

The Usual Suspects

**Charter Boat Ownership
4th Year Anniversary Report**

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4th Year Anniversary Report

Time Flies!

I still sometimes shake my head when I think back four years, to the time when I bought *The Usual Suspects* over the Internet, sight unseen. I think of how nervous I was, wiring money to strangers in foreign countries, acting on e-mails I had received, dealing with bureaucrats, and hoping that it was not a scam. I still vividly recall the excitement and disbelief when I sailed her for the first time. That all seems like yesterday.

Since then, charter guests have failed to trash, sink, beach, or scuttle her. The boat remains in excellent condition, and despite a difficult financial year in the travel industry, the program remains financially solvent. I enjoyed two spectacular trips on her last year, which is really what this whole thing is all about.

Financials, Or Lack Of

It was not a pretty year in the Caribbean travel industry. Nearly everywhere you looked, there was some indicator of a general lack of business. The Boat Boys were complaining, as were the shopkeepers and the restaurant owners. Lambi was even forced off his throne to conduct the Limbo Show himself.

Gross revenues from bookings of *The Usual Suspects* were 26.3% of target, the worst of the four years she has been in operation. Here's why. It seems that some guy named Saddam managed to convince Americans to remain in their homes. Travel from the USA was virtually nonexistent during the peak season, and that made a huge difference to the bottom line in the Caribbean. My operation simply went along for the ride.

Through some not-so-careful planning of owner-time, I booked her for three weeks during Christmas, as well as a prime period in April/May. I violated the very lessons I had learned the year before, however it was not apparent last fall when I made the plans that the year would be as dry. While these two blackout periods would not have turned this season into a winner, every little bit helps.

Operating expenses at 73.7% of budget continue to reflect prudent cost control and management by *Barefoot* without compromising the condition of the boat. I continue to be very pleased with the excellent condition of the boat. Chief Engineer Vergil takes a very proactive approach to maintenance, and routine items are replaced before they break in the hands of charter guests.

However, the key figure is the total operating profit, the ultimate measure of financial success. As you would expect, there is no way this figure is going to win any awards when your gross revenues are at 26.3%. As a result, my account finished the twelve-month period in the red, and not by just a little. I am not alone, as many other segments of the Caribbean travel industry are in the same boat. These have been unusual times.

The only consolation is that I have very healthy summer and fall bookings, the best ever. Given that I will not be using the boat until the New Year, it is entirely possible to recover from this year within the next six months. I have had several discussions with *Barefoot*, and this year we will jointly plan to focus more on the financials in an effort to compensate for last year.

Wear and Tear

I keep a very close watch on whether charter use results in measurable wear and tear on the boat, and determine if revenues fail to finance repair and refurbishment. Repair costs due to wear and tear continue to remain in check.

1. **Damages and loss caused by Charter Guest** – For the fourth year in a row, I have seen no evidence of damage or abuse, either in the form of breakage, or a large repair bill. The last time I used the boat in April/May, all inventory items were present and accounted for, and the boat was in fantastic shape!!!
2. **Wear and tear of replaceable items** – This year, I stayed well within budget, and replaced/repaired only a few major items. That's it.
 - ❑ Water Heater – a new water heater replaced the original one that had finally given up the ghost. The new unit is larger and produces a ton of very hot water. There is nothing like a hot shower at the end of the day!!!
 - ❑ Refrigeration – *Barefoot* completely refurbished the refrigeration system, and I was very impressed by how cold the beer was on the last trip.
 - ❑ Annual Haulout – the light bookings enabled us to delay the annual haulout until December of last year. As a result, it might be possible to avoid the cost of another haulout this fiscal year, and perhaps use those savings to improve this year's bottom line. We will see.
 - ❑ Dinghy – after three and a half years of dedicated service, my fancy *AB3.6* dinghy disappeared. Two days before I arrived for the December trip, it was gone. *Barefoot* replaced it with another “*AB3.6*” they had acquired, although it was not really an *AB3.6*. I joked that we could stencil “*AB3.6*” on the side and no one would know the difference. The replacement model is nowhere near as fancy, however it does plane better and thieves are less likely to steal this one.
 - ❑ Batteries – I went through two batteries this year. Battery life in the charter business is not long, however this was unusual. It turned out that the real problem was a loose wire connected to the alternator, so the batteries were never fully recharged. Batteries become useless if their total voltage dips below a certain level, and it looks like this happened. The alternator wire problem has been corrected, so I do not expect any further problems here.
3. **Wear and tear of non-replaceable items** – Wear and tear items that accumulate and slowly cause the boat to look beaten up include gelcoat damage and scratches, dents and scratches to the cabin woodwork, staining due to salt exposure, and fading due to sun. The complete refurbishment I elected to have done last year continues to pay off, as the boat looks great. The boat was hauled last December and the hull was cleaned and repainted. *Barefoot* continues to vigilantly conduct gelcoat repairs for scratches, so the boat looks new and shiny. When I saw her in April/May, I was very happy with it.

I have observed what happens to boats that sit idle in the southern latitudes. The sun and salt takes a very heavy toll on everything. Mould, mildew, and a whole variety of things grow everywhere. Ultraviolet light from the sun wreaks havoc on things sitting still. I am thoroughly convinced now that it is better to have charter

guests using the boat on a regular basis, and financing the replacement of wear-and-tear items, than to have the boat sit idle.

Incidents and Other Perils

There were no major incidents to report this year.

Only one tropical storm threatened *The Usual Suspects*. Interestingly enough, it occurred while I was down in the British Virgin Islands on *Dudes Cruise 1*. While I sat on the balcony of my hotel at the *Sunsail* base watching their staff strip the boats and prepare for the possibility of a storm, Tropical Storm Lili was forming to the west of Barbados and picking up steam. On the evening of September 23, it passed directly over my boat, just a few knots short of Hurricane 1 status. *Barefoot's* storm moorings and preparations weathered the storm perfectly, and as a result, I have even more confidence that we could survive a Hurricane 1, or even a 2, without problems.

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Readership continues to be strong and I still receive e-mails from people planning charters in the region, as well as reports from those who had a wonderful time. The Grenadines and Boat Boy materials were updated again last spring. Guest articles were again featured. I intend to keep adding to the material and improving the quality as time permits, however I am considering updates every other month instead of every month. This consumes a lot of time.

Is it Still Worth It?

Ok, I've been at this for four years. I have experienced a tedious and nervous first year, a slightly better second year, a blockbuster third year, and now a financially disappointing fourth year. Is it still worth it?

Absolutely.

I seriously enjoyed the two trips. Christmas in the Caribbean was a magical event, and *Dudes Cruise II* was a blast. The boat remains in excellent condition, and despite the shortage of bookings, I remain satisfied with *Barefoot's* management of my boat.

The financial results this year have in fact caused me to rethink the answer I might give when asked about the real reasons for keeping a charter boat in the Caribbean. I am not convinced that there are any major long-term financial benefits. Instead, I firmly believe that it is the best way to have a boat in the southern latitudes – the charter company takes good care of the boat, and that the revenue will at the very least keep her well maintained. So, if someone is expecting to make a killing in the revenue department, it is time to re-think the strategy. If someone is expecting to have a boat in the Caribbean, have it maintained to a point where it is not a worry, and enjoy the thing several times a year – then this is the program to be in.