

THE YACHT

report

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Hands off... Or Hands on?

The arrival this summer of the revised International Safety Management (ISM) code for shipping demands new developments within yacht management to ensure the highest standards are maintained, explains the Executive Chairman of Royale Oceanic, Barry Gilmour.



In light of the new ISM codes, these safety systems will be audited by flag states to ensure more pro-active safety management. The revised code attempts to address the need to adopt a more practical approach, including developing risk assessments and management systems. Ideally, the captain will already operate to the level of safety required, in addition to a clear working format adhered to by all personnel.

Safety management systems are commonplace in the commercial shipping industry and are key to improving safety at sea, with owners often providing ongoing training programmes that use repetition methods. The new ISM code looks to the 'company' responsible for the operation of the yacht (owner and management company) to 'establish' some defined procedures for a variety of areas.

The revised code alone is not the answer, as it needs the yacht's personnel and the yacht management companies to work together and be sure that work is pro-active and valuable to the yacht and that audits are passed.

Many captains will remember the days when their command was typically a 20m twin-screw yacht in the Mediterranean, it was the biggest yacht in the marina, and holiday makers would admire the gleaming machine moored 'stern to' in Port Pierre Canto.

The owner would come to the yacht to assist in preparations for the summer cruise, running between the port and the house, getting gear out of storage and generally enjoying being the owner-driver, with the captain as the steady hand and oversight.

So when did it all change; what happened? Well, the world went into overdrive, finance was readily available for high net wealth expenditure, and motoryachts took a steroid injection to propel builders to construct the largest vessels their sheds would take, and the transit canals would carry. Naval yards became the new home for the superyacht industry's ambitions to be realised, as ever more complex and sizeable yachts were proposed.

The growth has been incredible, and the current operation of a large

INSIDE ANGLE

superyacht no longer sits truly in the leisure sector, but really as an operational sub-set of the global shipping community. This brings the issue of safety of life into focus which is not unreasonable, given the sizes that yachts are aspiring to. Superyachts are registered to flags of convenience and owned by offshore companies, and owners employ many advisors and crew to run the operation for them effectively.

The superyacht industry has had to mature; officers and crew have had to develop operational systems, safety procedures and technical maintenance procedures to ensure they comply with increasing legislation, regulation and flag state rules. The advent of ISM, and later International Ship and Port Security Code, caused the advent of specialist companies designed to take care of the deal in consideration of these aspects of operational yacht management.

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There have been many and mixed views as to what kind of approach management companies should ultimately take. Generally, things have settled down to the present situation, where one rarely hears of yachts changing management company, unless the yacht is sold or the crew changes. Even then, the captain is likely to stick with the status-quo whilst he gets settled into the new role.



The larger brokerage houses expanded into yacht management and have often seen it as a part of maintaining client contact after purchase.

The issues that must be answered now are how will yacht management companies continue to offer value-for-money service, provide strong safety system management and provide asset protection through technical support and planned maintenance? It is regulatory compliance and safety management that will be of paramount importance for yacht owners and yacht management companies going forward.

THE FUTURE

'Asset protection' is a phrase sometimes read in marketing material, but is a real area of concern for many owners in this time of significantly reduced pricing and values. A well-managed and well-maintained yacht will always have interest from buyers, but with market conditions as they are one cannot dictate values anymore. This makes asset protection ever more important.

Commercial ship management companies will take an increasing interest in yacht management. The major yacht management firms will continue to dominate through their 'ownership of the clients', but there will always be room for the boutique operations that we have seen established in recent years to provide a bespoke service to the owners and captains.

We will expect to see increasing professionalism and more commercial ship experience enter the yacht market. After all, the sole intention of ISM is to prevent accidents and enhance safety of life at sea and we should all recognise that legislation always follows disasters. This should not detract from the pleasure of yachting, but it will help us all to avoid the threat of a serious incident, which of course we all hope will never occur.

Images: Royale Oceanic

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