

# The Superyacht Owner Report

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A REPORT WORTH READING

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*“We all know that when it’s done right, nothing beats the experiences afforded by commissioning, building and owning a superyacht.”*

WILLIAM MATHIESON, EDITORIAL & INTELLIGENCE DIRECTOR

Three superyacht opex case studies reveal the true cost of ownership

We crunch the numbers to identify the most effective brokerage houses

The real cost of support vessels, leasing schemes and crew rotation

How to optimise on-board space, shipyard selection and the charter proposition



## Rotation, rotation, rotation!

Paying two full-time salaries for each position might seem extravagant but it gives owners more options and saves future expenditure, says Laurence Lewis, president of YPI Crew.

## Rotation or job share creates a dynamic of success; the yacht has double the experience for any given position, crew can exchange ideas, brainstorm and come up with new solutions and experiences for the owner.

One dictionary definition of 'rotation' is 'the passing of a privilege or responsibility to each member of a group in a regularly recurring order'. In yachting, crew rotation is both a privilege AND a responsibility. This was certainly the case 10 years ago, yet some might say that a paradigm shift has taken place and far from being a privilege, rotation has become a given and is widely sought after, expected and requested. Three months' work/three months' leave/paid 12 months, or variations thereof, is what most crew and captains aspire to on yachts over 500gt.

So how does this affect yacht owners? Is it still a subject of debate in 2021? Does anybody continue to question its benefits?

As recruiters, we see first hand the benefits to the owners brought by rotation: crew stability, reduced crew turnover, a sense of appeasement within the team and, of course, the possibility to attract high-calibre crew which leads to a satisfied owner and an enhanced guest experience as well as promoting a sense of enjoyment of their yacht. Given the opportunity, crew will leave a non-rotational position for a rotation and many will quietly start looking for such opportunities within a year of joining a non-rotational job. That's the reality.

Without doubt, rotation contributes to tackling the high crew-turnover issue that burdens our industry. This turnover comes at a cost not to be underestimated: when someone quits a job they get paid their days worked that month, their accrued leave, perhaps their notice in lieu of leave and, with recruitment costs on top, it's not surprising that even someone quite junior on a €3,000 per month salary will end up

costing €12,000 to replace. Those are the tip-of-the-iceberg costs and more are lurking in the shadows.

At first glance, rotation does not come cheap either – paying two full-time salaries to have one person on leave at any given time might seem extravagant. However, this instant spreadsheet view doesn't integrate one vital element that I like to call 'future collateral savings'. I started my recruitment career in London working with stockbrokers, mostly with futures and options traders, and I remember the concept of hedging risks and locking in a price beforehand. Rotation can be envisaged with this concept in mind: paying now to better control – or completely avoid – future expenses.

How is that? High turnover of crew, with perhaps a heavy reliance on temporary crew to fill in gaps, impacts the quality of service, the safety and maintenance of the yacht. The price of losing knowledge in all departments, mostly in engineering and on the deck side, when crew quit their positions is high compared to the cost of having crew on rotation. Also, when well implemented, rotation or job share creates a dynamic of success; the yacht has double the experience for any given position, crew can exchange ideas, brainstorm and come up with new solutions and experiences for the owner.

I recently spoke with a client who, after 20 years of yacht ownership, had decided to offer rotation to all his heads of departments – not just his captains and engineers, but also his officers, chefs and stews. Our society is changing, our collective perception of work and what happiness and fulfilment entails has evolved at both employer and

employee level, and COVID-19 has further accelerated this process.

Was this move to offer rotation altruistic? No, the decision was made because it made sense. The owner wished to have the vessel available at all times throughout the year, at very short notice and without compromise in the quality of service. This became challenging to achieve as many of his regular crew took holidays during the off-peak season. Rotation was the obvious solution.

Sweeping statements don't apply in an industry where bespoke is the norm, and clearly rotation is not the answer for all yachts. At present, rotation is generally offered on yachts above 500gt and more likely to hire crew with a commercial maritime background for whom rotation is in evidence. A vessel's itinerary and programme are also a consideration; a single-season private yacht doesn't probably warrant rotation for all crew apart from the engineers, for whom rotation is the norm on yachts over 50m.

The cost and benefits of rotation are clearly yacht- and owner-specific, with the best time to address this topic at the build stage or as soon as a purchase is envisaged because setting up a rotation is easier to implement before employing the crew. It will avoid the salary negotiations involved with a change of status and set the high-performance standards from the outset.

Yacht managers and crew recruiters are well positioned to formulate and budget the best way for each owner to build an effective and loyal crew in an employment market where rotation is undeniably picking up momentum. It's an interesting equation. **ll**