



WE HAVE A MISSION TO REPRESENT QUALITY REFIT, REPAIR AND MAINTENANCE YARDS. WE WILL MAINTAIN AND IMPROVE QUALITY WITHIN THE GROUP, FOLLOW PROFESSIONAL WORKING STANDARDS AND MEET SPECIFIED ENVIRONMENTAL BEST PRACTICES. WE WILL ACT AS THE VOICE OF THIS SEGMENT OF THE INDUSTRY



# A Client's Guide to Good Refit Governance

## 1. Preparation

a) **Organise** – Clearly define the purpose of the refit with the captain, owner and, if applicable, manager. Write a work list, if possible in Excel, with each job accompanied by categories such as:

- Department - deck, engineering, interior etc.
- Priority - (1) must be completed, (2) important, (3) to be addressed if possible etc. Responsibility - crew, shipyard, owner's direct contractor etc.
- Price - often best to use two columns; one for budgetary cost, one for quoted amounts

In larger refits, specification document should be written listing in detail what is required for each job along with any drawings or accompanying photos or images.

b) **Budget** – After the creation of your work list, fill in the budgetary cost column to give you an idea of the overall budget for your refit. If you are unsure if your estimates are realistic, it is better to leave the field blank or write a high figure that you hope will be lower when provided by the shipyard. This should include hardstanding, rubbish, electricity and any other shipyard charges that will go into your final invoice. After your list is complete, talk through the total cost and the list in general with the owner or manager, get the total shipyard budget and then allocate a realistic duration in which you would like the works completed.

c) **Plan Ahead** – For general refit works and special surveys up to 10 years you should aim to contact the shipyards for quotations and availability six months in advance. For larger refits such as structural changes, 20 year special surveys, full paint jobs etc, a minimum timeframe of nine months will allow you to get the best detailed comparative proposals from your chosen tendering yards.

d) **Class and Flag** – Contact both class and flag authorities to inform them of your visit to the shipyard. Ask them if you must fulfil any survey requirements during your shipyard period and notify them of any works that you are undertaking that may affect your class or flag status. Remember that even cosmetic works can concern your class or flag; either from a material safety point of view or due to changes in the stability of the vessel - so be open with them about all the works you plan to complete and then they will quickly cut out anything that doesn't concern them. If you are conducting works involving a designer or architect then ask them to advise you of any potential class/flag issues.

## 2. The Tendering Process

a) **Contact Shipyards** – Contact a selection of shipyards which you would consider to complete the works. Contacting too many yards may confuse matters and make it difficult to achieve like for like comparisons, whilst not enough will prevent you from having sufficient certainty in both pricing and technical solutions. Use the following criteria to help you decide upon the shipyards you choose to contact:

i. Member of the ICOMIA Superyacht Refit Group or SYBASS - This gives the yard an essential level of credibility which will guarantee you security by ensuring your chosen yard will conform to the superyacht standards which you will be expecting. International Council of Marine Industry Associations (ICOMIA) Superyacht Refit Group members must conform to conditions set out in their [Code of Practice](#).

ii. Security – Ensure your shipyard choices are legitimate businesses that fulfil the following criteria to ensure your refit will not end in disaster:

1. **Liability Insurance:** Ensure sufficient level of shipyard liability insurance to cover any potential accident. Ask your insurer what level they require the shipyard to carry.

2. **Turnover:** Ensure that your potential yard choice is financially stable; this will mean they should be able to cover any warranty obligations in the future and, even more importantly, stay in business until your refit is complete and the vessel has left the yard. Most shipyards will willingly disclose their turnover for the last few years and if possible, download their accounts, where available, from the relevant Government websites.

3. **Size:** A shipyard employing 50 people is a very different entity to a management company of two or three people. The former will have an accounts department and an ordering department, and, be obliged to run their business fulfilling local or national tax and health and safety obligations.

Whilst all of these things cost money, which you in-turn will be required to contribute to, they also ensure the security of your refit by minimising external risks.

iii. Reputation – Choose from either your own experience or recommendations from others; relating to similar types of works conducted on yachts of a similar size and standard.

iv. Location – Consider any potential gain from currency exchange rates or cheaper labour which may apply in the county of the shipyard and then balance this against any time considerations (getting to and from the yard including possible weather delays) and price (fuel, wear and tear etc).

v. Availability – Check to see the chosen yard can actually perform the works in the period for which you are interested.

vi. Deadline – Set a realistic timescale for the chosen yards to quote for the works and visit the yacht where necessary. Too short and it is most likely the quotes you receive will be insufficiently detailed or inaccurate, and too long will leave you with less time to review their offers.

**b. Compare** – It is essential that when you are comparing the quotes from the different yards that you are making like for like comparisons. To do so consider the following:

i. Go through each quote carefully highlighting exclusions or any areas where the different yards do not seem to be quoting like for like. If a yard has not quoted in the manner in which you would like them to do so, then go back to them and ask them to modify their quote in order to comply.

ii. Ensure that any unit prices that are given are multiplied out to give an estimated total price e.g. the hardstanding is multiplied by the number of days out of the water etc.

iii. Carefully consider all exclusions, and if necessary, allocate additional funds to the jobs to cover them. Are project management, shipping, import taxes, travel, accommodation or all logistics included for example?

iv. Verify whether your yacht will be liable for VAT in the country of the shipyard.

v. Update your work list with the prices from each yard to have an overall comparison for your project.

**c. Negotiate** – It is likely that after you have completed the tendering process you will have narrowed your choice of yards down to two or three. Contact each of the yards you are considering, inform them of this fact and then ask them to give a final 'best offer'. This could be in the form of an overall discount, or a reappraisal of any jobs that you feel are particularly uncompetitive. Again, give them a timescale to produce their final offer and inform them when you plan to make your decision on the choice of shipyard; an early decision may mean



the shipyard is more inclined to give better pricing as they can then guarantee this portion of turnover. Out of courtesy contact the yard that you have decided not to proceed with and inform them of your decision.

**d. Decide** – After reviewing the shipyard’s revised offers, make the decision on which yard you want to use as soon as you practically can. This will allow the yard to prepare for your arrival by allocating labour, haul out, subcontractors etc which will result in your refit running more smoothly.

**e. Contract** – Ask for and sign an [ICOMIA Superyacht Refit Group contract](#); this is a contract specifically developed for superyacht refit and can be used in any shipyard. This contract will help protect your rights as a client and layout the ‘ground rules’ between both parties. Read the contract thoroughly and have it checked by the yacht’s lawyer and insurer.

**f. Pay** – Make your down payment according to the contract. Even with a signed contract and verbal agreements most shipyards will not contract any sub-contractors or purchase any materials until this payment has been received.

### 3. Arrival in the Yard

**a. Familiarise** – Find out the following on arrival:

i. The name and contact details for the following:

1. Your project manager
2. Emergency numbers for fire, ambulance and police
3. The security officer
4. Health & safety officer
5. Who you should contact in emergency out of working hours
6. Concierge or receptionist

ii. Do a tour of the shipyard. Take note of people’s names with whom you will have contact with during the refit such as the storeman, receptionist etc, this will help create goodwill for the project.

iii. Read, and be sure all your crew is familiar with, the Environmental, Health and Safety measures

iv. If you are planning to have day workers or pre-arranged direct contractors onboard ensure that all of the correct paperwork is in place. The shipyard will require that any persons working onboard must provide the following:

Either

- Proof that they are signed onto the crew list and have an official crew contract

Or

- Copy of their company registration document
- Copy of their company insurance policy
- Copy of their passport(s)
- Proof of payment of national insurance or equivalent for each worker
- Proof of health insurance or equivalent European cover if in Europe
- Signature of a waiver concerning each person subcontracted by the yacht’s insurer stating they will not take any action against the shipyard’s insurer from damage arising from their actions.
- Site orientation with shipyard safety officer before commencement of works onboard and integration into the shipyard safety procedures

**b. Attendance** – The amount of works you intend to complete and the time frame you have for the complete works will, to a large extent, not only determine the yard’s management commitment to the project but yours as well. Here are a few pointers to consider:

i. Whilst a refit period may be a good time to give interior and possibly deck staff time off, it could well be one of the busiest times for the Captain and engineering department. Whilst a shipyard will have a project manager following your project, you as the client need to be present to discuss technical solutions, survey quality and make on the spot decisions which will be essential for the success of the refit. Discuss with the shipyard their recommendations for your attendance but the following guidelines can be considered as a minimum requirement:

Project Turnover (per month)	Captain	Refit Manager	Engineer	Deck Crew	Interior
10,000.00 €	1 or 2 days per week	-	-	-	-
50,000.00 €	Fulltime	-	-	-	-
100,000.00 €	Fulltime	Once per month	1	1	-
250,000.00 €	Fulltime	1 or 2 days per week	1	1	-
500,000.00 €	Fulltime	1 Fulltime	2	2	1
1,000,000.00 €	Fulltime	2 or more Fulltime	2	2	2

ii. If you are completing any direct works whilst at the shipyard, carefully consider how you will manage the contractor(s) and if you will have enough staff to properly do this. The shipyard is unlikely to be very impressed if you ask them to help manage a contractor that you are paying for directly.

iii. Using the deck crew and engineering staff to complete works during the refit can be a good way to save the owner money, but on larger projects they may be better used to help co-ordinate the works being conducted by the yard.

**c. Expectations** – Discuss with the shipyard your expectations of how you think things will run for your project, including most importantly:

i. The frequency and time of the shipyard meetings

ii. The time it will take for the yard to give you new quotes upon request and how many they think they can produce a week. Be realistic, it will not be possible for one project manager to quote 50 jobs for you in a week. Prioritise the jobs and ask the shipyard to give you dates when you can expect each quote. If you have many emergent works that were not quoted in the initial offer but you require an estimate to help you best decide how to spend your budget consider asking the shipyard to write ‘ballpark’ figures against each item whilst you are waiting for the detailed quote.

iii. Pricing. Consider that once you have accepted the shipyard’s offer and arrived at the shipyard, it is too late to talk about their pricing structure. A shipyard is the same as any other business; its primary goal is to make some money, so do not expect to be able to buy works at the same price as the ‘one-man band’ on the quay, or materials for prices you can find on the Internet. The shipyard is there to provide you with security in the form of a guarantee of quality works and proper insurance in case of an accident and offering these services comes at a price; which is why you may find some prices to be above ‘normal’.



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iv. Discuss your own response time. Talk with the owner or the manager about the importance of being able to make quick decisions on the reception of quotes. Ensure that you have the necessary funds available to pay any down payments necessary. If there is a problem with the delivery date upon completion, it will not aid your discussions if the shipyard has had to wait for weeks for the go-ahead on works.

v. Invoicing periods (if not specified in the contract). Prompt payment of any agreed invoices will create a lot of good will for your project, so ensure you know when and if possible how much funds are required.

vi. Current planning. If a project plan was not part of the original shipyard bid package then request for one to be produced even if it is not detailed. Sign-off, together with the shipyard, and this can then be used for future discussions regarding labour allocation.

#### 4. During Your Yard Period

**a. Respect** – To get the most out of your project manager and other workers bear in mind the following simple rules:

i. You are on the same team. Remember, the shipyard is also working for your owner and keeping him satisfied must be the main goal

ii. Be polite. Do not raise your voice or swear, especially in emails. Once any worker feels personally abused you will never get the best out of them for your project. Such abuse can even come from aggressive comments about workers or actions of third parties.

iii. As with any business you should lead by example; the more organised you are, the more pressure the yard will feel to organise themselves. A good work ethic for the crew will inspire other workers and sets a good example. This is not just applicable to the yard; word of your professionalism will soon spread via yard workers to other boats in the yard, managers and brokers.

iv. Follow the Rules. The shipyard's safety procedures should be followed at all times by everyone involved in your team; failure to do so can be extremely damaging to the success of your project with possible outcomes including the shutting down of your work-site by local safety / Government officials, suspension of works by the yard or injury to the offending persons or others which in turn could lead to legal action.

**b. Communicate** – Communication is like the oil of your refit, it is required to make things run smoothly, however choosing the right type of oil is also essential:

i. Write things down. Take minutes in meetings and try to send requests by email rather than over the phone this will avoid any “he said, she said” conversations later on.

ii. Ask for all quotations or works by email. This creates an important precedent and will give you a record of when you have asked for works to be done which will allow you to accurately pressure the yard to give you quotes within the agreed time limits. During longer refits it can be difficult to remember the dates of various requests and this can allow the shipyard more

leeway with their response times. The more detailed the request (include photos where possible) the more chance there is of avoiding those awkward “that’s not how I wanted it to be” conversations.

iii. Remember that most project managers are very busy people who spend a lot of time on the phone organising things. Rather than calling them multiple times, one after the other, think about sending them a text message or an email. Even if it is urgent, they will be able to quickly see the message “help; the electricity has tripped” whilst they are on the phone to someone else.

iv. Minimise the amount of communications. Rather than calling each time something comes to mind, try writing it down immediately and then send a list of all your points at the end of the day by email. This way will allow your project manager time to get answers to any questions that he is not sure about.

v. Keep the yard informed about any projects you are undertaking with the crew or your direct contractors. This is extremely important to ensure that contractors don't clash by working in the same area; this not only creates an efficiency problem but can also be dangerous if two different types of works are planned e.g. welding and bilge painting.

vi. Keep in contact with your Class and Flag surveyors. It is the vessel or the vessels manager's responsibility to deal with and pay for class and flag related issues so do not expect the shipyard to do this for you. Keeping a good relationship with your surveyor by maintaining good open communications will help not only your refit run smoothly, but any future dealings as well.

#### 5. Departure

**a. Timing** – Be realistic about the finish date given to the yard and the time you require to prepare the boat. Giving the yard a hard time on the delivery date may not go down well if they know you are allowing one month after your yard period to prepare the yacht before your first trip. If the yard knows that you will have to work hard to achieve your goal, then the same must apply to them.

**b. Payment** – Most shipyards will expect full payment before departure, so consider the following points to ensure things run smoothly:

i. Depending on the size of your invoice and the duration of your stay allow yourself a sufficient amount of time to sit down and go through your invoice with the different departments (engineering, deck etc) concerned. It will be a busy period for everyone, so make sure everybody understands it is a priority to ensure your invoice is totally correct and that you are not delayed.

ii. If the invoice has not already been issued then ask for a rough estimation of the final amount. Even if you do not agree with what they are telling you, it will allow you to ensure sufficient funds are available.

iii. On receipt of your invoice and after your meetings with the crew, make notes about it and ask for a meeting with the shipyard to discuss any points where you have queries. Most shipyards are happy to have feedback on the billing and will try to be flexible to ensure you leave as a satisfied customer, so there should be no need to enter discussions with a confrontational attitude.

**c. And finally** – If you feel that all (or at least some things) went well, then a simple ‘thank you’, or even some crew gear to the workers will create a lot of good will which will be useful if you are considering a return visit.

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