


READING (AND WRITING) THE THE SMALL PRINT



In issue 65 of *The Crew Report* we asked the industry's leading refit yards to share their experiences of working with crew, concluding the most important role of the crew, and sometimes the most neglected, was the putting together of the refit contract. During the Monaco Yacht Show, Lulu Trask sat down with members of the International Council of Marine Industry Associations (ICOMIA) Superyacht Refit Group to discuss in detail exactly what is needed to produce a secure contract and the best way of approaching the daunting task of putting one together.

“Always read the small print.” This is something we’re all told before signing a contract, but what happens if you’re the one putting the contract together? You now need to create the small print. This is the position in which captains often find themselves as the refit season begins, yet with many yards pointing to the contracts as the area where crew lack understanding and proficiency, it’s clear that improved comprehension of the building of a contract is something that necessitates the industry’s attention before the building or refitting of a yacht can begin.

‘Chinese whispers’ is a game often played in the refit game and this is where the problem begins. Before a contract can be put together, a captain needs to understand where the yacht’s problems lie, and for this he must rely on the honesty and transparency of his crew. But, with many fearing dismissal for highlighting a problem he or she may have caused, problems on board are being discussed subtly and quietly, if at all. The result: an inefficient and sometimes incomprehensible work-list.

“You will never go to a doctor and start hiding your real problem, because it’s not in your interest to do that. And we are, in a way, the doctor in front of the client,” explains Diego Colón, general manager of Astilleros de Mallorca. “The captain or the chief engineer can sometimes try to hide something to protect themselves but this is not correct and is not going to help. It’s only going to create a bigger problem. The yard needs information. If we don’t have this information, our decision can be wrong.”

With crew being transparent about what’s gone wrong on board – regardless of where blame lies – the captain is now in a position to put together a work-list. “The work-list is the prime thing that needs to be in place and it needs to be a very comprehensive specification that details every single item of work you want doing. It’s not to say that when you get to the shipyard you don’t encounter problems. You may need to redress the shaft stabiliser because it’s been withdrawn, and you couldn’t actually account for that. So there has to be an element of flexibility, but the actual contract should be based on a proper, comprehensive work-list,” advises experienced refit captain Malcolm Jacotine, whose most recent project was 64m *Lady Marina*.*

But when you’re looking at the value of a multi-million-pound asset, there is always work that can be done to make the yacht run and look better, so

how does the captain determine precisely what should be undertaken in this given yard period?

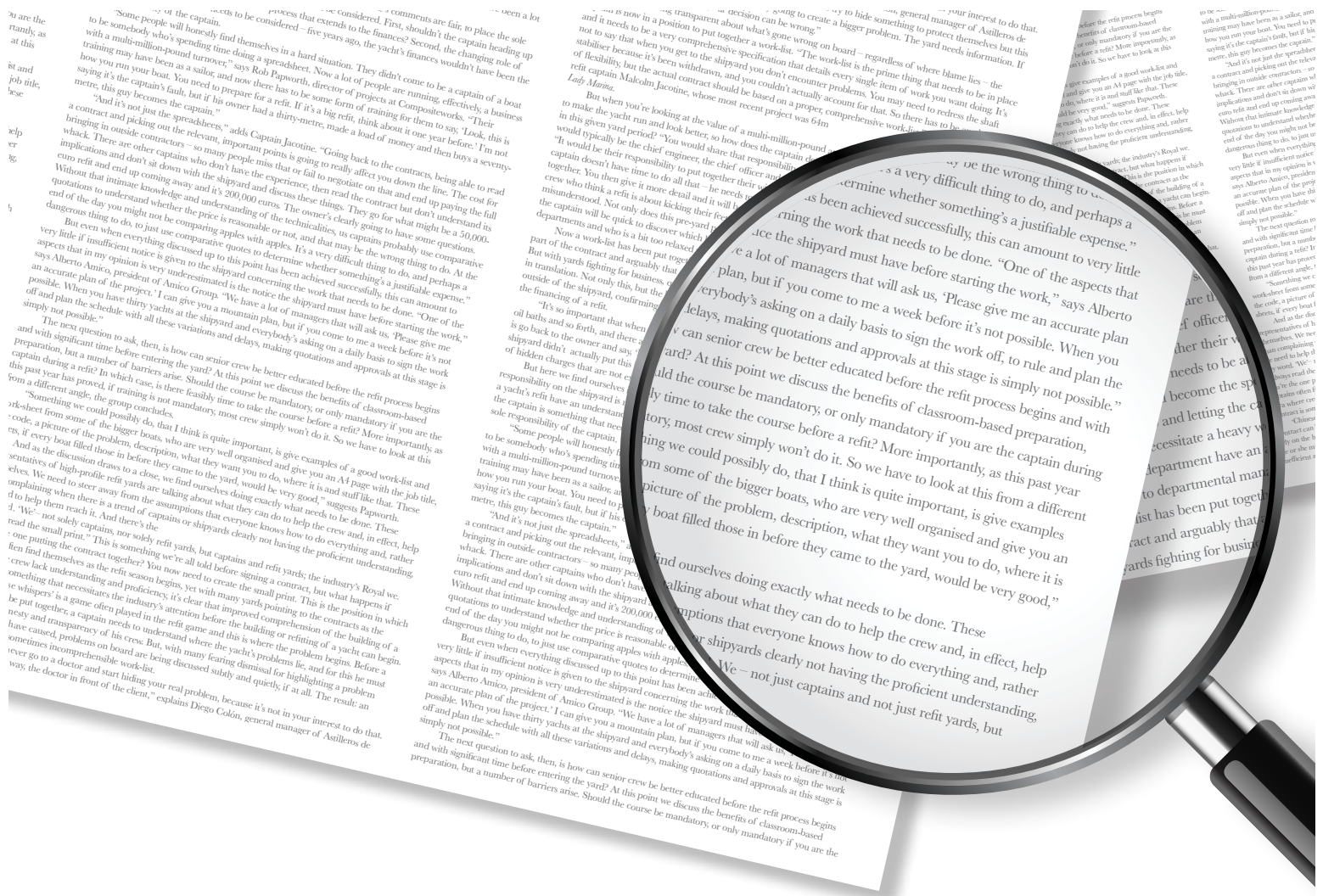
“You would share that responsibility among the heads of department, and that would typically be the chief engineer, the chief officer and the head of the interior,” explains Captain Jacotine. “It would be their responsibility to put together their wish-list, which you then distil and prioritise. The captain doesn’t have time to do all that – he needs to be able to reply on his senior officers in order to put that together. You then give it more detail and it will become the specification for the yard period.” So those senior crew who think a refit is about kicking their feet up and letting the captain get a few more

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grey hairs are utterly misunderstood. Not only does this pre-yard period necessitate a heavy workload for all heads of department, but the captain will be quick to discover which heads of department have an accurate understanding of their own departments and who is a bit too relaxed when it comes to departmental management.

Now a work-list has been put together and submitted, the yard will respond with a quotation – a crucial part of the contract and arguably that about which the owner will ask for most information throughout the refit. But with yards fighting for business, quotes are being bandied about in all directions and price lists become lost in translation. Not only this, but the blame for miscommunication is being attributed to those both within and outside of the shipyard, confirming a collective effort is just what is needed when it comes to comprehending the financing of a refit.

“It’s so important that when you define a job, every single cost item relevant is in place, including fork lifts, oil baths and so forth, and there are no hidden charges,” explains Captain Jacotine. “The last thing we want to do is go back to the owner and say, ‘It’s going to cost another twenty per cent, not through our fault but because the shipyard didn’t »



actually put this in the first place.' That has been a problem in the past; there have been a lot of hidden charges that are not explained or detailed fully from the specification."

But here we find ourselves in a dichotomy. While Captain Jacotine's comments are fair, to place the sole responsibility on the shipyard is not, and two factors must be considered. First, shouldn't the captain heading up a yacht's refit have an understanding of the process that extends to the finances? Second, the changing role of the captain is something that needs to be considered – five years ago, the yacht's finances wouldn't have been the sole responsibility of the captain.

"Some people will honestly find themselves in a hard situation. They didn't come to be a captain of a boat to be somebody who's spending time doing a spreadsheet. Now a lot of people are running effectively a business with a multi-million-pound turnover," says Rob Papworth, director of projects at Compositeworks. "Their training may have been as a sailor, and now there has to be some form of training for them to say, 'Look, this is how you run your boat. You need to prepare for a refit. If it's a big refit, think about it one year before.' I'm not saying it's the captain's fault, but if his owner had a thirty-metre, made a load of money and then buys a seventy-metre, this guy becomes the captain."

"And it's not just the spreadsheets," adds Captain Jacotine. "Going back to the contracts, being able

to read a contract and picking out the relevant, important points is going to really affect you down the line. The cost for bringing in outside contractors – so many people miss that or fail to negotiate on that and end up paying the full whack. There are other captains who don't have the experience, then read the contract but don't understand its implications and don't sit down with the shipyard and discuss these things. They go for what might be a 50,000-euro refit and end up coming away and it's 200,000 euros. The owner's clearly going to have some questions. Without that intimate knowledge and understanding of the technicalities, us captains probably use comparative quotations to understand whether the price is reasonable or not, and that may be the wrong thing to do. At the end of the day you might not be comparing apples with apples. It's a very difficult thing to do, and perhaps a dangerous thing to do, to just use comparative quotes to determine whether something's a justifiable expense."

But even when everything discussed up to this point has been achieved successfully, this can amount to very little if insufficient notice is given to the shipyard concerning the work that needs to be done. "One of the aspects that in my opinion is very underestimated is the notice the shipyard must have before starting the work," says Alberto Amico, president of Amico Group. "A lot of managers say,

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...from a different angle, the group concludes.

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- CONCIERGE
- PROVISIONING
- INTERIOR
- DECK & ENGINEERING
- SPARE PARTS
- CUSTOMS
- LOGISTICS



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