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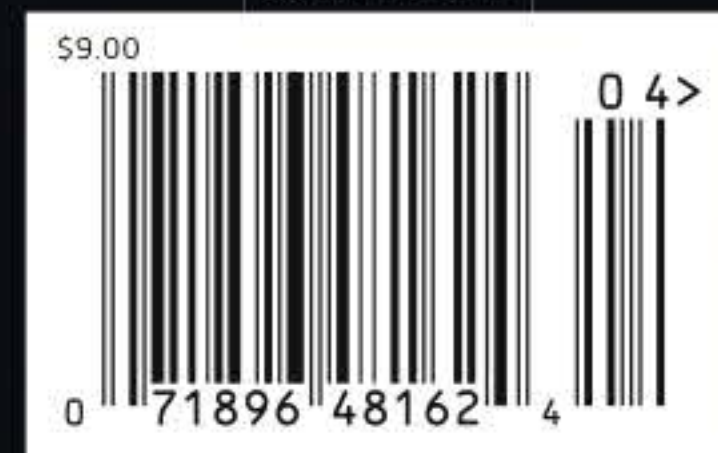
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who's on FIRST?

THE VALUE AN EXPERIENCED PROJECT MANAGER BRINGS TO AN OWNER

TEXT BY REBECCA CAHILLY

WHETHER TO INCLUDE A PROJECT MANAGER on your team when building or refitting a yacht is not a question; it is an imperative. Even the most experienced owners, building at the most reputable of yards, surround themselves with experts to ensure the project is completed on time, on budget and meets all of the specifications of the contract.

Yet, many first-time yacht owners enter the process with relatively few experts advising them or, worse, are led by unqualified, inexperienced advice. Unfortunately, these owners are generally the first to put their boats on the market and head for the hills, leaving their dreams of sailing off into the sunset on shore.

"If you were to build a house, you would hire a general contractor," says Danielle J. Grucci Butler, a shareholder and maritime lawyer with Fowler White Burnett. "When you try to act as the general contractor yourself, the next thing you know you're off schedule or off budget."

Unlike a house, where you can usually pop over to check on the progress, your yacht project is likely to be hundreds if not thousands of miles away, which further complicates the process. Most yards will appoint their own project manager to a new build or refit, but it is still recommended that the client appoint a client project manager (CPM) who acts solely on his or her behalf.

"An experienced CPM can identify in advance any issues that might complicate a

project and guides his client in the best possible way to avoid difficulties," says Mario Pedol of Nauta Yachts, a design and brokerage house that also specializes in project management. In today's tenuous economic times, and when working with a less-established yard, for example, this is especially important.

Michael Koppstein of custom builder Royal Huisman agrees. "Our clients are generally too busy to allocate time to the project between meetings. The CPMs are the client's eyes on the ground. Whilst we can build without a CPM, we prefer one to be appointed. They generally have a wealth of experience and, as accessible and empowered decision-makers, they are invaluable to help maintain production schedules."

Even production builders who operate with aerospace industry precision encourage the use of CPMs. "We see [client] project managers come in on our 50-meter [164-foot] builds," says Phil Purcell, vice president of Westport Yachts. "Most are also captains. [Being production builders,] we don't change what we do, but [with the 50-meter series] there is more involvement required of the owner. In our case, a CPM keeps the owner on track and has been very

beneficial; it helps the process remain efficient."

"New construction and conversions involve a raft of complex decisions being made at all levels—technical, legal, commercial and financial—as well as such issues as specification compliance, contractual performance, equipment choice, regulatory and class issues," says Dean Smith of Royal Oceanic Superyachts, a company specializing in a variety of superyacht

Business acumen, commercial understanding, the ability to negotiate, plus a policy of détente when stress levels rise, are all attributes a project manager should possess.

management services. "All of these can have a significant impact on the construction price, build period, operation and future value of the yacht." A good project manager also can vet potential yards to assess their capability for handling the project and advise the owner on the potential price/risk ratio.

"WHAT'S ON SECOND?"

The ideal owner's team can include a variety of talent but most often consists of an owner's representative, client project manager, yacht captain, broker, legal expert, supervising surveyor and even a chief engineer or engineering team. While the people assigned to these roles may cross over in their duties depending on their strengths, i.e. the yacht captain who sometimes acts as the project manager, the most important consideration is to assemble a team that will lend invaluable expertise to all facets of your project.

"A team that works well together with clearly defined objectives and responsibilities is best," says Dan Jackson, a project manager who has been involved in a variety of new builds, notably the J-Class replica *Ranger*. He advises that each individual's responsibilities be clearly defined before the start of the project. "Dealing with all of the participants involved in a build can be a challenge, but with good communication, clear specification and a modicum of patience, it becomes much easier."

To ensure your maximum protection, a project manager should be brought in at the very genesis of the project, says Peter Wilson of MCM (Marine Construction Management) Newport, an established owner's representative and yacht management firm. "Commercial and contractual arrangements established at the beginning of the project will dictate what happens throughout the duration of the build. If not structured correctly and providing the owner with sufficient protection and latitude, the project may suffer," says Wilson.

"YA GOTTA PITCHER ON THIS TEAM?"

When interviewing candidates for the project manager role, owners should look for a well-rounded background, someone who has been to sea, has boatbuilding or shipbuilding experience and has some business background, says Wilson. While experience in engineering and naval architecture is useful, these disciplines are generally well covered at the good shipyards.

"A project manager is hired for his experience and knowledge of yacht construction and matters maritime," says Wilson. "Business acumen, commercial understanding, the ability to negotiate, plus a policy of détente with the various parties when stress levels rise are all attributes that he should possess, as they will surely be called upon along the way.

"The project manager also should have the ability to 'speak the same language' as the owner's attorneys, and the ability to recognize what's not in the contract documents, as well as what is," says Wilson.

"I have seen very successful individuals—people who possess the skills, fortitude and intelligence to build enormous companies from the ground up—become buried in a boatbuilding project."

Even if an owner brings a project manager in at a later stage in the process, the CPM can help to get a project back on track. At this stage, Wilson advises that there may be some fine-tuning of the team necessary to ensure the core competencies are covered. "The next step would be to meet with the team leaders and work on establishing a realistic timeline and budget that everybody not only buys into but

takes ownership of," says Wilson.

When selecting your project manager, remember also that this is someone with whom you will be working on a regular basis. A deep sense of trust is necessary, explains Wilson, as the project manager is the owner's advocate and his mouthpiece. This ensures that all parties involved know that any directives issued by the project manager will be endorsed by the owner.

"THIRD BASE!"

"I see the project manager as a facilitator," says Jackson. "Yes, he has a responsibility to the owner to ensure he gets what he contracted for, but at the same time he also has to work with all parties to ensure that the flow of information is maintained and is as accurate as possible. He also ensures that the shipyard receives timely responses from the owner, interior designer and owner's sub-contractors."

"At the end of the day, we are all on the same team," says Wilson, "with the objective of creating the best yacht possible for our client that is on time, on budget and that meets or exceeds their expectations. To achieve this, open, honest and frequent communication among the groups is fundamentally important."

So, what's it going to be? Hire an owner's representative or go it on your own? There is an interesting dichotomy between the groups on each side of this question, says *ShowBoats* contributing editor Mark Masciarotte, whose consultancy, DSG Associates, has represented owners on projects in many shipyards over the last 25 years.

"Quite often," he explains, "clients who are becoming involved in their first new-build project do not see the value in hiring a qualified representative. But that changes after—and, sometimes, during—the project's life, especially if something has gone awry."

Masciarotte notes that Danielle Butler's analogy to a general contractor is right on point, adding, "Over the years, I have seen very successful individuals—people who possess the skills, fortitude and intelligence to build enormous companies from the ground up—become buried in a boatbuilding project. There have been a number of reasons, but if they had remembered these two simple corollaries before proceeding, they likely would have fared better:

"First, being successful and smart and knowing about boats is not enough.

"Second, in almost any new construction project, there is generally just one maritime professional in the client/builder relationship, and it's not the client." ■