

Discussion Forum No. 2: Performance and Enhancing Subs

Reported by: Donald V. Gale

Panelists:

Jim Berulis – Trinity Yachts

Andy Gifford – Larry Smith Electronics

Stuart Robinson – Robinson Marine Interiors

The timely execution of and customer satisfaction with a yacht project is contingent upon understanding and efficient interaction among subcontractors, the shipyard and project managers. Yacht subcontractors frequently being of European or Western Pacific nationality as well as American, differences in language and inflection as well as cultural mores can hinder communication. Personality types are prime considerations even among all-domestic team members. Citing the current U.S. immigration climate, Mark Donohue, Derecktor Shipyard, stressed the need by any employer of immigrants to ensure clearance of all affected employees with U.S. Citizenship and Immigration Services as problems herein can impact schedules.

The character and range of subcontracting activity on a project falls between two extremes. In the horizontal model, the entire job is subcontracted. I have read that Italian shipbuilder Fincantieri approaches this paradigm. In the vertical model, all work is done in-house by the shipyard. Projects generally fall between these two paradigms. Delta Marine, for example, tends to use subcontractors less than most builders, preferring most functions to be performed in-house, according to project manager Doug Greason. Meanwhile, Trinity Yachts, while adhering to no overriding rule, most often subcontracts all painting and all interior furniture. Some of the aluminum structure may be sublet, with subcontractors used elsewhere according to project needs.

Performance enhancing subcontractors communicate clearly, anticipate problems and are proactive in applying solutions, update the yard regularly on the status of the work under their cognizance, are available for assistance to the yard and Owner and deliver quality products and services on time. Stuart Robinson, Robinson Marine Interiors, cited protocol, lines of communication between contractors and the yard, efficient scheduling methods and timing as key considerations in ensuring performance among multiple disciplines of a project. One delegate from the auto industry suggested greater use of collaboration tools, especially software, by the yacht industry, such as those used by auto manufacturers in alleviating supply and demand peaks and valleys through subcontracted material suppliers. Stuart mentioned that his company has recently adopted a task-dedicated project planner together with up-to-the-minute scheduling software for yacht interior contracts.

Methods of retaining subs vary. While they can work for the building yard or directly for the Owner, the shipyard ultimately drives the build schedule. With reputable U.S. shipyards backlogged several years, desiring to avoid down time and lay-offs, build slots tend to be inviolate. Construction is strictly tied to receipt of incremental payment from the Owner. Thus, the onus is both on the yard to disseminate payments to their subcontractors allowing them to continue working, and on the subs to remain on schedule. Additionally, subcontractors need flexibility to reschedule their work due to unforeseen delays, to be available for pre-delivery tests of installations under

their cognizance, and to render post-delivery support if needed. Subs are also responsible in communicating their needs to shipyard management to be able to uphold their commitments.

With 30% to 40% of cost of a typical yacht less than 500 GT subcontracted, according to Trinity's Jim Berulis, careful screening and selection of subs is indicated. Citing what he called "The PIA Factor", Jim summarized how past performance in quality and schedule adherence figures in a sub's selection for a project. In addition to marine experience and commitment to post-delivery support, subs exhibiting behavior and ethic consistent with the shipyard's character and culture tend to be most productive. The yard's name ultimately being associated with the finished yacht, a sub's product and performance must make the Owner happy as well as profit the yard. Citing disappointment with a non-marine audio-visual contractor who didn't stand behind one problematic installation, Jim said that the Owner inevitably holds the shipyard accountable for final quality and remediation of post-delivery problems.