



The Business Case for Investment in Resources

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by
Capt. Rajesh Chava AFNI
info@rcmarineconsultants.com



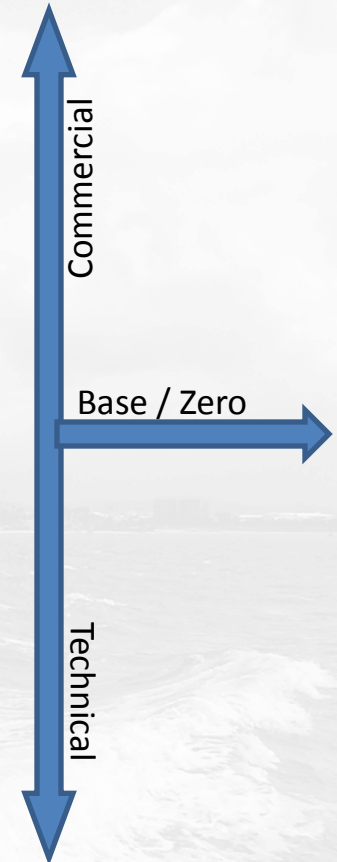
Introduction

- Started in Shipping in '93, as an apprentice / Cadet
- Sailed upto the rank of a Master.
- Tankers – Crude, Product & Chemical. From Suezmaxes to Coastal.
- Worked ashore in various roles – Safety & Quality, Vetting, Commercial Operations, Fleet Manager etc.
- Latest role as a General Manager, for a 3rd party Ship management company in Hamburg, managing Tankers.
- Currently, an independent consultant in Marine / Shipmanagement matters / Projects etc. Based in Hamburg.



Risk vs Reward

- Commercial / Technical Dept
- Make / Spend money
- “Lose” money !!
- Max risk / Min risk
- Risk vs Rewards – exponential
- Rewards (Commercial) = Returns
- Reward (Tech) = Consequences



Risk – Unseen / Unknown



- Safety Risks
 - Well known, understood, managed every day
 - Physical, visible and felt
- Operational Risks
 - Risk of loss from inadequate or failed internal processes, people and systems
 - Difficult to perceive, quantify
 - How many things did NOT go wrong ?
 - After the fact awareness
 - e.g. Delays / Claims / Off-Hires



Risk – Unseen / Unknown



- Compliance Risks
 - Ever increasing & complicated Regulations
 - Scrutiny by multiple bodies
 - Variable & unilateral interpretations
 - Increasing severity of consequences
 - Fines / Detentions
 - Criminal investigations / Arrests
 - e.g. ORB / Documentation errors



Risk – Unseen / Unknown



- Process Risks
 - Complex procedures – onboard & ashore
 - Bottle-necks & delays in implementation
 - Superfluous communication
 - Reduced decision making ability / agility
 - e.g. :
 - Cash flow / Liquidity problems
 - Delayed payments, increased costs
 - Supply chain delays, missed opportunities
 - Claims handling, blocked funds



Costs – Reduce vs Control



- The need to reduce costs. Survival.
- Increasing actuals – e.g. Annual services
- Cost management
 - No ad-hoc, across the board reductions
 - Efficient spending, utilization of resources
 - Scrutiny of every \$\$.
 - Inventory control, JIT
 - Use volumes to advantage
 - Drydocks & Major repairs
 - Coordination and communication



Managing Risks & Costs

- Aggressive micro management
- Simplification of processes / procedures
- Close supervision and monitoring
- Effective spending.
- Identify bottle-necks.
- Standardize decision making. And more...

Require investing in Resources
to avoid losses / control costs.



Resources - Technology



- Innovation in machinery – well accepted
- Investments in IT / ERP & MIS
- Data management – too many reports
- Low penetration across the industry
- Enterprise solutions help in:
 - Information processing, monitoring, decision making, avoid repetition, better coordination, planning, JIT.
- Result in Effective spending / Identify Risks



Resources - Manpower

- Growing demands / Stagnated numbers
- Quality, not just quantity
- Training – onboard & ashore
- Onboard training Vs Training center
- Staff awareness
- Too many demands lead to dilution
- ROI on additional personnel



Resources – Saving by spending



- No “one size fits all” solutions.
- Favourable ROI / Costs offset by savings.
- Shipping & IT industry
- Convention Vs Novel approach
- Technology enablers e.g. Exchange / Cloud
- Range of solutions – extensive to simple
- New concepts in organizational structures
- New ways of doing things – not just new things to do / Out of the box thinking

“Do the same thing - expect the same results”



Thank You.

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www.rcmarineconsultants.com

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