

# The Superyacht Refit Report

BUSINESS

*“Normally, the client will come to us and say, ‘We would like to do some work,’ and then it takes a century to get a list back. Then you get mixed lists, and that’s a worst-case scenario.”*

**Alberto Perrone Da Zara,**  
director yacht services, Lürssen



TECHNOLOGY

### Armour chameleon

TSR heads to the shooting range to look at bullet-proof superstructures, with alarming results.

DESIGN

*The conversion of Falcon Lair, and the business case for buying and refitting instead of building.*

BUYER

How much truth is there to accusations of kickbacks and bribes within the refit process?

FLEET

# €3,273,000

Average value of a 50-70m refit project

OPERATIONS

**Captain Mannie Avenia,**  
M/Y *Lady Duvera III*,  
on major refit projects

*“It’s a bit like when you go to the bank and they say, ‘We’ll give you a new TV’, but in reality you are paying for that TV.”*



## **Refining yacht operations**

Alberto Amico, chairman of Italian refit shipyard Amico & Co., outlines the importance of the future development of technical and logistics hubs, given the supply and demand imbalance of resources available for refit and service projects.

**385**

DELIVERED 60M+ YACHTS  
CURRENTLY IN THE GLOBAL FLEET

**GENOA**

THE NEXT EUROPEAN  
SUPERYACHT HUB

**28**

VESSELS OVER 60M TO  
BE DELIVERED IN 2018

**90%**

AMICO & CO'S RATE  
OF RETURN BUSINESS

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## “Building relationships with an extended management team, made up of the management, crew and yard teams, allows for a rapid reaction time and assistance in each of the many yacht-operation modes.”

Understandably, there are fewer resources available to a yard for refit projects on larger yachts today and there is a greater requirement for specialisation. If you take a closer look at fleet growth over the past five years and the market forecasts, I see a bottleneck in the next couple of years regarding the availability of dedicated resources for 60m+ yachts. Most specifically, this includes proper technical and logistics hubs such as berthing and yard infrastructures, adequate skill levels in technical work and experienced management support and solutions.

To be time- and cost-effective, it's crucial to have your technical operations concentrated in a single area, with logistics solutions for owners, crew and contractors alike, because the number of locations capable of handling such projects has been whittled down. Consequently, the procurement and use of resources has become a continued challenge, and the organisation, skills, tools and technical support required are significant.

Supervising a medium-sized refit on an 85m yacht means moving the yacht to a facility with €100 million worth of infrastructure and coordinating a management and labour workforce of around 150 people, on average, for each yacht. From the shipyard's perspective, with 10 or more yachts at a time, that equates to managing 1,000 to 2,000 people. It's a very significant exercise.

Today, there are also more members of the owner's team to report to, which tends to be more professional but is a continued challenge for our planning processes. The apparent advantage for the 30-50m segment is the speed of the decision-making processes, but these can be fragile because there is a high workload frequency. Some of the know-hows might not be there, a simple default can compromise the

whole system and procedures, and standards can create difficulties and communication problems.

Further issues around these projects can be caused by a lack of informed management back-up that can create delays and disrupt operations. On the technical support side – maintenance, repair and refit – factors that are underestimated on the selection of technical partners are: the quality of the facility, safety and insurance coverage, the know-how and experience level of the yard's project management team and the flexibility of the shipyard. A poor evaluation of these factors leads to a high risk of various types of defaults that will be difficult to manage afterwards and the resulting remedial actions can sometimes be very complicated.

So what can help to make yacht operations function better? Undoubtedly, hiring professionals with proficient technical and management skills and proven experience. The implementation of an information management system also allows for correct use, storage, circulation and interaction with technical, operational, administrative and planning activities in an organic fashion.

The task is not only to have easier and more effective operations, but also to have all the information available in a system and not just people's memories. Believe it or not, this is one of the major reasons for a loss of efficiency when dealing with potential operations issues.

Building relationships with an extended management team, made up of the management, crew and yard teams, allows for a rapid reaction time and assistance in each of the many yacht-operation modes – and it's also likely to be more cost effective. A large yacht needs access to a friendly ecosystem that includes all the aforementioned support and skills.

A question I pose to the market is this: Do these key resources exist in the marketplace? Few operators from the various different service sectors have the vision, will and determination to build something new. Sometimes it's easier to just cash in on the present rather than invest in the future and the 'cultural' risks. And what is the exact role of a technical/logistics hub? Innovation in infrastructures and production processes has always been part of our company policy at Amico.

We are not just a shipyard, but also a technical partner for many yacht owners and management companies, and we intend to grow in supplying services for yacht operations because it's vital for the future. We are one of only very few shipyards that have in-house departments and technical and management know-how at its core and can supply the necessary skills in this market in a timely and cost-effective manner.

We are much more than a main contractor. Our clients tend to see us as a 'team component' rather than a main contractor that sometimes operates with little overall responsibility and uses subcontractors 99 per cent of the time – and might be protected by limits set out in the contract. This is the main reason for our success, and our engineering department is proof of this.

Our commitment is to continue to enhance our infrastructure, including improvements to the city of Genoa, and nurture the growth of additional and incoming reception services. We are also studying the possibility of contributing to a system of information management dedicated to yacht operations that capitalises on the experience of our operative system and manages our shipyard activities. The potential of such a system looks very promising. **AA**