www.monoeci.com](http://www.monoeci.com)

Knox House Marine Management Limited (KHM) is part of the Knox group of companies, which includes Knox House Marine & Aviation Limited and Knox House Trust Limited. They seek to remove the administration burden from owners and captains, including not only yacht management but also fiduciary services. They offer Captains access to services through a dedicated single point of contact that will save them time and expense. Unlike many of the larger management houses, they provide a dedicated point of contact is available 7 days a week. "Our ultimate aim is to save an owner money by running his yacht professionally," said Tim Carbury. He added "During a recent purchase and refit, our management input reduced an annual operating budget down from 2 million Euros to 1.6 million Euros with no corners cut on the safety and maintenance of the vessel."

Many Yacht Managers are now offering Payroll Services using MCA approved contracts of employment. They get around National insurance issues by setting up specialised payroll services in the Channel Islands and other administrations to provide offshore crew management and administration services to owners. Many use cost saving schemes such as these to provide offshore crew employment and payroll services, therefore eliminating any potential administration costs and Social Security contributions that may be due by the employee and the employer. This significantly contributes to operational savings in the employment of crew on behalf of the owner but few Managers are willing to talk to us about how these services help or protect the crew they pay.