



Lürssen's *Chateau*,  
at 210', the largest  
of six current projects

**ALL IT TAKES IS KNOWLEDGE**

# THE HEART OF THE DEAL

**YIM STAFF REPORT**



WITH SEVERAL BILLION DOLLARS WORTH OF MEGAYACHTS PRESENTLY AT SEA OR UNDER CONSTRUCTION, AND BUYERS LINING UP TO PLACE ORDERS AT SHIPYARDS AROUND THE WORLD, TWO SOMEWHAT STARTLING FACTS EMERGE: TOO MANY WOULD-BE BUYERS LACK THE EXPERT HELP NEEDED TO SECURE THE WISEST INVESTMENT, AND NOT ALL BROKERS HAVE THE NEGOTIATING AND TECHNICAL SKILLS NECESSARY TO ENSURE THEIR CLIENTS' COMPLETE SATISFACTION BOTH WITH THE DEAL ITSELF AND THE FINISHED YACHT.

The force is with them: (left to right) Kevin Callahan and Moran brothers Paul, Brian and Robert. Profile shows *Flamingo Daze*



**R**

obert Moran, one of the industry's most active large yacht brokers, believes that the problems arising from these shortcomings are avoidable. "It's a question of knowledge," he says. "My philosophy is simple: Know your sport. What does that mean? Understanding what your client wants and can afford. Negotiating the best price at the most qualified shipyard. Knowing how to design, build, equip and run a big boat. It means many things and most of all—from the client's perspective—it means working with qualified brokers who have years of sea time with hands-on experience aboard yachts similar in size and quality to the vessel the client wants to build, buy, sell or charter."

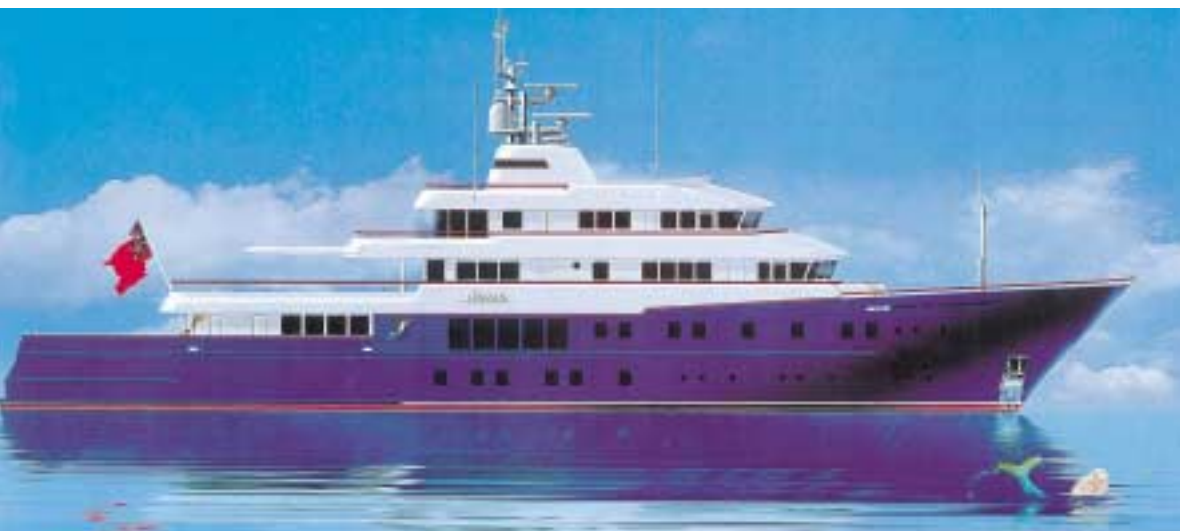
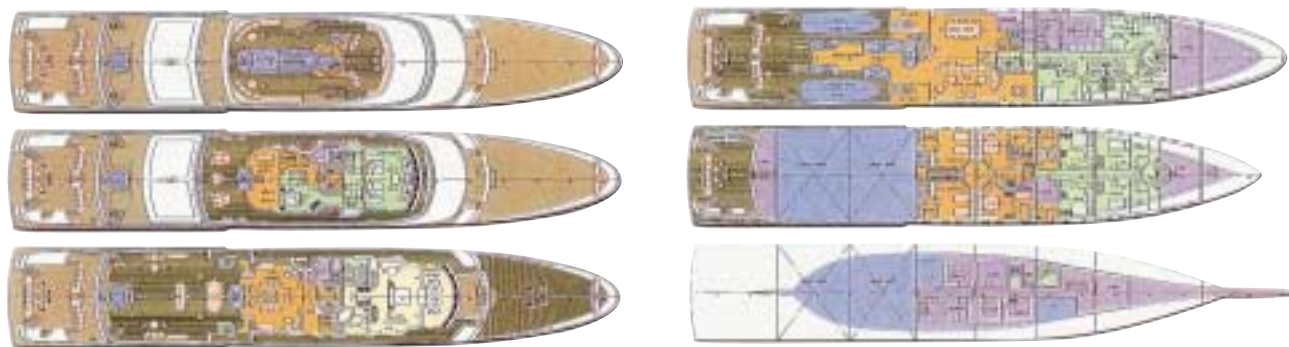
At Moran Yacht and Ship in Fort Lauderdale, Rob Moran and his four associates racked up a combined total of 60-some transatlantic crossings as professional captains and engineers in their former careers and have supervised new builds, refits, sales, purchases and charter bookings of yachts of all types and sizes, power and sail. The company now has a half dozen megayachts under construction in Europe and several more in various stages of development. (Preliminary reports on the six new builds follow.)



The growth in size and number of private yachts in recent years has been accompanied by an increase in secrecy that does not always work to the advantage of owners even though protection of privacy is often the stated reason for its existence. Understandably, confidentiality in uncertain times is both desirable and necessary, but when it involves costing it can also work to the detriment of buyers who have failed to observe due diligence in the choice of broker.

There are any number of stories about shipyards pricing vessels according to their estimate of how much or how little the buyer and his project team know about construction. Crudely put, the price can depend on what the market will bear. An experienced broker, meaning one thoroughly knowledgeable about the costing process, knows better and wouldn't let this happen.

Rob Moran isn't the first yacht broker to express amazement at the naivete of clients who sign contracts on the strength of a chance meeting at a boat show or a casual telephone conversation with a salesman who happens to call at the right moment.



**Ariel** by Lürssen, a 208-footer built to Lloyds Ice Class, has a 42' beam

“So many times have I seen smart and worldly men make the wrong choice,” he says. “They pick uninformed, uneducated and uninitiated brokers and then become astounded and disappointed when a new build turns into a financial and technical nightmare or the used yacht they’ve purchased is misrepresented by their broker.”

One buyer who placed an order at a leading shipyard was asked by a friend if he thought the project team assembled for the job had the competence to oversee the construction of an expensive yacht. The buyer, who took great pride in his own judgment, replied: “You don’t tell Mercedes how to build automobiles.” Three years later, after long delays and cost overruns that went through the roof, he refused to take delivery of the boat. As he saw it, the shipyard had taken advantage of his inexperience. He made his outrage clear when he asked one of the yard’s

senior executives, “What kind of business watches a blind man trip over his cane and then steals his wallet?”

“When something like that happens it’s a black eye for our industry,” Moran says. “Every client lost because of a bad experience will tell ten of his friends about it and they’ll tell a hundred more. Make no doubt about it, there are first class shipyards in the world who stand by their contract and build a superb vessel to the exact requirements of the client. As far as I’m concerned, once you make a deal whether it’s with a handshake or a contract, that deal is set in stone. Your word is your bond—that’s one of the most valuable lessons my father taught me.”

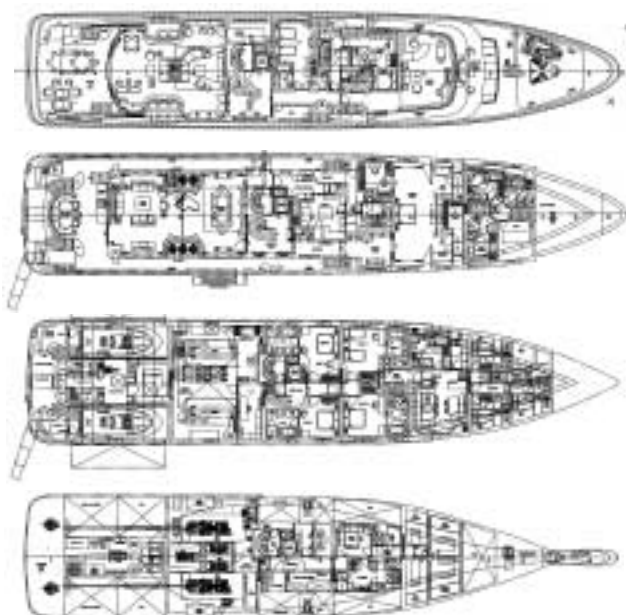
The romantic or emotional element involved in all yacht purchases can also blind would-be owners to the risks and consequences of faulty decisions.

“Many buyers are CEOs at world famous corpora-

tions,” Moran says. “Extremely intelligent individuals, who seem to lose all sense of judgment when it comes to buying an expensive yacht. This is a major investment! What they should do before they even talk to a shipyard is conduct a series of thorough interviews with brokers, much the same way as if they were hiring a Director for one of their companies. And not just interview them but investigate the broker’s background and character. Check on the success or failure of previous new construction projects. Does the broker have a criminal record? Is there a history of litigation, past or present?”

Last year one of Moran’s competitors invited him to inspect a 170’ yacht that had just been launched at a prestigious European yard for one of the competitor’s clients. Moran told the broker he’d been aboard the boat many times during the construction even though he had no involvement with the project. This news astonished the other man, who admitted that he had never set foot on the boat.

The 202’ Phoenix, with interior by Andrew Winch



“I was more shocked than he was,” Moran says. “It’s part of a broker’s job to recommend the shipyard to the client, to help negotiate the contract price, compile an all-inclusive technical specification and assist with overseeing the complete construction process. And we pay the cost for that—it’s part of the service good brokers supply. If you’re doing your job right you’re there for the signing, the laying of the keel, the building, launch and after sales service. That’s SOP with us. It’s also part of my job to adjudicate and resolve problems between the client and shipyard.”

Last year Moran made 19 European trips on behalf of his clients. In the 14 years since he opened Moran Yacht and Ship the company has handled transactions for “a huge fleet of quality brokerage yachts” and looks forward to many more. “It’s a lot simpler to sell an existing yacht, when you can usually wrap up the deal in a month, than it is to sell the client a new build project that takes upwards of two years to finish,” he says. “But that’s the side of the business I enjoy most—representing a client who’s building his own boat.”

A European-born American, Moran believes that his background gives him an edge when negotiating with European builders. Among the many quotations and inspirational notes on his office wall is this one: “When negotiating with shipyards, act like an Irishman, think like a Scotsman.” Whatever else may be said about this cryptic advice, it seems to be working. Moran’s only complaint is that most of the yachts he’s purchased or built for his clients rarely become available for sale because the clients get too attached to them. □



Capri has a shallow draft for Bahamian cruising



## PROJECT SIX-PACK - THE SIX YACHTS

Commentary by Robert Moran; vessel names are provisional only.

### *FLAMINGO DAZE*, Hakvoort, 151', launching May, 2003

"This project began when the client called our office about a 90' yacht he'd seen advertised. That deal didn't work out. We had many conversations and meetings and the client came to the Fort Lauderdale Boat Show, but didn't see anything he wanted. That's when I suggested he should think about building a new boat, so we went to Europe and toured all the major yards. He liked Hakvoort and that's where he placed the order. Originally the boat was to be around 120' but this was extended when the owner enlarged the scope of his cruising plans. The result was Flamingo Daze, which will be built to full Lloyds 100A1 and full MCA compliance. She will have a gorgeous interior by Glade Johnson and Caterpillar 3508 engines with 3306 170kW Cat generators."

### *CAPRI*, Lurssen, 192', launching June, 2003

"This buyer is a repeat client of ours. I take it as a compliment that in the two years the yacht's been under construction, he entrusted supervision of the project to us and has yet to visit the yard himself. Because he spends a lot of time cruising in the Bahamas he wanted the shallowest possible draft consistent with the boat's size. She has a beam of 38'6" and a 10'6" draft. The owner also wanted maximum stability at anchor, so she has a Quantum at-anchor stability system installed plus a fresh water ballast system. My view is that Capri will set the standard that other yachts will be judged by in future, because the narrower, rollier boats that were the norm in the past will gradually be phased out. Classification is full Lloyds 100A1 and full MCA."

### *ARIEL*, Lurssen, 208', launching August, 2004

"Some people think yacht brokers just sit in the office and wait for the phone to ring. I wish! We first met this client 13 years ago, a year after we opened the business. For the next 12 years I tried to persuade him to build a custom yacht and got nowhere until he decided he was ready to build Ariel. She will be a magnificent boat capable of sailing anywhere in the world in any season. Huge beam—42' and full 100 A1 Lloyds Ice Class with complete MCA requirements. The designer is the Norwegian Naval Architect Espen Oino and the interior is by Pauline Nunn, who's best known for the megayacht Leander. Engines and generator plant are by Caterpillar.

As far as I know she will be the first expedition style yacht built to complete yacht finish quality."

### *H2O*, Hakvoort, 164', launching August, 2004

"Another repeat client of ours, and one who guards his privacy as carefully as the government guards Fort Knox. Let's just say that this boat will be a head-turner wherever she goes. She has a beam of 33' and an enormous interior volume, in fact she's the biggest yacht Hakvoort ever launched and one of the most radical to come off the drawing board of Espen Oino, her designer. The interior is by Michela Everberi of Rome. She will have 3512B Cats for power and 3306 170kW Caterpillar generators—more than enough to overpower any yacht in the 50 meter class. Construction is to full Lloyds 100A1 and full MCA standards."

### *PHOENIX*, Lurssen, 202', launching October, 2004

"We call this one the deal that rose from the ashes. We had worked with the client before, but this time he was looking for something special—an extraordinarily beautiful but extremely complicated yacht. He became so frustrated trying to negotiate with some of the world's most prestigious builders that he finally came to us to see if we could find a yard that had the capability and talent to build what he wanted. Well, you can count them on one hand and obviously Lurssen's a leading candidate, and that's who he chose. The design is by Andrew Winch, with exterior features by Espen Oino. Phoenix has a 40' beam, draft of 10'6", and she complies with full Lloyds and MCA. Cruising speed is around 16 knots, engines are MTUs, with three Caterpillar 280KW generators and huge thrusters at the bow and stern."

### *CHATEAU*, Lurssen, 210', launching November, 2004

"We first worked with this client 12 years ago, it was a new build. The Chateau project is some way removed from that in size and style. This is a big and exciting yacht—I think she could turn out to be one of the most sophisticated boats to come out of Europe over the next 20 years. She's 210' overall with a beam of 41' and a draft of 11'. Magnificent to the last detail, including a six-person elevator. Main power by Caterpillar, with triple 280 kW generators, heavy duty thrusters fore and aft, Quantum hydraulics with at-anchor stabilizers. And of course full Lloyds 100A1 and complete MCA." ■

Coming from Hakvoort in 2004, *H2O* will be the yard's biggest and most radical yacht