

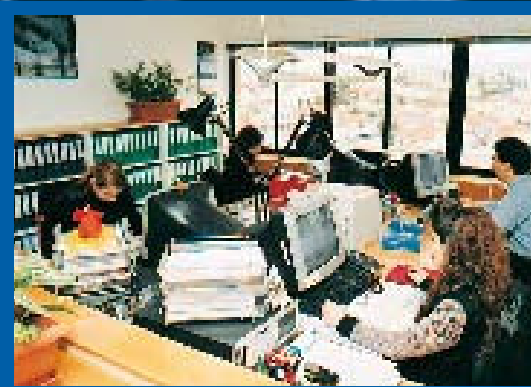
Maritime Leisure Group: Onboard Service to the Cruise and Ferry industry



BY PHILIP DAWSON

All that makes up a cruise ship or ferry product beyond the ship herself, from defining the operation itself, assembling a crew, providing the hotel and hospitality services, maritime hotel and staff training, computer software systems and shoreside support, are facets of the passenger shipping industry serviced by the Maritime Leisure Group, an international enterprise covering a unique integrated one-stop resource to the shipowner, cruise or ferry operator.





Maritime Leisure Group is a closely integrated group of 19 companies and business entities strategically located in various countries around the world to provide the shipping industry with the most appropriate, timely and cost effective onboard services possible. Among the key points of Maritime Leisure Group's comprehensive mission statement are the operation of ships in a safe, clean, environmentally protective and profitable manner; to constantly innovate, seek out new ideas and concepts and apply these in practice, to invest in people through training and personal development programmes, and perhaps most importantly, to always listen to the client and be driven by their requirements in the pursuit of delivering quality products and services to specifically meet their needs. It is also part of Maritime Leisure Group's mission to maintain their reputation as caring employers.

Structure and organisation

The company head office is located in Salzburg, Austria, where it was founded in 1989 as The Institute of Maritime Hotel Management. Greatly expanded and diversified from its original primary role as a maritime hotel academy, the corporate structure is now supported by offices in Cyprus, Russia and the United Kingdom, with various other operationally related holdings and business entities strategically located to support Maritime Leisure Group's various activities around the world.

The Maritime Hotel Management Ltd office in Limassol, Cyprus, is a key operations centre for many of the onboard services provided by the company around the world as well as a branch of the Maritime Hotel Academy and site of several other holdings. Accounting, personnel processing and IT activities are also handled here, along with entertainment development facilities, costume production and creation of new features. This location offers significant *offshore* business advantages in the areas of taxation and the flexibility to work internationally with minimum jurisdictional or financial constraint. Maritime Hotel Management Ltd's Russian operations and education facility in St. Petersburg, established in 1992, also handles crew

training activities and the recruiting of hotel and entertainment staff. Dancers and performers from the Mirinski Theatre, formerly the Kirov, are hired and trained here, for their unique role as performers of classical ballet aboard ship (see our accompanying story, *In praise of TOPAZ*).

Maritime Leisure Ltd, London UK is located in the prestigious Lloyd's head office building in the heart of The City's financial and shipping industry hub. This serves as a veritable "front office" to the entire group of companies. Here, within the global infrastructure of British business practice and law, is where legal and financial matters are handled and business is done with many the world's leading shipping companies, including much of the extensive work done recently with NorthLink Ferries and Smyril Line.

Services

Maritime Leisure Group offers a complete range of onboard and management services to the passenger shipping industry. A client can in effect bare-boat charter a vessel or order a newbuilding and place virtually the ship's whole operation, from product definition and development to crewing, commissioning, training and full hotel and hospitality operation in service, in Maritime Leisure's capable hands on a turnkey basis. The company's activities are organised under a number of specific specialties:

Education, training and conferencing: These are a significant part of the group's core activities, originating from the Institute of Maritime Hotel Management's founding. The specific shipboard practice skills, safety, environmental and hotel management training provided today by Maritime Hotel Academy in Salzburg and by the Academy's affiliates and licensees provide the service-minded approach and management skills required by today's highly competitive and significantly customer oriented cruise and ferry products worldwide (see

also our accompanying story *The Academy*). Scholarship sponsoring from the Marine Hotel Association in the United States, plays an important role in bringing Academy education to more than 30 of the world's most prominent cruise and ferry lines.

"Education, training and conferencing are a significant part of the group's core activities."



The outlook towards cruise ships in the Mediterranean from Limassol's Sea Front Promenade (opposite) keeps Maritime Leisure's Cyprus staff (above) in touch with their work milieu and provides a nice place to relax and enjoy the scenery during the lunch hour.

The multi-company courses and various human-resource-oriented conferences arranged by the Academy provide valuable forums for exchange of information and knowledge within the industry.

Since 2001, The Academy has entered into an alliance with Lloyds List Events and Informa UK Ltd as co-organisers of the Cruise + Ferry conference in London, where Maritime Leisure's own conference is now part of the biennial Lloyds event as Maritime Hotel.

Hotel Operations: As the logical progression from their education and training specialties, Maritime Leisure's hotel services operations cover a broad range of activities from shipboard staffing, food and beverage, housekeeping and concessions contracting to maritime hotel management and full turnkey hotel and hospitality operations. This includes also recruiting of well-trained and professional staff and management personnel, who are fully oriented to the operations they are hired for through familiarisation processes backed up by comprehensive and regularly updated Operational Procedures Manuals. Supporting management tools include functional and financial communications and reporting structures, providing a solid basis for decision making, financial management and risk analysis.

Maritime Leisure's vast knowledge and experience in onboard passenger services is the basis of the company's innovative approach to the development of products such as the all-inclusive cruise concept on THE TOPAZ, with its open dining and unique dinner theatre entertainment feature developed for Thomson Holidays. This approach has become an industry reference, setting the standards for a general

de-formalising throughout much of cruise business, including other partners of Thomson/TUI, as well as for products such as NCL's Freestyle Cruising, A'Rosa and P&O's Ocean Village. Working in close collaboration with NorthLink Ferries, Maritime Leisure is also developing new and innovative approaches to lifeline services in the Northern Isles, introducing exciting new hospitality and tourism options to these once-mundane operations and opening up innovative commercial possibilities for them.

Entertainment: Maritime Leisure has a unique talent for combining entertainment features such as production shows, music and various themed events with other aspects of the cruise or ferry product such as food and beverage, shore excursions and various leisure and recreational activities to produce a unique and memorable experience for the passenger. Maritime Leisure has the experience to develop and mount its own productions and to work with entertainment providers to integrate their shows and features with other aspects of the onboard hotel and hospitality offering. Apart from creating a uniquely themed and choreographed experience for the passenger, this also has the valuable spin-off effects of being conducive to increased spending for beverages, shore excursions, merchandise and other extras, ultimately increasing the voyage's profitability for the ship owner or service operator.

Software: From the earliest days of the company's operation, Maritime Leisure's management identified the need for property management computer software designed to meet the specific needs of shipboard hotel operations. Finding that no suitable product existed on the computer software market, Maritime Leisure ultimately designed its own tailor-made system, created by accredited consultant IT professionals for the Microsoft Windows platform. The system provides integrated processing for shipboard inventory, purchasing, cost control, POS, central billing, cabin yield management, shore excursion and personnel management including payroll. The software was initially installed only on Maritime Leisure-managed ships, but with the help of Academy delegates trained and experienced in its use, was later sold to a number of cruise lines.

Maritime Leisure initially had no plans to become a software vendor owing to the requirements for an extensive technical infrastructure needed to support the product on the open market. As there is still limited competition in this specialty against the need for software of this type, the option remains open if a business arrangement could be made with suitable IT partners for product support, training and further development.

Marine Operations: Maritime Leisure offers a complete *one stop* service to cruise ship and ferry operators through partnership arrangements with leading marine operations companies. The customer thus benefits from the advantageous insurance premiums, lower fuel prices and other economic benefits of working through established partners with existing trading networks and greater buying power. While marine operations are subcontracted to partner specialists, deck and engine crewing, ship commissioning, surveys and other related tasks are handled by Maritime Leisure's own operations staff. The complete service provided by Maritime Leisure opens new possibilities for tour

Maritime Leisure's Cyprus offices occupy the top floors of this building overlooking the Sea Front Promenade and the Mediterranean in Limassol.





Mike Louagie's camera captures some of the people and their various day-to-day activities that are the life-beat of Maritime Leisure's Limassol office.



operators, airlines, railways and other organisations with no shipping experience of their own to safely and securely enter the cruise or ferry field on a fully supported basis.

Tour Operations: This is a relatively new venture for Maritime Leisure, developed as an offshoot of the company's extensive product development, hotel management and marine operations work with NorthLink Ferries. In 2002 The Shetland Touring Company and Orkney Tours were brought into the Maritime Leisure Group, to develop an exclusive range of unique tours, excursions and other land packages to be offered as part of the NorthLink product. These will be expanded with further offerings creating sea-and-land touring opportunities bringing together the services of NorthLink and Smyril's new cruise ferry NORRÖNA, with mainland connections to Scotland, Denmark, Norway and Iceland. The acquisition of these companies and the new business opportunities creates a strong sales and administration infrastructure and has already tripled the forecast revenues of the original two companies. These developments create a structure and a business reference for Maritime Leisure to pursue other initiatives in these directions world-wide.

Shoreside Support: All of Maritime Leisure's operations at sea are fully backed up with support from the company's strategically located offices and support facilities ashore. Experienced management and technical staff, including IT specialists, are available around the world and around the clock to ensure continuing smooth operation of the onboard product and a seamless integration and cooperation with all supporting services provided from other sources. In the specialty of food and beverage, this includes direct storing to the vessel by consolidated cargo carriers of precisely the right amounts of provisions delivered when needed, without Maritime Leisure or its operations partners themselves having to carry stores.

Group background and development

Jürgen Scharkosi started his first shipboard hospitality school during 1989 as The Institute of Maritime Hotel Management in his own home city of Salzburg. Initially, he worked through his contacts at the Klessheim Hotel Academy to collaborate with them and using some of their facilities. He had already written various manuals, procedures and articles while at sea, partly in the line of duty and partly on his own initiative as a spare-time endeavour, sending these to his contacts in Austria, where they were published and already being used by the Klessheim Academy.

Located in the heart of Salzburg, Klessheim is one of the country's many municipally-operated schools, of which Jürgen himself is a long-standing member. It was at the time housed in the Kavalierhaus Schloss Klessheim, from which, of course, it takes its name, and the adjacent Winter Palace, built as seasonal accommodations that could be more easily heated than the Schloss itself. The magnificent classic architecture of these buildings featured appropriately in much of the early visual material used to promote the Academy, and is still the venue for various group and graduation photos.

In 1990 Jürgen attended a function held by the

Miami Hotel and Catering Association, where he informally enquired if the Marine Hotel Association could use the services of his newly-opened Academy in Austria for the Miami-based cruise industry. He was told that the Association's directorate was meeting that same day, and that they would discuss his request. Jürgen was invited to the meeting where he made an 'off the cuff' presentation of his Institute of Maritime Hotel Management's specialty in training shipboard hotel personnel at Klessheim. For two years the Marine Hotel Association were looking for an institution that could offer precisely this type of service, and had approached several American universities, including Cornell, offering financial assistance for them to develop educational programmes of this sort for the cruise industry. After being thoroughly grilled by the Association's directors that afternoon, a business arrangement including scholarship sponsoring was agreed with Jürgen on a handshake.

The experience of this development showed that his Academy was indeed the first of its kind in the passenger shipping industry. While there have long been other institutions such as the Bisphan College in Blackpool, England that provide hotel courses and train people for shipboard work, none was exclusively geared to the needs of the shipping industry and to providing the greater diversity of education and management studies offered at Maritime Hotel Management. There were a number of schools for deck and engine ratings, but the cruise lines for the most part had to do their own hotel management and hospitality training

Maritime Leisure was offered the opportunity to develop its Academy in the United States, where the greatest part of the cruise industry is based. The company, however, preferred to retain the Academy's European centre and affiliations. Beyond its teaching and training roles, the Academy began to foresee the need for a range of other supporting services, as the industry was becoming more sophisticated and introducing ever higher levels of service and hospitality. During 1992 the Academy's growing range of activities were organized into a group of companies under the umbrella identity of Maritime Leisure Group, offering various services in shipboard hospitality, hotel management, crewing and software.

Jürgen points out that the "hospitality factor" really started to be introduced in ferries trades around 1991-92, when large vessels such as SILJA SERENADE began introducing higher quality gastronomy and more diverse dining options, professional entertainment and additional services such as specialty shopping, shore excursions and land programmes for round-trip mini-cruise passengers, along with advanced facilities for business groups and confer-

ences onboard. Although FINNJET and a few other large ferries had introduced higher levels of comfort and service as far back as the 1970s, it was SILJA SERENADE, with her spectacular design featuring a five-deck-high horizontal atrium, that ultimately set the standard for everyone else to follow.

There represented a general move away from the *boarding house* standards of ferry service, with the wash basin located in the cabin itself and of the towels being placed on top each passenger's bunk before the beginning of the crossing. The industry also started

“From adversities come the opportunities to pro-actively develop new strategies, solutions and products...”

to get away from the canteen and working-persons club style of food and beverage service, adding entertainment and greatly improved shopping and other services.

Maritime Hotel Management Ltd's St. Petersburg office, opened in 1992, helped many citizens of the original fifteen Republics making up the Soviet Union seeking shipboard work through its resources to resolving issues of nationality so that they could secure passports. Many of these people were, for instance, born to parents living in parts of the USSR outside their native lands, who were not recognised as nationals of other nations where they had grown up, gone to school, worked or were living when the Soviet Union was dismantled. They had to be given assistance in establishing their nationalities and in securing passports and other necessary documentation before they could travel to take up work aboard ships.

After the dissolution of the Soviet Union in the early 1990's, Maritime Leisure won its first contract to develop hospitality services for the cruise ship KONSTANTIN SIMONOV for Baltic Line, formed as a partnership between the former Baltic Shipping Company and EffJohn. This was one of the five-ship DIMITRI SHOSTAKOVITCH-class ferry/cruise ships built in 1982 by Stocnia im Szczecinska. As greater numbers of people started travelling to St. Petersburg and other Baltic ports in the early 1990's, the ship's service was upgraded to Western standards for a programme of four-day summer cruises to Russia and the Baltic States from Helsinki and an alternate West African winter itinerary based in the Canary Islands.

Maritime Leisure was later commissioned by Flota Mercante Grancolombiana to set up and run the hotel and hospitality arrangements for a service between Cartagena and Colón. A ferry connection was needed at the time to bridge an uncompleted gap in the Pan American Highway between these two ports, where there was a heavy commercial trade in merchandise being bought tax-free in Panama's duty-free zone for retail distribution throughout the South American Caribbean and Atlantic seaboard. Arrangements were made for trucks and containers to be cleared aboard the vessel in bond during the normal turnaround period, so that buyers and their shippers could complete their business during the ship's port stay. The former Fred Olsen ferry BOLERO was acquired to operate the service as CRUCERO EXPRESS. The operation was highly successful, though unfortunately short lived, owing to other circumstances including an outbreak of foot and mouth disease in Colombia resulting in Panama imposing restrictions against Colombian vehicles.

In 1998 Maritime Leisure worked with Thomson



Holidays to develop THE TOPAZ as one of the first all-inclusive cruise products for the British holiday market.

This was created from first principles, based on extensive research and market surveys, and developed to adapt an existing liner-era ship to an all-inclusive service with flexible open-seating dining, a unique Dinner Cabaret entertainment feature and stimulating itineraries to Mediterranean and Atlantic Isles. During the five years of the ship's charter to Thomson, with her entire hotel and hospitality operations, including the entertainment, run by Maritime Leisure, THE TOPAZ has become both an outstanding success in her own right, as well as a significant reference and prototype for other free-style and all inclusive products.

When NorthLink Ferries was incorporated to operate the lifeline services between Scotland and the Northern Isles, they approached Maritime Leisure through an initial contact made at Cruise + Ferry 2001 in London, for assistance with various aspects of their new operation. NorthLink were keen to introduce a strong hospitality element to broaden the service and offer a higher level of onboard hospitality to the local population and to develop the possibilities for tourism

Maritime Leisure Group CEO Jürgen Scharkosi takes the Nordic sea air on deck while aboard PEARL OF SCANDINAVIA.

offered by the islands. Maritime Leisure's role with NorthLink was increased to also take in the crewing, delivery and introduction into service of the three new Finnish-built ships ordered for the service.

Smyril Line also approached Maritime Leisure on a similar basis to start up operations of its new ship, NORRÖNA. The work includes designing and setting up its onboard passenger operations and standards of service, hiring and training of crew, including familiarisation with the service's operating standards. There are a number of similarities between NorthLink and Smyril and the northern services these lines operate, with the result that, as mentioned earlier, both lines will benefit from the new travel and tourism opportunities being developed for the Northern Isles through Maritime Leisure's acquisition interest in The Shetland Touring Company and Orkney Tours.

Future challenges and potentials

After several decades of steadily sustained growth the passenger shipping industry is being influenced by various forces majeure, mostly outside its sphere of operation and realm of direct control. Most dramatically, the September 11 terrorist attacks on New York and Washington, and the current state of war in the Middle East have brought about significant reductions in long-distance international travel, including cruising. Americans in particular are opting to stay at home and to travel only within their own territorial borders. The airline industry, which cruise lines depend on for airlift capacity needed to bring passengers to and from their ships, have been particularly devastated by declining passenger loads, as many North Americans are opting to drive rather than fly. Financial markets are now facing new challenges to their survival in the wake of the Enron collapse and several major scandals concerning excessive profit taking by corporate executives, faulty accounting procedures and non-disclosures of debt and liability. The abolition of tax-free shopping within the EU has brought about changes in the European ferry trades.

Maritime Leisure Group firmly believes that from adversities such as these come the opportunities to pro-actively develop new strategies, solutions and products out of the existing situations. Regardless of what is happening in the world, vacationing and travel will ultimately adapt and change in response to new directions and stimuli, as people still, and more than ever, need their rest and recreation.

While many feared that the end of tax-free services on EU ferry routes would severely impact these passenger trades, the ship owners have responded positively by generally migrating to a more diverse cruise-ship style of operation, attracting more holiday passengers and offering an altogether better quality of service. Onboard retail flourishes as never before on many new ferries, where it has progressed from an emphasis on tax-free tobacco and alcohol sales to being a leisure diversion offering a broader range of high quality fashion and consumer goods at competitive high-street prices. While ferry mini-cruises have been sold for several decades, operators are now featuring extensive and often highly innovative shore excursion and land options, as were developed by Maritime Leisure for NorthLink's

Northern Isles services.

As discussed in our accompanying feature *Exploring Alternative Markets* (page 46), the cruise industry offers great potential for the creation of new alternatives to the seven-day standard mid-market three- or four- port itinerary and to the classic liner-era institutions of the shipboard experience and cruising lifestyle. Already the market is responding to the demands of an altogether younger clientele and to their wish for a more free-style experience with a greater variety of onboard and ashore experiences and diversions. Cruises to new and exotic destinations, themed itineraries, educational and scientific excursions, small-group excursions aboard restored historic yachts, scuba voyages, health and wellness, and even party sailings can all be packaged and offered in new and exciting ways, often using existing tonnage with minimal adaptation, as was done in the case of THE TOPAZ.

While modern lifestyles become less dependent on the old five day work week and fortnight of paid summer holiday, with more people working independently or on a freelance basis, there is the

latitude to offer shorter and less expensive cruise excursions in mid week or as an affordable add on to a hotel or resort vacation. Products of this type are already being developed for the Cypriot-based holiday market, where one-to-three night voyages to Egypt and

Israel are attractively enough priced that resort guests book without feeling the need to forfeit their resort accommodations. While these have suffered the effects of the Middle East political situation and war, they nonetheless present a viable model and prototype which Maritime Leisure has studied and developed for application in other markets.

The entire demographic of cruising and passenger ship travel is becoming younger, more energetic and more adventurous. It is thus losing the perspective of being largely an *old folks* pastime and is gaining a far broader public appeal to a vast mass of the population that is yet to try its first cruise, liner voyage or ferry crossing. Indeed Cunard's commitment to build QUEEN MARY 2 along with the recent signing of contracts to build several distinctive new ships including, the Birka and Color Line newbuildings show that there is continuing confidence in the industry's progress. Maritime Leisure Group is solidly at the forefront of progress and development, with a number of significant initiatives of its own underway, particularly in the area of niche markets. Indeed Maritime Leisure Group has a great talent (and proven track record) for business.



“The entire demographic of cruising and passenger ship travel is becoming younger, more energetic and more adventurous.”



Phil Dawson

Born in Brazil of British parents, raised in England and Canada and widely travelled all his life, Phil Dawson has been a regular contributor to ShipPax Information's publications for over twenty years. Author of several books, Phil is an industrial journalist specialising in commercial shipping and aviation, as well as architectural and industrial design. He now resides in Toronto with his schmoosey cat, where he is working on two further books, and we understand, a project on the lives and times of Air Canada's Class of '62 organisation of flight attendants.

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