

Kid-Glove Transport ■ Debating African Cabotage ■ Independent MPV ■ Piece By Piece

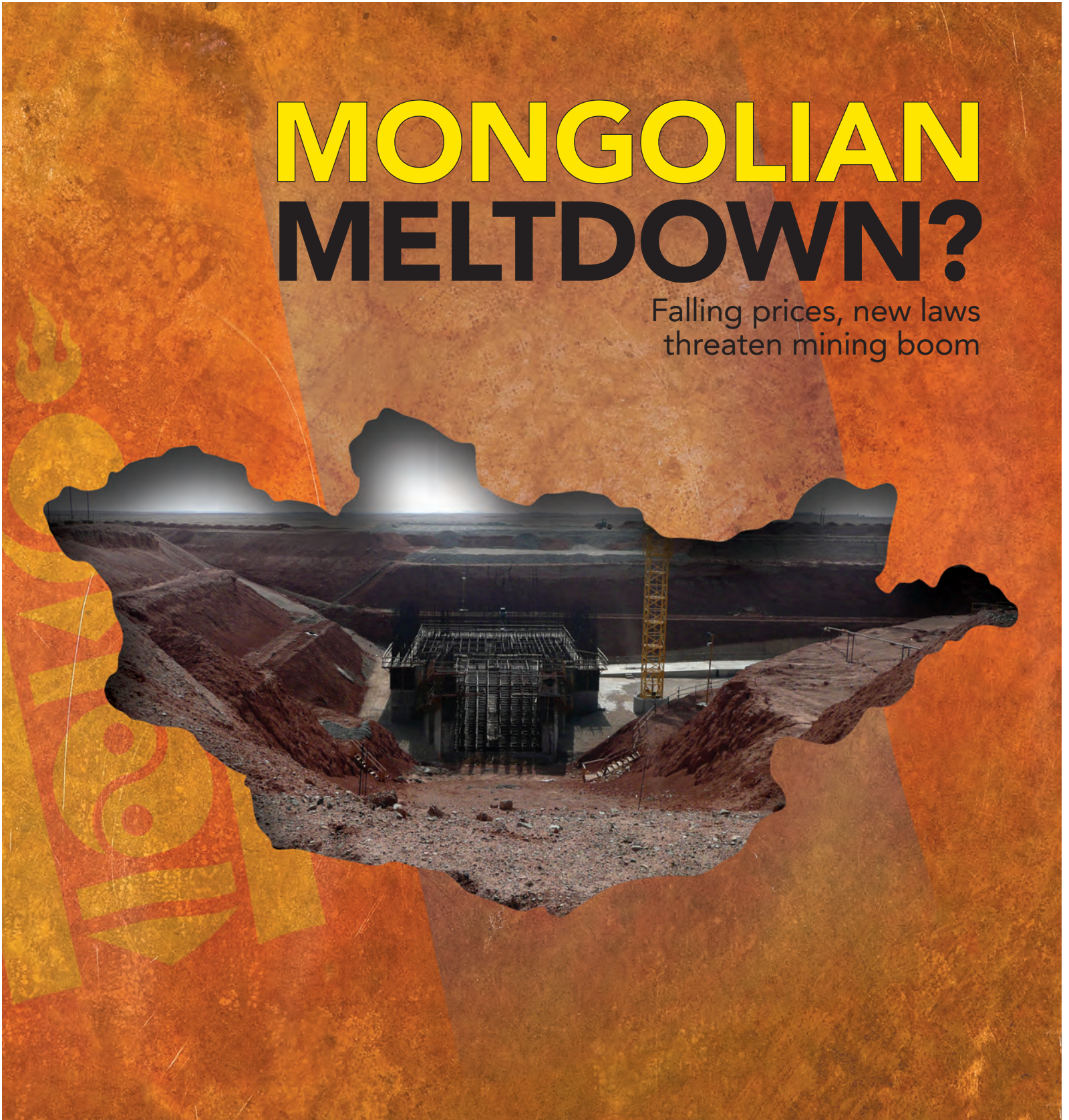
Break**bulk**

MARCH-
APRIL 2013

PROJECT CARGO, HEAVY-LIFT & RO-RO LOGISTICS

MONGOLIAN MELTDOWN?

Falling prices, new laws
threaten mining boom



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WHAT MAKES A GOOD SHIP AGENT?



Balanced management
is key to success

By Audun Mikalsen and André de Waal

Economic growth in emerging countries has brought changes in traditional trade patterns, which have affected the international maritime shipping industry.

China–Africa trade in particular is expected to continue to grow because of increasing demand in the Far East for raw materials and in Africa for relatively inexpensive consumer goods.

This is potentially good news for the maritime industry in Africa, although there are also threats to be faced.

Climate change and ballooning cargo volumes will gradually increase their impact on the operations of both shipping companies and ports. The issues are physical, such as port congestion, and psychological, such as the public demand that business operate in an environmentally sustainable and socially responsible way.

An important link in the logistics supply chain is the ship agency. A ship's agent represents the interests of the shipowner or charterer while a vessel is in port by providing practical assistance and by carrying out essential duties and

obligations that are crucial to minimizing port delays.

However, many ship agencies apparently are ill-equipped to face the future. Their operations are often sufficient but

not world-class. They do not operate proactively in dealing with customers and port authorities. Often, this has to do with a lack of proactive communication.

For instance, when we first visited a port in the Sub-Saharan region, authorities

were taking up to several months to issue invoices related to a specific port call. This caused file closure delays for vessel operators, and it was unclear what the actual result was for a port call. It was impossible to make needed price adjustments, etc. The liaison office in Europe for the ship agency accepted the reality and did nothing to improve the situation.

We decided to visit the port authorities to explain the challenges related to late arrival of invoices. They told us no one had ever explained it to them, and things changed for the better immediately.

Research shows that better operational capability of ship agencies will improve communication and proactive

thinking. Operational capability consists of logistics, human resource management and customer service.

When ship agencies in Africa are able to improve the quality of these activities, they will become world-class. Their profits will rise, which in turn will benefit local economies.

One way to become a world-class ship's agent is to apply the HPO Framework. This framework describes and measures five factors that make an organization a true high-performance organization, or HPO.

An HPO is an organization that achieves financial and non-financial results that are superior to its peer group during five or more years. The HPO factors are:

Management Quality: Belief and trust in others and fair treatment are encouraged. Managers are trustworthy; live with integrity; show commitment, enthusiasm and respect; and have a decisive, action-focused, decision-making style. Management holds people accountable for their results. Values and strategy are communicated throughout the organization.

Openness and Action-Orientation: An HPO has an open culture, which means that management values the opinions of employees and involves them in important organizational processes. Making mistakes is allowed and is regarded as an opportunity to



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learn. Employees spend a lot of time on dialogue, knowledge exchange and learning, to develop new ideas aimed at increasing performance. Managers are personally involved in experimenting, fostering an environment of change in the organization.

Long-term Orientation: An HPO grows through partnerships with suppliers and customers. Vacancies are filled by high-potential internal candidates first, and people are encouraged to become leaders. An HPO creates a safe and secure workplace (both physically and mentally), and dismisses employees only as a last resort.

Continuous Improvement and

Renewal: An HPO compensates for dying strategies by renewing them and making them unique. The organization continuously improves, simplifies and

aligns its processes. Its innovation in its products and services help it respond to market fluctuations. The HPO manages its core strengths efficiently and outsources other functions.

Employee Quality. An HPO assembles and recruits a diverse and complementary management team and workforce with maximum work flexibility.

Employees are encouraged to develop skills and are held responsible for their performance. Creativity is increased, leading to better results.

The higher the scores on HPO factors, the better the results of the organization. The lower the HPO scores, the lower the competitive performance. Scores are calculated on the basis of a questionnaire given to all managers and employees of the ship agency followed by interviews to find “the story behind the scores.”

For ship agencies, improvements in management, but also in matters such as standard operating procedures and supporting checklists, will make it possible to deal with opportunities and threats. In turn, their reputations improve, attracting progressively more business and minimizing port delays. **BB**

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