The Superyacht Owners Report

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OWNER

Bob Book, owner, 47m M/Y *Book Ends*

BUYER

Jim Eden

"There will be a dramatic change in the way boats are sold in the coming years. If owners can put it all together, what do they need? Just a lawyer to close the deal."

DESIGN

Luiz de Basto on record about plagiarism. Yachting sacrilege or an unavoidable by-product of form following function?

FLEET

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57%

The number of designers, captains and senior crew who have worked with an owner who has since left the industry.

OPERATIONS

Is the traditional role of the on-board engineer now redundant?

BUSINESS

George Gill, project director, *REV*, on the art of project management

"You hear about some people who build boats and they say, 'Here is the cheque, I'll come back in five years to pick it up!'."

TECHNOLOGY

Relight my fire

Retrofitting new LED lighting is easier said than done, it seems.

Lessons Learned:
Matty Zadnikar
outlines his formula for
hassle-free ownership

THE OWNER HOPING TO SEA A NET PROFIT

Matty Zadnikar grew up with boats in the traditional way by starting as a boy with a Zodiac RIB. Today, he is the owner of Mister Z, *a Benetti Delfino 93, and managing director of the co-ownership company SeaNet Europe. He set up the initiative based on the lessons he has learned as a yacht owner and his own business background.*

BY JUSTIN RATCLIFFE

"I come from the services business [he sold Z-Safety Services, a company serving the safety needs of the oil and gas industry, in 2013], which means you have to make sure your people are happy," says Matty Zadnikar, launching into a topic that is central to his approach to yacht ownership. "It might sound like a cliché, but that is especially true of your crew. As an employer, you have to create the right conditions for them to be happy and that begins by paying them fairly and regularly, which is by no means standard in our industry. I know of owners who can spend $1,000 on a bottle of champagne but may forget to pay their crew on time. I just don't understand how that can happen."

By his own admission, Zadnikar – known as Mr Z to his associates – is no ordinary owner. For starters, he holds a 500gt commercial ticket and likes to drive his own boat whenever he can. With an engineering background, he has no qualms about getting his hands dirty alongside his engineer. In fact, he employs two engineers, along with two captains, two chief stews and two chefs.

"Rotating my crew is all part of ensuring they have the right working conditions to be happy," he explains. "During peak season, they might be working day and night and the adventure can start to wear thin as they get older and want to settle down. So I offer them a 12-month contract with one month on, one month off. Of course, they're paid proportionately less but they have more time to spend with their partner or family. The result is that I attract more experienced crew who stay with the boat."

After selling his business, Zadnikar was able to enjoy more time aboard his newly delivered motoryacht and had more opportunity to chat with other owners. The three most common complaints to emerge from these discussions concerned running costs, management headaches and crew issues.

"Owning a yacht is a love-hate thing," he explains. "It's great in the summer time when you're using the boat but it becomes a money-eating machine in the winter when you have to carry out

"The only reason to be an entrepreneur is to make money, but you have to do it in a way that is acceptable and sustainable."

all the repairs and maintenance. You buy a boat to get away from it all but then you go aboard and the captain starts with all the management issues and it's like being back in the office. Then your crew join another boat and you have to start the recruitment process all over again."

Missing the buzz of business, Zadnikar began thinking. The Mediterranean cruising season lasts for around 28 weeks between April and October, but the most an average owner can hope to spend on board is seven weeks spread over the year. A simple calculation reveals that four co-owners would maximise the use of the yacht and significantly reduce both the initial investment and subsequent running costs.

"I've always enjoyed my work and wanted a new challenge," he says. "It was my wife who suggested doing something in yachting but I wasn't interested in just setting up the next dealership or brokerage house. The co-ownership model made obvious sense to me."

Zadnikar commissioned a market study of leading companies offering shared ownership programmes in the US where the concept is more widely accepted. This research led to a meeting with Mike Costa, who had founded SeaNet Inc. in 2003 based on the NetJets model.

"Mike invited me to join him on a client trip," recalls Zadnikar. "I decided there and then that I

wanted to copy and paste his business model into Europe with a co-owned company registered in Malta." Fractional or co-ownership initiatives for superyachts have met with limited success, but Zadnikar believes this is because investors have been too greedy, both in regards to their profit margins and the number of shares on offer. "It's very important to be transparent about things like VAT and maintenance. I want to be sure I've explained all the ins and outs of ownership up front."

Focusing on displacement models from Benetti's composite range below 500gt, Zadnikar put up *Mister Z* as the first shared vessel and plans to own a 25 per cent share in each of the first four yachts to demonstrate his commitment to the initiative (to date he has two co-owners for his own yacht, two more for a Benetti 95 in build and confirmation for a new co-owned 35m project). His personal goal, however, is to find a group of like-minded owners to build a steel explorer vessel to take around the world.

"I will never buy a yacht on my own again," he maintains. "Some people don't care how much it costs and don't want anyone else sleeping in their bed but, for me, shared ownership is smart ownership. You can enjoy the same superyacht experience and with the money saved buy a top-of-the-range Ferrari each year. The only thing you can counter that argument with is ego." **JR**