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Gulf Craft

Mohammed Hussein Al Shaali reveals how he is transforming his UAE yard's production to build a new 60m vessel

THE NETHERLANDS FOCUS | INDUSTRY INSIDER: SHIP TRANSPORTATION | YARD INSIGHT: STP PALMA

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CAREER DETAILS

Current role:

The son of a ship captain and a former UAE minister of state for Foreign Affairs, Al Shaali bought his first boat in 1978, which he imported from the USA. Soon after, he decided to build his own boats for the international market. The launch of the Adora 53 in 1992 set his business onto its current successful path, and in 2003 Gulf Craft's superyacht ambitions were finally realised with launch of the Majesty Yachts line.

Mohammed Hussein Al Shaali

Founder and chairman | Gulf Craft

Gulf Craft's Mohammed Hussein Al Shaali and Erwin Bamps reveal how the United Arab Emirates yard is transforming more than just its production line to build a spectacular new 60m vessel

ED SLACK REPORTS

It was set out as if they were embarking on the latest leg of an expedition; checking equipment, plotting their route, getting in shape for the next ascent. In the cosseted surrounds of the main saloon of their recently launched 155, mission leaders Gulf Craft's founder and chairman Mohammed Hussein Al Shaali and CEO Erwin Bamps, appeared undaunted by the scale of the task ahead – transitioning the UAE-based builder from its comfort zone of GRP superyachts into the rarefied atmosphere of steel megayacht construction.

The Monaco Yacht Show in September was the obvious setting to unveil its expansion plans that will see Gulf Craft first launch a new, fully composite Majesty 175, heralded by Bamps as a “natural extension to the 155 story”, followed by a Majesty 200 that will be built in steel. The fact that the 200, due for completion in 2020, garnered the most headlines after the show, tells you what a big deal this is for the builder.

In announcing the 200 the Umm al-Quwain-based

builder has effectively torn up its own script, a well-rehearsed mantra of sticking to what it knew – and it knew a great deal about GRP. So what's changed? And is Gulf Craft really ready for what is perhaps the boldest step in its 34-year history?

“To survive in this business you need to always think ahead, to what your customer will ask for in five, ten, twenty years,” says Bamps. “We will go where GRP takes us was what we used to say, but our customers were thinking further ahead than us.”

We're sat in the saloon of the 155 at the Monaco Yacht Show. The boat is owned by a Gulf client and in a few days will be making the short trip to its permanent mooring in Cannes. A second 155 is under construction and due for delivery next year.

Rewriting the script

The seasoned Belgian chief exec is a confident operator, his rhetoric polished almost to the point of slick, and yet beneath the precise analogies and metaphors of

change there's a humility that speaks volumes. It's taken the best part of two decades to build Gulf Craft up from a small also-ran boatbuilder in the desert into a superyacht player to compete on the global stage.

"To move from being a superyacht builder to a megayacht builder in four years is a tough call," admits Bamps. "It's a different challenge. We have time but the client doesn't."

The new script demands fundamental changes across the entire business. "It's not about the material you build in, it's about mentality, that's where the major change lies," claims Bamps. "Building megayachts is less of a technical issue, it's as much an organisational one – you have to engage with more subcontractors, more partners and suppliers... it's a different language when you get around the table, it requires a much more disciplined approach."

In January this year Gulf Craft drafted in the help of London-based management consultants Cornerstone to help reshape the business. Since then everything from service to manufacturing and human resources, has gone under the spotlight to ensure that the builder has the right people in the right place. Gulf Craft has taken on another 30 engineers and hired a further 15 staff to bolster its service division. It's also investing in new travel-lifts and upgrading its facility and ISO9001 accreditation.

"We're bringing in people from Dubai DryDocks, people who have worked on commercial vessels, tapping into their experience. They are shipbuilders, they bring a disciplinary approach to design – everything from piping to systems – all the offshore stuff required for shipbuilding."

Bamps remains tight-lipped about the scale of the



actual investment, least to say it is "considerable". It will need to be. Infrastructure is one thing, but that 'can-do' mentality could be tougher to engender among the 1,500 staff across its three sites in the UAE, and one in the Maldives, who now need to master a new mantra.

"We need to lift them all up, to develop a new division over time. We need new IT managers, and to put a lot more focus on engineering and technology. Steel is an engineering decision, not a strategic one. We need to leave behind the 'only GRP' way of thinking, to raise our ceilings. We don't want to be limited by shed size – or technology or our own mentality."

MODERN FACILITIES



Gulf Craft runs four manufacturing facilities - three in the UAE and one in the Maldives

Gulf Craft operates four manufacturing facilities – two facilities in Ajman, UAE, which also includes a service centre, a 9,290m² (100,000ft²) facility in the Maldives and a 42,900m² (462,000ft²) in Umm Al Quwain, UAE, equipped with a 150-

ton and a 500-ton travel lift and two launching bays. The company currently employs close to 1,500 people.

It currently builds 13 Majesty Yachts models from 48ft–155ft, four models of its oceangoing Nomad Yacht

range (from 55ft–95ft), Silvercraft fishing boats and family cruisers (six models from 31ft–40ft), and Oryx sport yachts and cruisers (four models from 27ft–43ft). It also builds a Utility Series of light commercial vessels.



Erwin Bamps (left) with Mohammed Hussein Al Shaali

Bamps interjects: “People demand from you the assurance of the future of the company – we need to plan our future with our customers. People know we have been here for 34 years and are here to stay, that we have stable management. Customers need personal stability in their own life, in their business and in their relationship with the boatbuilder – security is what triggers spending.”

Devil in the detail

If Bamps exudes the polished professionalism one might expect of an electronics engineer major and a veteran of the telecommunications industry, Al Shaali is much more the romantic, bringing the sort of elemental approach that comes from a deep-seated understanding of industry and what makes people, and in particular boaters, tick.

The son of a ship captain who plied his trade transporting goods to Africa, and the UAE’s former minister of state for Foreign Affairs, the sea held an allure for him from an early age. “As a little boy the only thing we could see in front of us was the sea. I’d spend my time imagining what was beyond the sea; how to cross the horizon.”

Al Shaali bought his first boat in 1978 – a Bayliner 21 with Volvo inboards that he imported from the US. He would buy another two years later.

“I was working for the government at the time and

What has made the company continue to grow, despite the tough times of recent years, is that our customers trust us

it cost a fortune to ship the boat from the US.” The entrepreneur in Al Shaali glimpsed an opportunity to cut import costs by building in the Middle East. It would be easy: or so he thought.

“I spoke to friend, teamed up with a US company to help. We bought the moulds from there, but we had no clue they were bass boats – so not for the region! We learned the hard way the details of this business.”

The devil may well be in the detail, but Al Shaali’s vision was clear from the start – to build boats in the UAE for the international market.

From modest beginnings producing 14-foot runabouts for the region from its 20,200m² (218,000ft²) facility in Ajman, it was the launch of the Adora 53 in 1992 that altered the trajectory of the business and set it on its current path. The Majesty 88 was launched in 1997, followed four years later by the Millennium 118 – sold to a US client – the builder’s first boat over 30m. But it was two years later in 2003 that the builder’s superyacht ambitions were given true definition with the creation of the Majesty Yachts line.

Excluding the new 175 and 200, there are now 13 models in the Majesty range, seven of which are over 30m (100ft). Gulf Craft also builds its Nomad range

Bamps’ enthusiasm for the new era is infectious. “I’ve no doubt we can pull it off, but we’re conservative. We prefer to walk not run, to maintain a good pace.” But in a consumer-driven world, time is no longer a luxury that Gulf Craft or other players have if they are going to take a seat at the top table.

“Convincing people on the inside of the company has been trickier. Customers are the ones who have been most certain of our project – they have been the ones pushing us.”

Solid foundations

Bamps’ faith in the new project is well founded. Ever since the Al Shaali brothers – Mohammed, Abdullah and Jamal and their friend Dr Mohammed Hamdan – decided to open a boat yard in the deserts just north of Dubai in 1982, making a success against the odds has been written into the boatbuilder’s DNA. That’s down largely to one man and one word.

Mohammed Hussein Al Shaali joins Bamps and me in the saloon of the 155. He’s keen to point out that the bedrock of the company is trust – both among its employees and most significantly among its 9,000-plus clients.

“We’re not making decisions because of general market trends, we’re making choices because clients are giving us deposit cheques. I used to think that our main asset was that we built GRP in the desert, that we did everything in-house, which made us flexible for an affordable price. But what has made the company continue to grow, despite the tough times of recent years, is that our customers trust us.”

That’s not to say Al Shaali and Bamps’ faith has not been tested. In 2008, when the global economic crisis hit, the company lost around 50 per cent of its big boat orders pretty much overnight, forcing the company to draw on its reserves. Being self-financing is, Al Shaali believes, a vital component to the yard’s success. “Having no debts in 2008 really helped us, it enabled us to re-engineer the company,” he says.



The Majesty 200 will be built at Gulf Craft's facilities at Ajman



of explorer-styled yachts, its Silvercraft line of fishing boats and family cruisers, and Oryx range of sport yachts and cruisers. To date it has launched around 9,000-plus vessels, building around 300 boats annually.

Taking ownership

The facilities, models and scale of ambition may continue to grow, but the heart of the business remains resolutely familiar. Despite employing 1,500 people it

We're restructuring the company, but not to produce more paperwork. We want to make it tighter, to make people more responsible

remains a relatively small, tight-knit operation. "That's at the expense of management," says Al Shaali. "You can be more precise with a fewer number of people. You get larger, things get lost. There's no reason customers should pay for the luxuries of someone else."

But the business must surely become more complex as it grows? "We're restructuring the company but not to produce more layers and paperwork. We want to make it tighter, to make people more responsible." Al Shaali wants his staff to take ownership. He trains his crosshairs on a pet gripe to make the point – email. "Email is used as an excuse not to do things, 'I sent an email, I did the job'. It's not the same."

Keeping such fundamentals close can only be a good

thing, because the clients too have changed. That they are more demanding than ever is a given. But the Middle Eastern builder now has to offer custom solutions to buyers globally – 20 per cent of its business now comes from Australian clients, 20 per cent from Europe and 10 per cent from Asia. It is now setting its sights on the US too.

Both men concede it has not been an easy journey and accept aspects of the business need leveraging. According to Bamps the company doesn't spend enough time or money on marketing, relying on the quality of its dealer network and word of mouth to sell its wares. It also needs, as with a majority of builders, to take service to another level: "We need to redefine the level of service we are willing and able to give," admits Bamps. "We need to see servicing as something different, to create a unique division. Service needs to be a profit centre not a cost centre." Maintenance contracts are largely unknown in the Middle East and Asia, but the two men know service is becoming strategically important: "The core is not the product but the experience," says Bamps. "We used to focus on the product – we saw it as a simple lifecycle. Now we're trying to see it as an end-to-end experience, to an obligation from before we start production to far beyond when the product is sold."

Engineering for the 175 has started with naval architecture and exterior styling being undertaken by Yankee Delta Studio in Italy. A buyer is still to be found but construction will begin soon – the client for the first 155 was found halfway through its build. As for the 200, the engineering and naval architecture by Mulder Designs is complete and construction will start once a buyer is confirmed.

With each step, with each model launch, the Gulf Craft expedition gets closer to its cherished goal. Building a global brand from the desert was never just about building bigger and bigger boats. What Al Shaali, Bamps and Gulf Craft are looking to achieve is something far more elusive – value.

"Size is not the issue," says Bamps. "We want to build the value and the quality – we want to produce the highest quality yacht at a reasonable price."

In the sumptuous realm of the 155, a relaxed Al Shaali has the final word: "In five years we want people to talk about how we evolved in our quality, not our size. That is the only way for us to succeed." **SB**