

# The Superyacht Buyer Report

A REPORT WORTH READING

204  
10/2020



**The Superyacht Buyer Journey**  
Best practice at every step  
of the buying process

**The Superyacht Directory**  
A selection of the finest superyachts  
currently on the market

**The Superyacht Market Reports**  
Analysis of new-build segments  
outlining shipyard performance



*Terry Allen, consultant surveyor*

# An apple, not an elephant

One word sums it all up: **DETAIL**. It doesn't matter what you are doing, building, designing or even thinking about. The attention to detail is the difference between success and disaster for everything.

Realistically, it's a very simple mathematical equation. To create a good specification takes time, no matter how you consider it, and time equals money. So how do we go about creating a detailed specification? It starts with a work list and this may involve necessities for class or flag state. Then, there is the wish list.

In most cases, the work requirement for class or flag is quite self-explanatory. There are, of course, certain idiosyncrasies with each vessel, and these must be made clear in the beginning.

Where most project budgets get blown apart is the wish list. This is seldom given the attention to detail that is required. All elements must be considered. Of course, most ignorant people would call this the unforeseen ... 'Oh when we did this, we found that'.

When this happens, quite simply it's because the idea was not thought through, not investigated thoroughly and there was no consideration for

the effect of the modification on other elements. This is most commonly known as the 'knock-on effect'.

These three elements alone are the difference between heartache and tears, exploded budgets and success.

## **Shipyard tender**

If you spend time and money in creating a concise and informative specification, which in most cases will consist of drawings that have been created, and that can assist in identifying areas of concern, a shipyard is able to assess the job and quote accordingly.

It's quite normal that an informative tender shared with up to five shipyards will see estimates come back that, from experience, are all within 10-20 per cent of each other, and this makes the assessment of the shipyard estimates much easier in comparing apples with apples. Instead, what happens in most cases is apples being compared with elephants.

Shipyards want the work, and there are two basic reasons why you will receive a quotation that is unrealistic:

- The shipyard has work and no availability so they will quote high and, if they get it, it's a bonus.

- The shipyard doesn't have sufficient information to make a proper judgement of time and materials so they add a margin.

There's is a very famous expression for people in business. "Where there is mystery, there is margin"! It's as simple as that. I once showed a prominent shipyard representative a render of a 105-metre yacht. I asked how much, and I gave him the gross tonnage of 6,500. He said, "No worries, €360 million".

We had already received comparative quotations, after supplying a 140-page concept specification and some drawings, of €210 million and other quotations were within 15 per cent of this mark. The shipyard representative had based his number on the mystery factor!

Most owners will appreciate the advice of recommending that a naval architect be involved and someone to create a specification. It will cost money, depending on the work maybe €30,000. But it will save a lot of time, a lot of money for both the owner and the shipyard, and a lot of arguments when the finished job is not what you had in mind because you envisaged an apple and ended up with an elephant. **TA**