



Exploring opportunities

Executives replying to our 2015 Shipmanagement Survey were all upbeat on the outlook for this sector of the cruise market, as **Mary Bond** reports.

By outsourcing ship management and related services, owners can reduce their own operational expenses and have additional time to focus on other core elements of their business.



Olaf Groeger, head of Columbia Cruise Services, believes Europe's strength as the world's second largest cruise market after North America and its leading role

'Are the emerging markets catching up?'

Olaf Groeger,
Columbia Cruise Services

in cruise shipbuilding bodes well for third party shipmanagement.

'An increase in consumer spending in the recovering economies of the US and Europe is currently stabilising the position of smaller cruise operators and thus the ship management business in general.'

However, Groeger cautioned, there are also some challenges confronting third

party shipmanagers.

'Whilst the orderbooks of European cruiseship builders are full, there is increased level of activity in Asian yards,' and he questioned, 'What does the long-term future hold for Europe's established cruise shipyards, suppliers, tour operators and shipmanagers and what role will Asia play in the markets? How will Europe deal with the lower-cost competition from the emerging markets? Can Europe with its cutting-edge knowledge and expertise still lead the way? Or are the emerging markets catching up in all disciplines?'

Columbia Cruise Services has Thomson Celebration, Thomson Dream and Island Escape under full management plus a further 11 cruise vessels under crew management ranging from Europa and Europa 2 (deck, engine and hotel) to Queen Mary 2 and Queen Victoria (deck and engine). Recent additions include Royal Iris, Golden Iris and Fram.

'Looking ahead, we believe ship managers will be "centres of excellence" when it comes to managing cruise vessels,' commented Les Royle, managing director, cruise division Niton Capital Partners SA GMV, offering ship management as well as all aspects of the

hospitality side of the business.

Principles include Paul Gauguin Cruises and through GVM partner, Wilhelmssen Ship Management, counts The World and Viking Ocean Cruises as clients. 'With present discussions taking place, we anticipate adding significantly to our client base during 2015,' added Royle.

'We are seeing a strong demand from small ship owners and tour operators, both short term and longer term in support of ship management,' commented Hans



Rood, evp commercial FleetPro Passenger Ship Management, managers of 23 ocean vessels and 45 river ships.

In addition to consulting on

'We are seeing a strong demand from small ship owners and tour operators in support of ship management.'

Hans Rood,
FleetPro Passenger Ship Management



expedition river ships in the Far East and Amazon, recent additions noted Rood, are Iceland Pro Travel with a summer program of around Iceland

‘Being able to supply highly trained, professional crews is key to our success.’

Les Royle,
Niton Capital Partners SA GMV

cruises and Haimark’s Saint Laurent with an expedition/explorer oriented year-round cruise programme covering the Great Lakes in the summer and southern Caribbean, Panama Canal and South America in the winter.

On the river side, FleetPro is advising on four newbuilds for existing clients and recently added Tom Harper River Cruises as a new client. ‘Both small ship cruising and intimate river cruising are thriving,’ said Rood.

Strong demand for small coastal and expedition vessels will require newbuilds and FleetPro is guiding a number of companies through this process to assure effective ship builds and the most affordable approach of acquiring small 200-250 passenger ships.

This is a sector catching the attention of Per Bjornsen newly promoted to director, V. Ships Leisure, and responsible for all management services to the cruise, ferry and yachting markets.

A 17-year veteran at V. Group where he started as marketing manager, Bjornsen played a lead role in the recently unveiled unified corporate branding of the group, under a new tagline ‘Performance Assured’.

Combining what it describes as the strength of being, ‘the largest independent shipmanager in the world with the widest breadth of marine services,’ V. Ships Leisure manages some 25 cruiseships for a handful of different owners. Recent additions to the roster are hotel and crew management for Silver Discoverer and Silver Explorer.

Bjornsen believes the time is right now for expansion of the smaller to medium-sized cruise fleet including expedition vessels. ‘With lower fuel prices and a favourable exchange rate, it is quite a unique moment for European and US operators to look at renewing tonnage.’

Whilst the focus has been on building new ships in the 3-4,000 passenger space, with the cutting-edge operating efficiencies available, Bjornsen believes

there is a window now for the sustainable investment in small to medium size cruise ship newbuilds.

However anyone wanting to start sailing this side of 2020, must move fast, he noted.

Environmental regulations remain the fastest developing aspects of maritime compliance both worldwide at the IMO (International Maritime Organization) and regionally in the EU, US and on national level and compliance is high on the agenda for all shipmanagers – but more so within the cruise industry, said all our respondents, as many of these vessels operate in environmentally sensitive areas.

Columbia’s Groeger commented ‘environmental compliance is not a choice anymore but a must.’ Cruise vessels are small floating cities, generating enormous amount of wastewater, air emissions and garbage. Being aware of our environmental responsibility we continuously aim to reduce carbon footprint, he said.



‘It is critical that our fleet is up-to-

‘Failure to fully understand the effect of high crew turnover will ultimately effect the product, reputation and safety of our managed vessels.’

Per Bjornsen,
V. Ships Leisure

date with the latest environmental requirements in order to keep the environment clean, ensure compliance, avoid violations and mitigate risks to us as ship managers,’ commented Bjornsen.

Many identified the difficulty in finding experienced crew that meet requested performance standards.

‘Strong knowledge of the latest technology, certification, polar codes etc. is essential and keeping up with such is a highly specialised task,’ remarked Rood.

‘Our crew retention is greater than 90% and as such we have a very stable pool of highly skilled and competent seafarers,’ noted Royle. He, and other executives said, it is important to support the families of seafarers in various ways. ‘Being able to supply highly trained, professional crews is key to our success so we place great emphasis in ongoing training and revisional programmes.’

All our respondents noted that

retention starts with recruiting the right personnel and pre-employment screening is a key focus.

Columbia, which runs an intensive cadet programme, remarked, ‘good employee communication’ is essential for business success. ‘We have open communication channels between employees and management established. Listening to employee feedback and addressing same is critical and achieved through ship visits, officer meetings, regular appraisals and seminars etc. When an employee leaves the company, we conduct an exit interview and address and record the reasons why the employee is departing.’

V. Ships Lesiure commented, ‘If new crew are fully aware of what is on offer, what we expect from them and ultimately what they should expect from us, then the likelihood of short term turnover is greatly reduced. No one likes ‘bad’ surprises and especially if you then working the next two to eight months away from family and friends in an environment that was totally unexpected.’

FleetPro’s Rood suggested, ‘probably our largest retention effort is through training and support. Making crew’s live onboard as comfortable as possible will provide the best in guest satisfaction as well as retention.’

Bjornsen stated, ‘Crew retention is and always will be a challenge, no more so than for a ship manager working with a large number of owners all of whom will have different views, policies and concerns when it comes to crew continuity.

‘At V. Ships Leisure we fully recognise that in a competitive sector such as the cruise industry, retaining talent has to be a top priority, failure to fully understand the effect of high crew turnover will lead, not only to unnecessary waste in time and resources, but will ultimately effect the product, reputation and safety of our managed vessels.’ •



Crew retention is always a challenge