

CMI chief prepares for delivery of China-built cruiseships

Cruise Management International's boss relishes the challenge and plans to take the Miami-based firm to the next level

Geoff Garfield
London

Jim Barreiro de Leon, president and chief executive of Miami-based Cruise Management International (CMI), is gearing up to take charge next year of the first in a series of expedition cruiseships designed in Europe but built in China.

CMI is tasked with managing the Infinity-class vessels, of which four firm orders and six options have been placed by owner SunStone Ships.

Barreiro says he relishes the challenge after taking over at the helm of CMI last year from Ken Engstrom, who was a long-time partner with chairman Niels-Erik Lund at predecessor International Shipping Partners (ISP).

Barreiro's track record in cruise-ship management goes back a long way. After several years at sea, he spent 21 years managing V.Ships Leisure's passengership fleet.

"My mandate is to focus on the ships we have now under management, the newbuildings about to come out, and to make sure we

TW JIM BARREIRO DE LEON

Age: 53

Title: President and chief executive of Cruise Management International.

CV: Worked at V.Ships from 1994 to 2015, including as managing director of V.Ships Leisure USA overseeing management of up to 12 oceangoing ships in addition to river vessels. Worked as managing director of Ship Supply in Florida from 2015 to 2016. Worked as head of CMI in Miami since 2017.

Personal life: Born in the Canary Islands but raised in the Netherlands, where his parents emigrated when he was two years old.

do a good job for our investors in maintaining and running those vessels," he says.

"I believe in streamlined operations, and proactive management, but most of all in total life-cycle management, bringing the whole thing together, making it work

JIM BARREIRO DE LEON:
President and CEO of Cruise Management International
Photo: Geoff Garfield



so the passengers onboard are ultimately pleased with the product.

"We don't operate internal companies. We don't cross-sell any of our services. We don't apply a vertical revenue strategy whereby we generate additional revenues from other areas. We focus on one thing and that is passenger ship-management for a fee."

Barreiro says he has been given a free hand to "take the company to the next level".

The newbuilding project at the heart of CMI's next phase is being driven by Lund, the SunStone Ships president and chief executive and chairman of CMI, who is one of four Danish investors in CMI.

Lund has been in passengerships for about 50 years and been part of the Florida cruiseship scene for much of that time.

Another investor is Copenhagen-based Clipper Group, which several years ago placed a number of passengerships under management of ISP Lund formed ISP after being sent to Miami by DFDS Seaways to sell SeaEscape, in which it was a shareholder.

CMI lays claim to being the largest third-party manager of passengerships by number, although many of its 14 cruiseships are owned by its investors.

The first newbuilding — the Greg Mortimer — is scheduled for delivery by China Merchants Industry Holdings in August next year for charter to Australia's Aurora Expeditions, which has taken a 50% stake in the ship.

Ulstein Design & Solutions is designing the X-Bow style, 130-passenger to 200-passenger newbuildings and supervising construction, as well as delivering

the complete European-sourced technical package.

Tillberg Design of the US is responsible for interior design of the Infinity series, with Makinen of Finland handling the cabins and public spaces. CMI will manage the deck and engine. CMI's hotel-management sister company is CMI Leisure.

PREPARING 'WAY FORWARD'

Barreiro says he has visited all of the company's vessels since he took over at CMI, listened to the crews, clients and office staff, and designed a "strategy with a lot of short and long-term objectives to get the company ready for the future and become scalable".

He adds: "We did an entire gap analysis on the various processes that were in place, succession planning, and looked at

NEW CHAPTER AFTER TURBULENT PERIOD UNDER PRIVATE EQUITY

Two years before teaming up with Cruise Management International (CMI) in 2017, Jim Barreiro de Leon had moved from V.Ships Leisure USA to Florida's Ship Supply. During that time, he was approached by CMI chairman Niels-Erik Lund, also president and chief executive of SunStone Ships, who he had met over the years inspecting vessels and pitching for business.

Barreiro joined after what appears to have been a bleak period at the former company, International Shipping Partners (ISP).

In 2012, ISP had been acquired, along with Europe's River Advice, by Dutch group Waterland Private Equity and bundled into a new holding company, FleetPro



X-BOW STYLE: An illustration of SunStone Ships' newbuilding, the Greg Mortimer
Image: SunStone Ships

Passenger Ship Management. At the time, ISP managed 20 vessels, including 16 cruiseships, while River Advice had 35 river

cruisers under management. Lund remained a shareholder at ISP. But it was agreed that, while remaining at the helm of ISP, he

had the freedom to develop commercial management for buying, selling and chartering secondhand cruiseships, as Waterland was not interested in asset play.

So, instead of cashing in his chips and moving towards a quiet retirement, Lund formed SunStone, responsible for what was then referred to as Project Unlimited that was focused on ordering several expedition cruise vessels.

Long-term associate Ken Engstrom became executive vice president of SunStone and took the helm at CMI when it was formed in 2015, as FleetPro exited the ocean business and transferred technical management of its 10 deepsea vessels to CMI. Hotel-management arm

FleetPro Leisure was also sold to Lund's group of Danish investors and renamed CMI Leisure.

"Ken did a tremendous job coming out of the FleetPro situation, re-established a lot of the things that were in place when the company was ISP and basically asked me to prepare the company for the future," Barreiro says. "Not only growth of the fleet that was coming but also to look at systems, a lot of things that disappeared in the FleetPro era."

"I was fortunate not to have lived through that FleetPro period."

It took Lund and Engstrom time to regroup and reorganise, and Barreiro says CMI now mirrors the way ISP used to be set up.



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FLEET MEMBERS: (Above) The Clipper Group-owned, but CMI-managed 19,093-gt Gemini (built 1992), and (below) the 12,907-gt, 300-passenger expedition cruiseship Ocean Endeavour (built 1982)

Photos: Cruise Management International



LARGE AND SMALL: CMI's fleet includes the huge Grand Celebration (below) and the Sea Endurance (inset)
Photos: Absbay/Wikimedia Commons and Cruise Management International



CRUISESHIPS HOST 60 TO 1,500 GUESTS

The managed cruiseship fleet of Cruise Management International includes ships of varying sizes, such as the 60-passenger, 1,270-gt Sea Endurance (built 1992) and 47,263-gt, 1,502-passenger Grand Celebration (built 1987).

The 1,316-passenger Grand Classica (built 1991), which entered CMI management earlier this year, and the Grand Celebration operate short cruises to Grand Bahama Island and are owned by Bahamas Paradise Cruise Line, which is headed up by former Norwegian Cruise Line president Kevin Sheehan.

OTHER CLIENTS

Another client is Victory Cruise Lines, whose founder and chairman is former Premier Cruise Line boss Bruce Nierenberg.

Also in the fleet is the 22,496-gt, 709-passenger World Odyssey (built 1998), which operates eight months of the year for Semester

CMI FLEET LIST

Source: CMI

Ship	Gt	Passenger capacity	Built
Freewinds	9,780	392	1968
Gemini	19,093	960	1992
Grand Classica	52,926	1,316	1991
Grand Celebration	47,263	1,502	1987
Ocean Adventurer	4,614	174	1975
Ocean Atlantic	12,798	240	1986
Ocean Diamond	8,282	252	1974
Ocean Endeavour	12,907	300	1982
Ocean Nova	2,183	98	1992
Sea Endurance	1,268	60	1992
Sea Spirit	4,200	127	1991
Victory I	4,954	224	2001
Victory II	4,954	220	2004
World Odyssey	22,496	709	1998

at Sea and four months for Germany's Phoenix Reisen, when it changes its name to Deutschland.

The 9,780-gt, 392-passenger Freewinds (built 1968) is pure

compliance management, whereas all other ships in the fleet involve technical management and for seven or eight vessels also hotel management.



our safety-management system."

Designing new processes and the "way forward" is ongoing.

Barreiro says CMI needs to remain "aggressive" on crew retention, given the challenge facing the company and the industry as a whole in finding enough qualified crew for all of the new cruiseships coming into service.

He says he wants CMI to be recognised as the "company extremely good at small-ship management" — a sector it claims to dominate — but also as having the

skills and resources to handle larger vessels.

"I think we could do up to 3,000 passenger [vessels]," he says.

About 10 of the company's 14 cruiseships belong to CMI's investors, which Barreiro says means "we are also our own tonnage providers", easing the pressure when competing for vessels against third-party manager rivals such as Wilhelmsen Ship Management, Columbia Shipmanagement, Bernhard Schulte Shipmanagement and V. Ships.

LUND IS 'EXPEDITION SHIP VISIONARY' WITH FOCUS ON SAFETY

Cruise Management International boss Jim Barreiro de Leon says chairman Niels-Erik Lund was well ahead of his time when he started planning to order newbuildings for the expedition market.

"His vision was to build them above and beyond what is required today [and to] have vessels at the cutting edge of technology and safety, because that is what it comes down to," Barreiro says.

Unlike some of its rivals, owner

SunStone Ships, for example, has chosen to build its polar vessels to the requirements of the International Convention for the Safety of Life at Sea (Solas)'s Safe Return to Port standards, even though it is not a legal requirement for this size of vessel. They will also have polar-class 6 notation under the International Code for Ships Operating in Polar Waters (Polar Code) and zero-speed stabilisers.

"The exciting thing is we are doing it in China, where no traditional passenger ships have been built yet, other than ropaxes," Barreiro says.

He believes Lund will eventually build all of the 10 planned ships, with

most expected to operate polar cruises but also some exploration voyages that may involve being in warm-water areas all year.

POLAR CONCERN

Barreiro recognises growing public concern at the number of cruiseships entering polar regions and the danger of too many people visiting the same location simultaneously.

"CMI is taking steps to ensure we are part of the solution, rather than part of the potential problem with the upcoming boom in new ships," he says.

"Most of our vessels are chartered by tour operators that are members of IAATO [International Association of Antarctic Tour

Operators] and AECO [Association of Arctic Expedition Cruise Operators], and CMI is an associate member of each and active on the marine committees of both organisations."

Barreiro says IAATO and AECO aim to establish procedures and guidelines for "safe and environmentally sound private-sector travel to these sensitive regions."

"The goal is to be on the leading edge of what is best for the environment and establish best-practice procedures amongst the operators rather than waiting for regulatory bodies to dictate how this should be done," he says.

Barreiro sees plenty of future demand for cruises on the ever-growing global fleet of smaller

expedition and luxury vessels, where the average ticket price is reckoned to be about \$1,000 per day and even \$1,500 per day for ultra-luxury packages.

"The cruise industry has matured so much," Barreiro says. "People who have been cruising the Caribbean all these years are looking for the next thing. Baby boomers retiring, having made a lot of money, are looking at their bucket lists."

But the small-ship market remains fragmented and possibly ripe for consolidation.

"Certainly, consolidation is the obvious thing that might happen because it isn't effective to operate just one or two ships," he says. "Hopefully, some of those considering consolidation will look to us because we can offer that synergy."

"In the expedition market, you see companies chartering each other's vessels, whereas you don't see Norwegian Cruise Line chartering a Carnival ship. I wonder whether that will change and become a little more hostile."



NIELS-ERIK LUND: CMI chairman

Photo: SunStone Ships

Jim Barreiro: Lund's vision was to build ships above and beyond what is required today [and to] have vessels at the cutting edge of technology and safety, because that is what it comes down to