

The Superyacht Refit Report

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POSTUMA DE BOER, DIRECTOR,
LEADSHIP REFIT & SERVICES



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Astilleros de Mallorca
explains its mixed
working model

SUB-CONTRACTORS OR FULL-TIME WORKERS?

BY MAX STOTT

Carlos Morales, director general of Astilleros de Mallorca, discusses the benefits of having a fixed payroll of permanent employees as well as outsourcing to preferred specialists and client-appointed subcontractors.

To be successful in the refit sector, businesses and shipyards must be both flexible and strategic as well as experienced and specialised. While some of the day-to-day work in a shipyard is routine, the latest examples of avant-garde design and state-of-the-art naval engineering mean that expertise is a necessity. By taking into account some of the cultural and geopolitical factors involved in the refit process, one can determine the pros and cons of utilising fixed payroll permanent employees and outsourced preferred specialists and client-appointed contractors.

Both models have their merits, and one is not necessarily better than the other. In the shipbuilding sector, the pre-outfitting process of a project is often entirely completed by subcontractors. When Oceanco announced plans for an expansion and a newly renovated building in 2019, it labelled the new area a 'brain park' for subcontractors to cross-pollinate ideas and expertise. By investing in the infrastructure and unique working model of the shipbuilding process, the company was able to position itself as one of the first custom superyacht builders, with the capabilities to offer a 360-degree full life-cycle refit option for its clients.

But do clients really care about who is working on the refit or do they just want the best quality at the cheapest price? Carlos Morales, director general at Astilleros de Mallorca and a former employee of Oceanco, certainly believes they do care. "It's one of the most common pieces of positive feedback that we have," says Morales. "We also guarantee consistency of service from year to year, which is highly appreciated by our repeat clients. They end up knowing our workers very well, which





Different disciplines and skillsets can dictate the type of employment model used by a shipyard.



creates a very valuable affinity when working together.”

Astilleros de Mallorca currently uses a mixed model of both permanent employees and subcontractors. The yard is proud of its rich history, from building small wooden boats for the local fleet in 1942 to developing a strong reputation over the following decades in both the commercial and yachting sectors for building and repair work. It wasn't until 1994 that the owners decided the shipyard would be used solely for refit and repair services. Morales argues that a mixture of generational knowledge of shipbuilding, together with a team of specialised experienced subcontractors, allows the shipyard to offer clients the best of both worlds.

“The workmanship we have, and the knowledge that has been passed on through the generations, is obviously an asset that we want to make use of for certain disciplines. We have maintained some of the core specialised workshops that were involved for decades, namely metal, mechanical and machinery, piping, hydraulics, stainless steel

and electrical. This has guaranteed the preservation of the necessary skills and the robustness to keep investing in the latest technology and up-to-date training. This also works in favour of maintaining a faithful workforce, with low rotation levels (mainly related to complementing skills), which we value greatly.”

From a business perspective there are, of course, certain drawbacks that come with subcontracting work. It's usually more expensive and a project can be compromised if things don't go to plan. It's not uncommon for a super-yacht to enter a yard with an original plan of the work that needs to be done, only to be faced with a significant extra cost due to unforeseen issues that cropped up along the way.

Morales explains, “While we understand the reasons why the tendency of new-build yards is towards just outsourcing, with a lighter organisation and workforce, just managing specialised subcontractors, for the repair and refit sector we believe that having core specialities of our own also gives us the

agility and flexibility needed in a sector where adaptability to the unforeseen and to changes is a must. This is easier to guarantee when you control the workforce.”

Morales believes that it is important to give the client the power of choice, something that is achieved through the shipyard's mixed model. “We believe in the mixed model we have, where we also work closely with a myriad of subcontractors with specialities that require specific skills which would not be possible to acquire with just the experience of working in only one yard, with not enough cycles of that type of work. These companies gain this type of experience and up-to-date knowledge, and are able to invest in a world that it is more and more specialised.”

Project managers are often criticised for simply outsourcing work to preferred contractors. The phrase ‘engineering is done in a phone booth these days’ is becoming increasingly popular among some of the more cynical stakeholders in the refit sector. To combat this notion, Morales ensures that every project manager in his yard has a close relationship with the in-house workshops to help develop their technical knowledge and expertise in an increasingly modern and complicated market.

It's hard to tell whether the current mixed model of working utilised by refit shipyards will stay the same; the development of new-build yards offering full life-cycle options may disrupt the norm. Furthermore, if there was an industry-wide initiative to offer frequent service repairs throughout a vessel's lifetime instead of irregular large-scale refit projects, the seasonal, time-limited nature of the refit process could also be shifted.

These changing ideas are sure to have an impact on all workers in the refit sector, albeit that any alteration to the working practice will ultimately depend on the wishes of clients and the tenacity of shipyards. **MS**

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