

# Successful Charter Boat Ownership

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For Members and friends of the Bellingham Yacht Club who are considering putting a boat in charter.

*During the summer of 1993, I put my 43' Tollycraft aft-cabin motoryacht into charter service. Since then, I have been involved also in charter boat check-outs (I am a licensed skipper) and I worked for a time as a boat broker, placing several of the boats I sold into charter service. For a while, I ran a charter company. As a result, in addition to seeing my own boat first hand, I have been able to study other charter boats, too, to learn from their experiences. I believe that anyone considering chartering out their boat might be able to profit from my observations.*

## THE EXPERIENCE OF SKYLARK II:

First, a word about my own boat: it wasn't new! Built in 1980, called a 1981 model, it had over 4,000 engine hours. It was hull #7 of the series. Judy and I bought it in 1989, and for three years used it only ourselves. Although we kept her pristine, and very well equipped, she certainly wasn't "sexy". She cruised at a modest 10 - 12 knots, a traditional vessel.

When I knew that voluntary commitments would limit my usage for two seasons, in 1993 I decided to put SKYLARK II out to charter where she stayed for eight years. In the first year, my boat got eight weeks of charter time, most during July and August. Not only did I get the revenue, but in all cases the charterers had a great time!

Over the years there were four mishaps: one charterer wrapped the dinghy line around the prop when he decided to tow it, and another dinged the starboard prop which then had to be replaced. A charterer "touched bottom" and put a \$100 scratch in the bottom, and another backed over a shore line, wrapping it around the prop. Because of careless spills, our carpets needed cleaning after one season. In these cases, the charterers paid the costs themselves, either directly or out of their deposits with the charter agency. Any of these things could have happened

to me...

In 1994, my first "serious" year, the boat had ten weeks of charter, grossing over \$26,000. There were no mishaps of any kind. In 1995, it was 14 weeks. In 1996, we cruised Alaska and offered limited skippered charters, and we still had ten weeks that sold. In 1997, she had 13 weeks. In 1998, she had eight weeks' use, and in the 1999-2000 period, she got 10 more weeks as we used her more ourselves.

Counting only the seven 1992-1998 years, we netted \$129,165 income

Our success with chartering evolved and it became an important part of the economics of our boat ownership. Because of chartering, we owned more vessel than we could otherwise afford, and lavished care upon it!

## WHAT IS THE SECRET?

Why did SKYLARK II get ten weeks or more charter time, when another boat may have gotten four? Why did many of the same folks re-hire the boat each year? We had an 80% repeat rate.

I think that there are several reasons. Most important is that **we learned that we were not in the "charter" business, we were in the "hospitality" business!**

When patrons come thousands of miles to "stay aboard" a boat, they have the expectation that it's going to be fun and interesting, relaxed and cheerful. We did everything we could to make them feel at home, doing our best to "walk in their shoes" whenever there was a problem.

Let me give you some examples of how our attitude manifested itself:

***We didn't sweat the small stuff.*** Most all the customers did their level best to care for our boat, and when minor mishaps occurred such as a lost fender, a missing fork, or a damaged line, we

didn't make a big deal out of it. If a larger item was damaged or lost, we shared the replacement cost. After all, we make mistakes, too.

***We tried very hard to prepare customers for their charter.*** We had a thorough, illustrated manual sent to them about a month ahead of the charter to familiarize them with *this particular boat*.

***We make the charter of the boat as "personal" as we can!*** Judy and I had welcoming notes, a guest book, and a few other personal touches aboard so our customers were reminded that this vessel was ours, our pride and joy. It's wasn't just a "rental boat", it was *SKYLARK II*.

***We remembered that it was the "little things" that made the boat "special".*** We let them use a lot of stuff, like the spices and paper plates, saying simply "if the stock's running low, please let us know or replenish it." We had things like shop towels in the engine room, a great supply of spares, well-organized manuals for everything, and lots of things to make the trip fun: a big CD library, lots of videotapes, games, books, good charts, etc. The payoff: Almost everyone called our boat "the best charter they've ever had!" (Face it: This is an older boat. *Service* is the best way for us to compete.)

***We've decided to treat our charterers as if they were "just like us",*** friends to whom we were lending the boat! An example of this could be our engines: we told people what wide open throttle was, and told them to run at cruise speed or lower unless they had to go faster. No "throttle blocks" on our boat.

***Finally, we quickly "compensated" anyone who had a problem caused by the boat.*** In all those years, twice the boat had a mechanical problem of its own that caused inconvenience, and wasn't an easy fix. In both cases, I could have fixed it in an hour or so, but my charterer wasn't as handy as I was. In each case, I gave them a refund of a pro-rata day, so that they would have a positive impression of my concern for them. The payoff: one of those families used our boat eight weeks in the following years, while the other also re-booked the following year.

***I would rather have had a happy, repeat***

***customer at a small discount than an angry, bad-mouthing, full price one.*** We always remembered that "even though the customer isn't always right, he's always the customer."

If you think I'm a stickler about this, you're right. My observations led me to conclude that there are two reasons why particular owners have trouble chartering boats: (1) They try to give the customer as little as possible or (2) They think that if a charterer has a little trouble of some kind, that it is important to quickly establish whose "fault" it is! My experience is diametrically opposite to this last observation: in my experience, *our customer became good friends, and great references, and really care for our boat!* (I am editing this in the fall of 2011, and just this summer I ran into one of my customers from the '90's. He was aboard another charter, this time a Grand Banks 42, still a friend, recalling with a smile his time on *my boat*.)

***Don't get the wrong impression!*** As I look over what I've written, it might look as though we don't care much about damage. **WRONG!** We do. We remember the scratched bottom from a fellow cruising the Octopus Islands who ran, dead slow, in water with one rock too many; and I sure felt bad about the fouled dinghy line that caused one charterer to spend days in Lund while a shaft was straightened. In both cases, the users were contrite, caring, and responsible. (The fellow who ran over the dinghy line hasn't done it again, and he had six more weeks with us since that time in 1993! He and his kids, now living in Idaho, are still good friends.)

Was I stressed then? Sure. But I only got \$100,000-plus dollars in compensation for the stress over those profitable years!

***I hope this has been helpful!*** As you can tell, chartering has been great for us. And I still have relationships with several charter companies writing manuals and training. I'd be glad to talk to you anytime you're in Bellingham. Email me at [joejudyc@comcast.net](mailto:joejudyc@comcast.net) or call (360) 739-1528.

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