



Made of sterner stuff

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Liquidations, losses and lashings of rain have led to a tough few years for Britain's luxury yachtmakers. So can Princess, whose vessels are handcrafted almost entirely in Plymouth, sail through the choppy waters and remain a Great British success story?

It is, frankly, enormous. At a third-of-a-football pitch long, eight metres wide and 16 metres tall, the three-deck Princess 40M superyacht is unlike anything else I've ever seen.

Of course, it looks grand docked in a marina but here, in the marque's South Yard warehouse in Plymouth, it stands almost suspended in mid-air, levitating over the dozens of carpenters, electricians and engineers currently hopping over cables and clambering up scaffolding to ensure it's sale-ready.

Launched in 2011 and costing anything between £13-16 million, this is Princess' flagship model, the first of its award-winning M class range. Sure, it boasts everything you'd expect from such a hefty outlay – six ensuite rooms for 12 guests, accommodation for eight crew, dining room, office, twin barbeque, spiral staircase – but also quite a lot of things you might not, such as a spa, stateroom, gym, cocktail bar, six-person jacuzzi and docking for two jet bikes. Even for a multi-billionaire then, this is very much a birthday and Christmas present combined.

'This is our halo product,' enthuses Kiran Jay Haslam, the company's marketing director. 'It's our equivalent of a Rolls Royce Phantom or

Bentley Mulsanne. It's not just about selling that particular model, but about demonstrating to all Princess' customers the pinnacle of what we're capable of.'

After donning a hard hat and protective glasses, I'm invited aboard. At the moment it's very much a building site – think exposed wooden floorboards and wires – still months away from completion, but what you get is a sense of its scale. The company has sold nine 40Ms already since launch – they turn out around 300 vessels of all shapes and sizes each year – and demand continues to grow despite the aftermath of 2009's recession. Even considering its grand size, it somehow seems *bigger* than those daunting dimensions, thanks mostly to Princess' knack of being able to eke out more space from ships, learned from building so many smaller vessels (the company uniquely use a lightweight, resin-infused hull composite to increase interior space).

'We try to consider the little things that may not occur to customers at first,' explains Bill Barrow, the company's International Sales Manager, who leads our tour. 'Of course, the 40M has accommodation, a gallery, mess and bathroom for its eight crew, but it also has two staircases going down the boat – one

for the owner and his friends and one for employees – so the two never mix.

'The owner and his guests do not want to see the staff except for when they're serving dinner.'

Those who moan that the British don't make anything any more should take a trip to Plymouth. What makes Princess so unique is that virtually every part of every ship, from their smaller 39ft powerboats up to that monster 40M, is designed, built and assembled in the town. This huge warehouse where I am now, nestled in the south-west corner of the city on the mouth of the River Tamar, is just one of five sites the company owns dotted all over the region, which covers an eye-boggling 1.1 million sq ft.

Princess' 2,000 employees aim to craft every part that is practically possible. While South Yard may be the most presentable face of the company – rumour has it there's a helipad here should well-heeled clients wish to make a flying visit – it's the larger 27-acre Coypool site to the north that's the engine room of each ship. It's here where the component parts of the boat are produced, from coffee tables to bathrooms; water tanks to wiring looms; hull mouldings to stainless steel accessories.

This not only allows the company to produce boats quicker than their rivals, but, crucially, allows for an unrivalled attention to detail, something paramount to investors. 'The first thing I did when I got control of the marketing department was to put "Crafted in Plymouth, England" below the logo,' says Haslam. 'It's like saying 100 per cent beef on a burger bun. It gives you a gravity and weight. It also indirectly tells customers that we know what we're doing, we employ locally, and we've been doing it for years.'

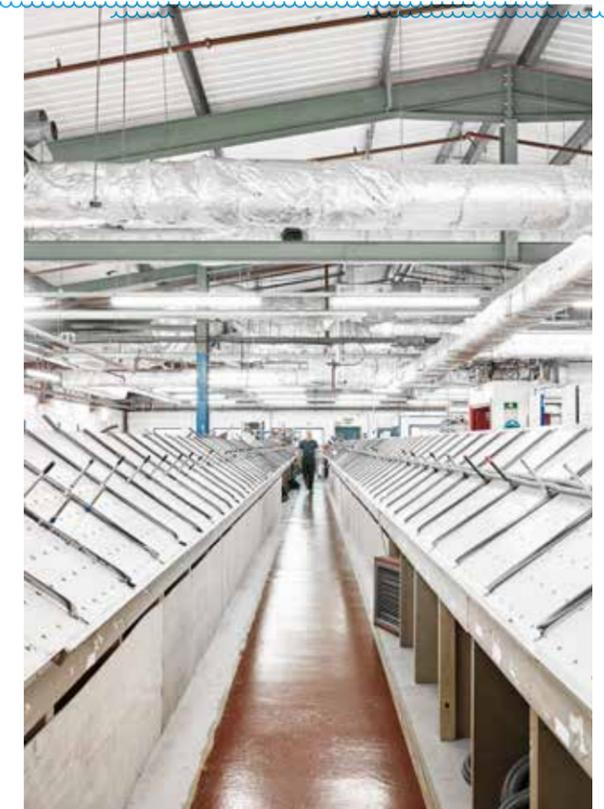
It's a long-term approach that has led to the company's enduring success, with yearly revenue currently resting at around the £240m mark. Its ships are perched in marinas all over the world because they have such an impressive distribution network: they have 55 dealers worldwide; each customer reportedly spends an average of £1 million per purchase; and

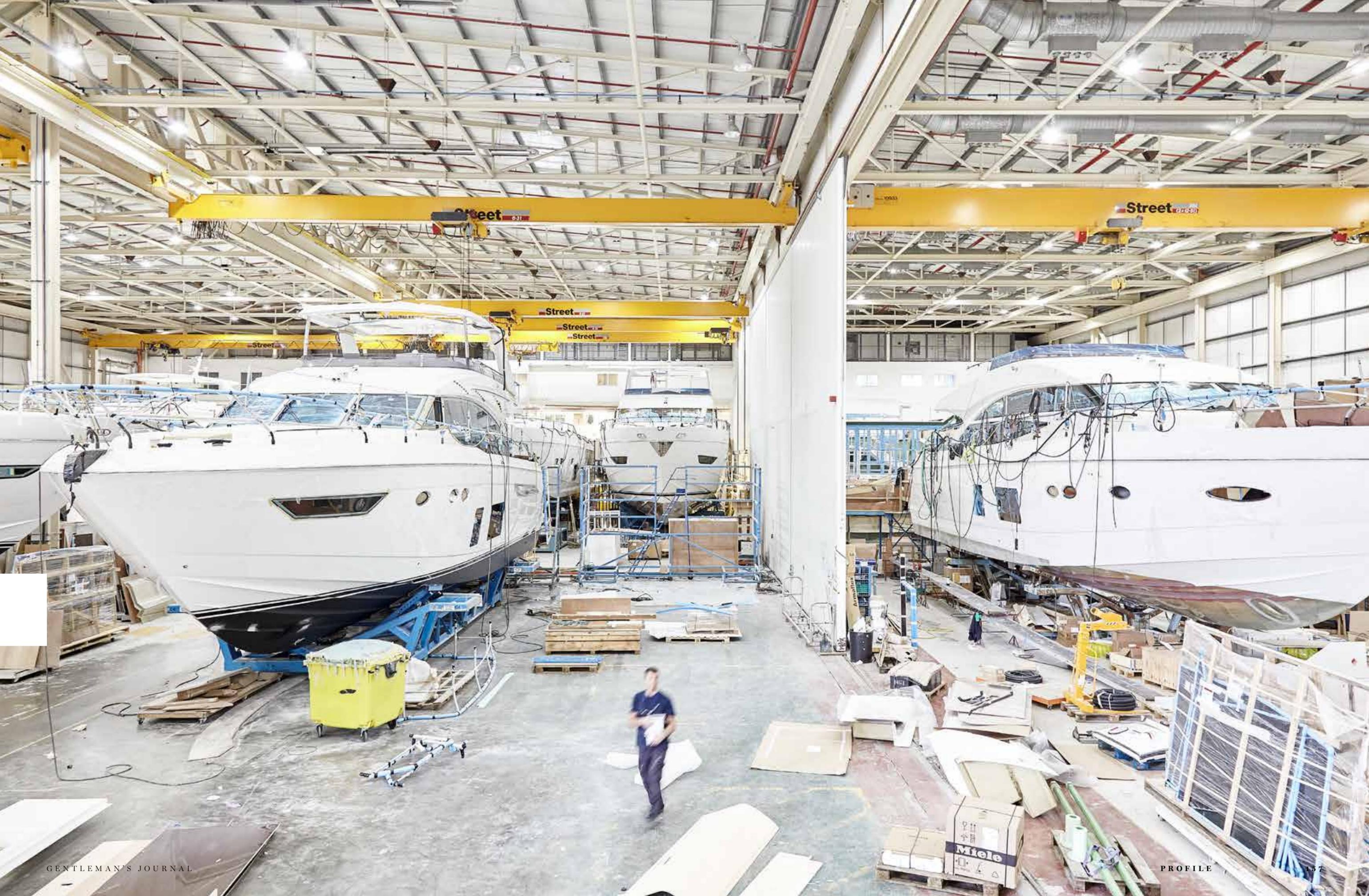
in 2008 the company was bought by the enormous LVMH group (home to Louis Vuitton, Moët and Hennessy) for a figure reported to be in excess of £200m.

It's a long way from the company's humble beginnings, as a passion project among a couple of friends. Its founder, Dave King, left the Royal Navy in 1965 and spent his free time building a little charter boat from a small shed beside Plymouth's Stonehouse Creek. Back then, Plymouth was still a marine powerhouse, employing 15,000 people, while the city was surfing the crest of a wave: its new Civic Centre was unveiled by The Queen in 1962, its Law Courts opened in '63, while in the following decade a sparkly new hospital would be unveiled. It was perfect timing for King. Just three-quarters of the way through building the boat, a couple of guys offered to buy it. When King and friends realised they hadn't got as much money as they should have for the boat, they immediately ordered a couple more to refurbish. Before they knew it, they had a boatbuilding business.

Then called Marin Projects, the company's first mass-produced boat, the 31ft 'Project 31' motor cruiser, sold for £3,400, and nearly 150 orders followed over the following four years. As the organisation grew, it was churning out 500

From left to right, top to bottom: *When viewed on land, Princess yachts look even bigger and more grand than in the sea; Martyn Hamley is a bench carpenter, one of 80 working in the kit part department at its Coypool site; Princess' warehouses cover 1.1 million sq ft; the company employs 2000 people, including electricians; who are also based in Coypool*





sailing yachts a year, as well as powerboats, too. But the recession of the early Nineties ravaged its traditional business, with the French, in particular, building boats that offered far greater value for money. In 2001, the company rebranded as Princess to focus solely on yachts.

Yet while things may have changed, that old Project 31 cruiser was restored in 2015 to mark the company's half-centenary, while the old shed that housed its very first creation – now sadly run down – can be spotted from the balcony of Princess' plush headquarters, looming large over the people now running the company.

The super-luxury goods business is, if not sinking, then certainly suffering from a bout of sea sickness. Last year market growth slowed from seven to five per cent, to £770 billion, but the yacht sector was, along with private jets, the worst performing. There's a number of reasons: recessions in Russia and the Middle East hurt the businesses of the super rich; the poor euro/sterling exchange rate damaged exports; while China – heralded as the saviour of the sector by some a decade ago – has endured a rocky few years.

The biggest victim was Northants-based yachtmakers Fairline, who collapsed

into administration owing creditors £6.2 million in December last year. While it was later bought by Russian investors, less than a quarter of the jobs there were saved.

The big boys weren't immune either. Princess themselves described 2014/15 as a 'gruelling year for Britain's yacht-building industry' after posting a loss of £11m, while Sunseeker, its biggest rival, recorded a £41m loss. Princess had another, more unfortunate incident to deal with, too: the brutal storms of February 2014 hammered the south west of England, doing millions of pounds of damage to boats and equipment and delaying the test voyages required before new models can legally be sold. In January, the company cut 350 jobs to help stabilise the business.

'We made structural changes and conceded that the market will just not bounce back to where it was in pre-2009,' says Haslam. 'We had to change, but we

From left to right, top to bottom: the South Yard site is where Princess' M class are built; Head of Design, Andrew Lawrence, whose boats have won numerous awards; around 85 per cent of each ship is built in Plymouth; the company is known for its understated design; Peter Hamlyn, operations manager, has been with the company for 18 years

tried to do it in a sensible way, going for the least amount of impact possible.'

'The global recession hit yachtmakers hard,' says Howard Pridding, Chief Executive of British Marine, the organisation representing the industry. 'People thought more marinas would be built in India but it didn't happen; there were hefty import duties in Brazil and the eurozone has been tough going in recent years. The reality is that nowadays high net-worths are more discreet. The days of ostentatious wealth are long gone.'

'The industry has been more resilient than you'd think, though. Sunseeker and Princess have very loyal customer bases, while Pendennis, based in Falmouth, builds Abramovich-style bespoke superyachts. The British have an excellent worldwide reputation for good design, quality and innovation. It's not just the building of the ships you need to consider: there is insurance and legal documents, and that all goes through London. We employ more than 4,000 people in this country and we have a turnover of £542 million. It's a UK manufacturing success story that we really should shout about more.'

In fact, of all the yacht manufacturers in Britain, Princess arguably fared the best. The company is on course to post a



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profit in its next set of results and, crucially considering the storms that battered their stock, fulfil every order placed. There's a number of reasons, but they all come back to the same thing – the company's reliance on Plymouth.

'Because we're so self-sufficient, it means we can turn around new models quicker,' explains Haslam. 'The design ethos is that we do it all ourselves and that has the knock-on effect of giving us a strong identity. It's harder to "turn the tap off" on certain departments than if we were outsourcing – but our logistics are unmatched.'

That long-term approach results in a steadier, happier workforce. The average

Princess employee is 41 years old, and the length of service is a staggering 11 years. The company encourages young people from the town to join, training over 100 apprentices each year, undertaking intermediate and advanced apprenticeships and NVQ programmes. They also try to keep them in jobs as long as they can. It's a philosophy that is perhaps catching on along the coast in Dorset, where Sunseeker is looking to recruit 250 new employees. Despite posting losses, the company believe they are on course to return to profit immediately.

Or as Princess' Haslam puts it candidly: 'We try not to fire too many people, even if that hits profitability. If you get rid of talent it's so hard to bring it back.'

In 1620, 102 men and women departed Plymouth on board *The Mayflower*, a three-mast merchant ship, heading for Virginia. Yet strong storms forced them off course, meaning they finally arrived in Massachusetts, where they created the first permanent European settlement in what later became known as the New World. Though many died of disease during the first year, they later secured treaties with neighbouring tribes, creating a self-sufficient economy. They named the

area Plymouth. Today it is referred to as America's Hometown.

In 2016 the British city's inhabitants remain fiercely proud of its heritage. 'In the UK we get accustomed to it and say "It's just Plymouth. It's down near Cornwall, near Devon and that's it," says Haslam. 'But to the outside world, the global marketplace, they say, "Plymouth – wow." Think about all the great stuff the town started, from creating America, to the point where Charles Darwin set sail to discover Galapagos. There's an incredible history here.'

'There are 50 Plymouths around the world. And the 49 others are based on this one Plymouth, which is where we call home, which we are proud to be part of. There's a rooting down of who we are as a manufacturing entity into this location.'

'There's a character trait for being in the south-west, and I can say this because I'm actually Australian and identify quite well with the area. There are three things about people in the south west that I normally use to describe Australians. We're incredibly laid back, we're incredibly opinionated and we're incredibly inquisitive. It's about being in this region and being a four-hour train ride away from London. It creates an identity.'

'That's the ethos that we keep throughout the organisation.' **GJ**

