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# **Tanker Operations 2012 Succeed, Survive or Sink?**

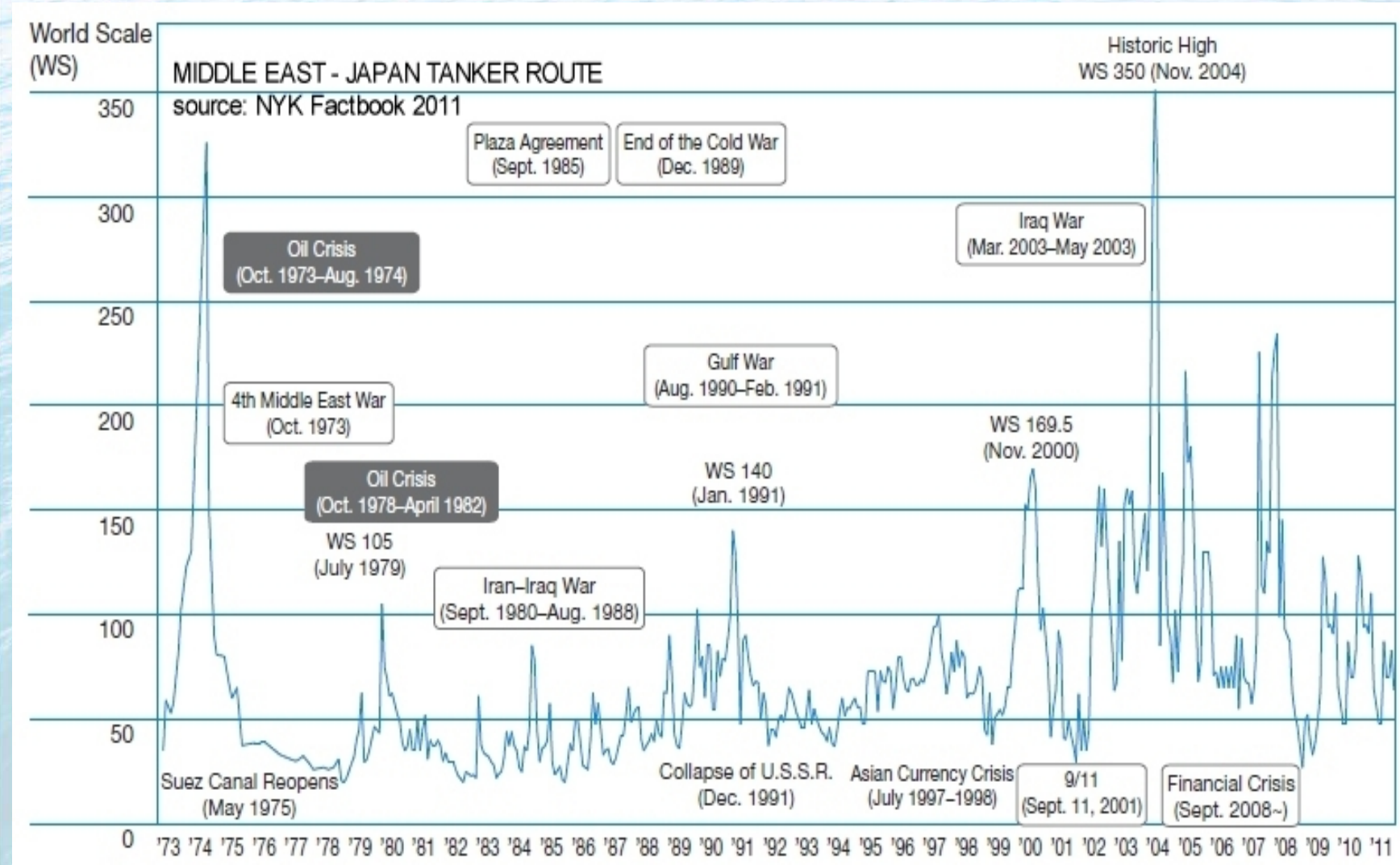
**Tanker Operator Conference September 2012 -- Hamburg**

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Managing Director  
Marine Operations and Assurance Management Solutions Ltd

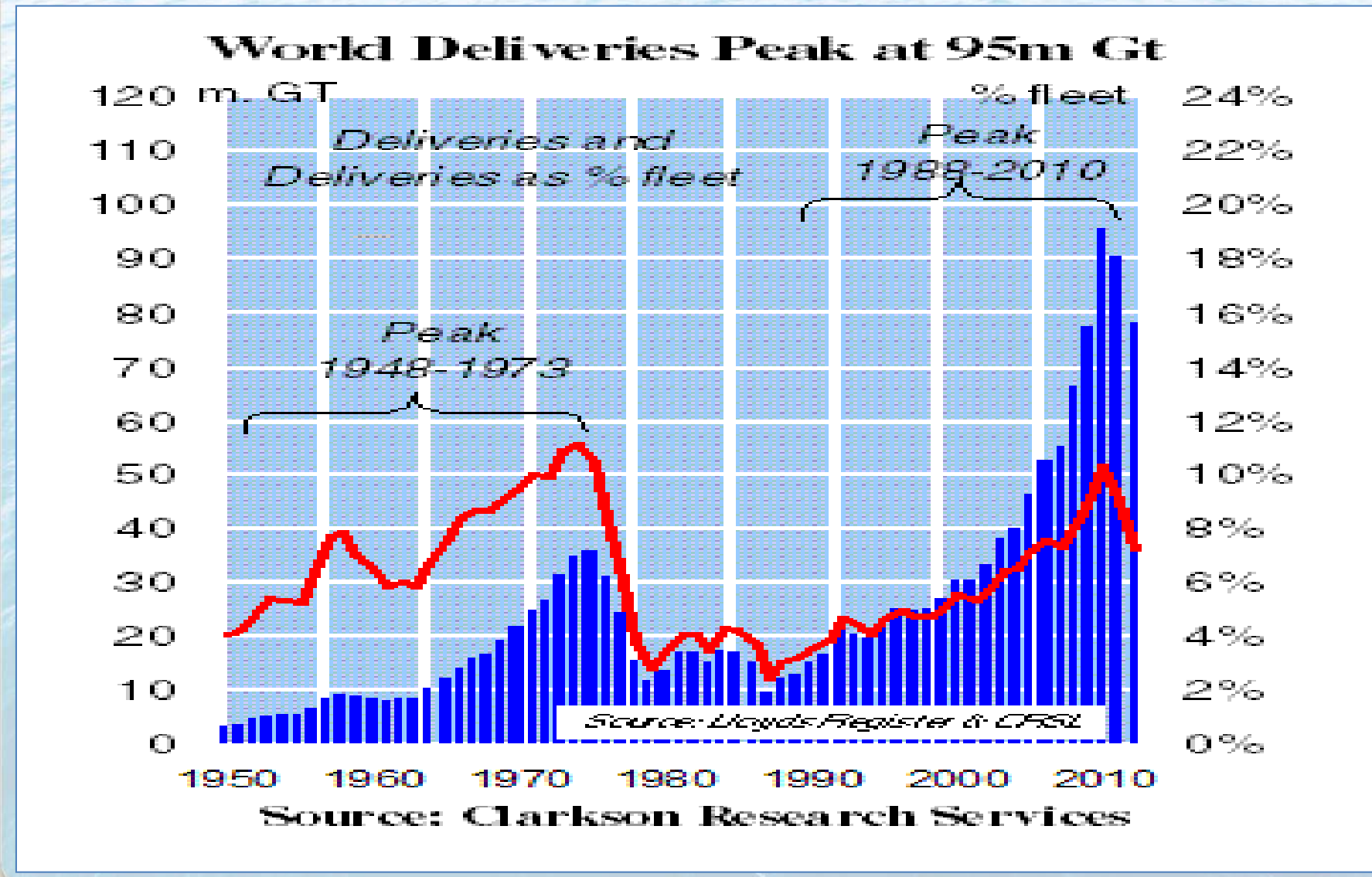
- Where we are today
- What are the choices you face?
  - Succeed Survive or Sink
  - Cost versus Risk
  - Resilient/Brittle?
  - Cost Management versus Cost Cutting
- Where are you now?

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# Freight Markets from 1973



# moams Building Booms From 1950



# moams **Is it just the 1980's again?**

## **What's the Same as the 1980's?**

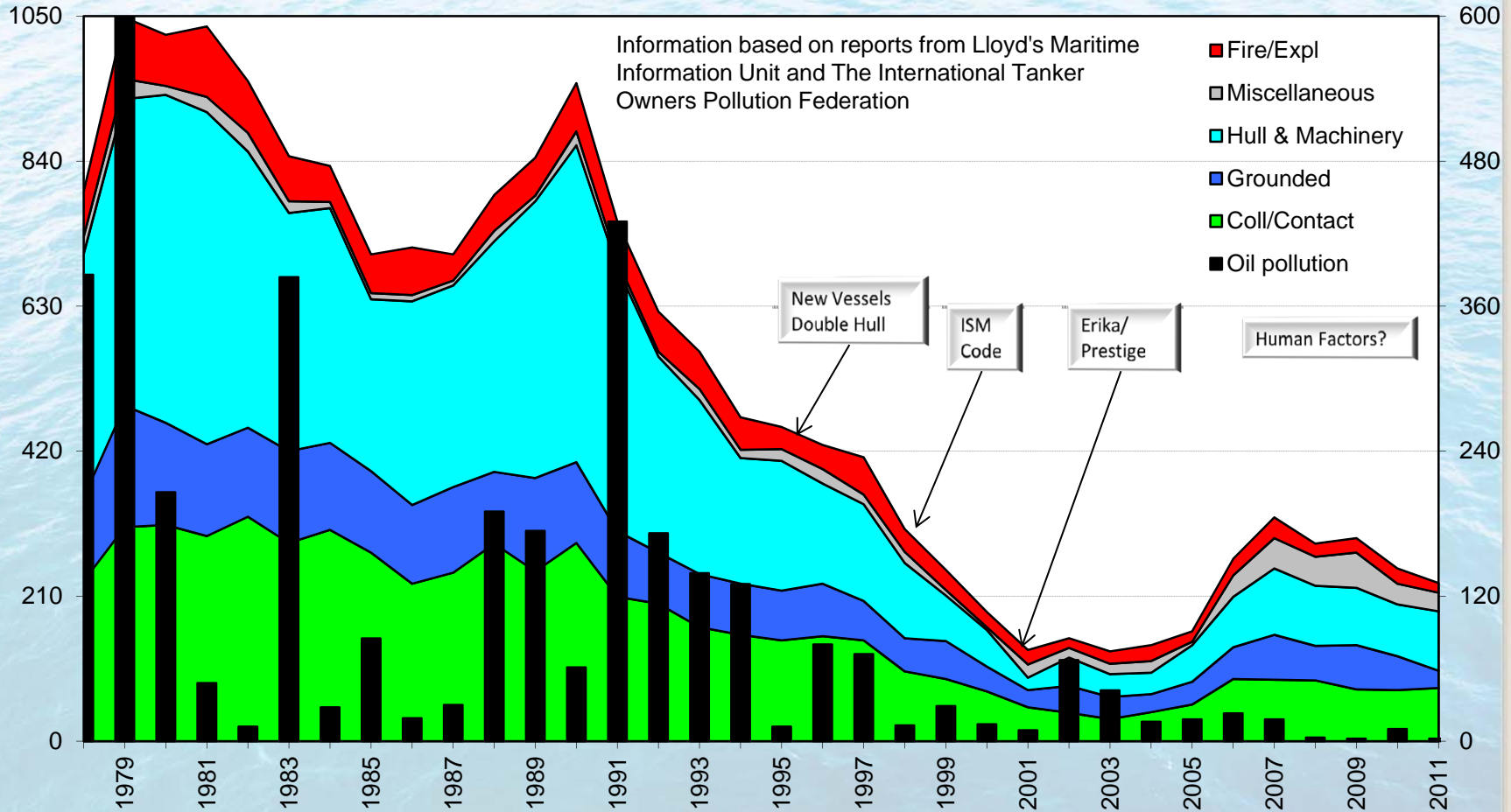
- Low Freight Rates
- Oversupply
- Global Recession
- Energy Costs

## **What's Different?**

- Finance
- Technology
- Manning
- Corporate Structure
- Global Village
- New legislation
- Environment
- Complexity
- Quality, Charterers and Port State

No. of incidents

'000 tons pollution



Long Period of Low Earnings

Tightening of SOLAS MARPOL STCW

Port State and Vetting

Freight Rate and Tanker Replacement Boom

TMSA1

TMSA2

Overcapacity and Low Freight Rates

New Vessels Double Hull

ISM Code

Erika/Prestige

Human Factors?

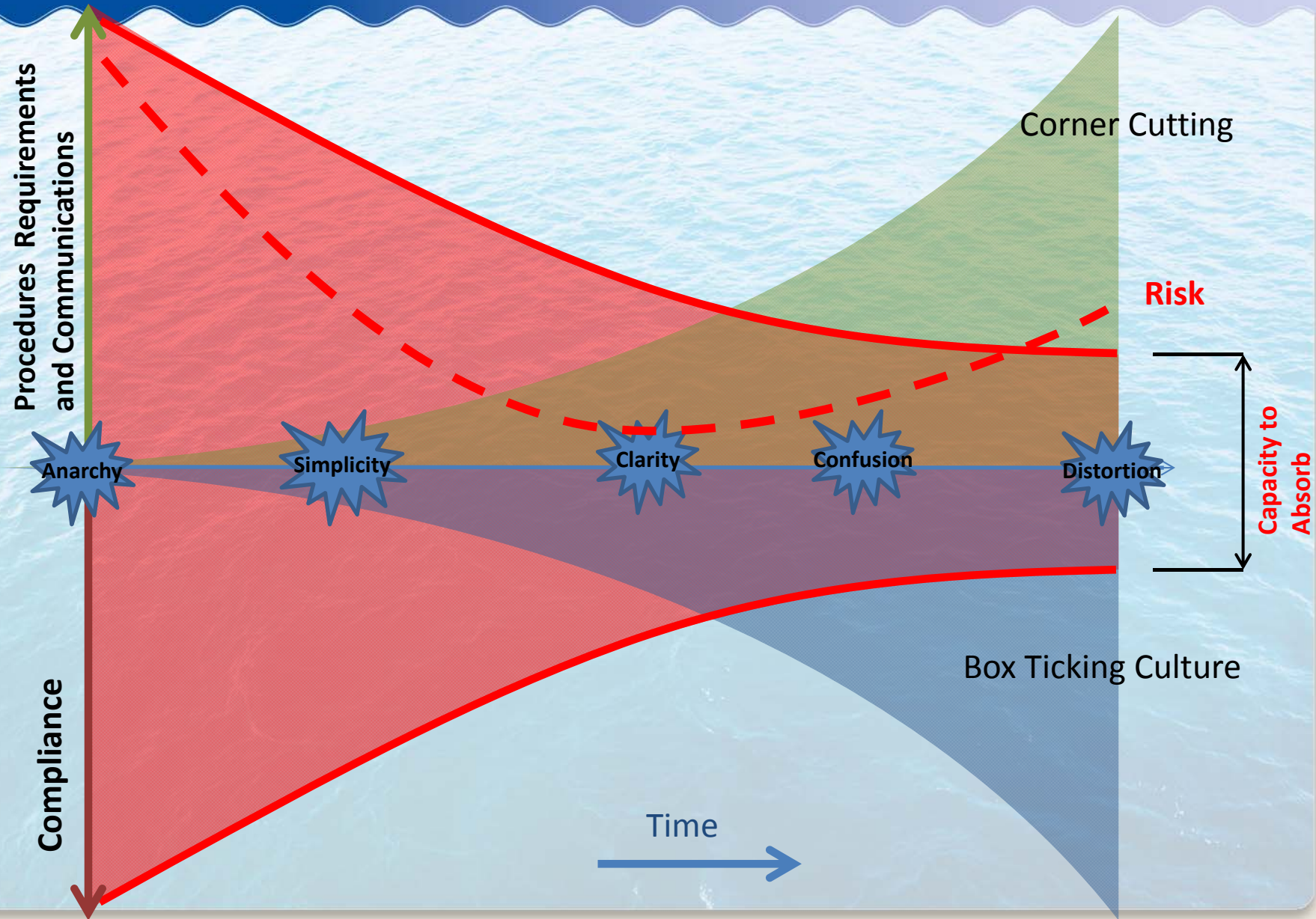
**Macro**

- Multiple (conflicting?) goals
  - GHG/Air quality/Ballast Water
  - Piracy
  - 9/11 Security
- Motivation
  - Freight rates
  - Cost pressures
  - Finance Costs
- More regional rules
- Consensus weakening (GHG)

**Micro**

- More ships more accidents
- Better reporting due to TMSA
- New ships
  - Teething problems
  - Understanding of new technology
- Experience gap from lost recruiting in the 80's and 90's
- **Complexity**

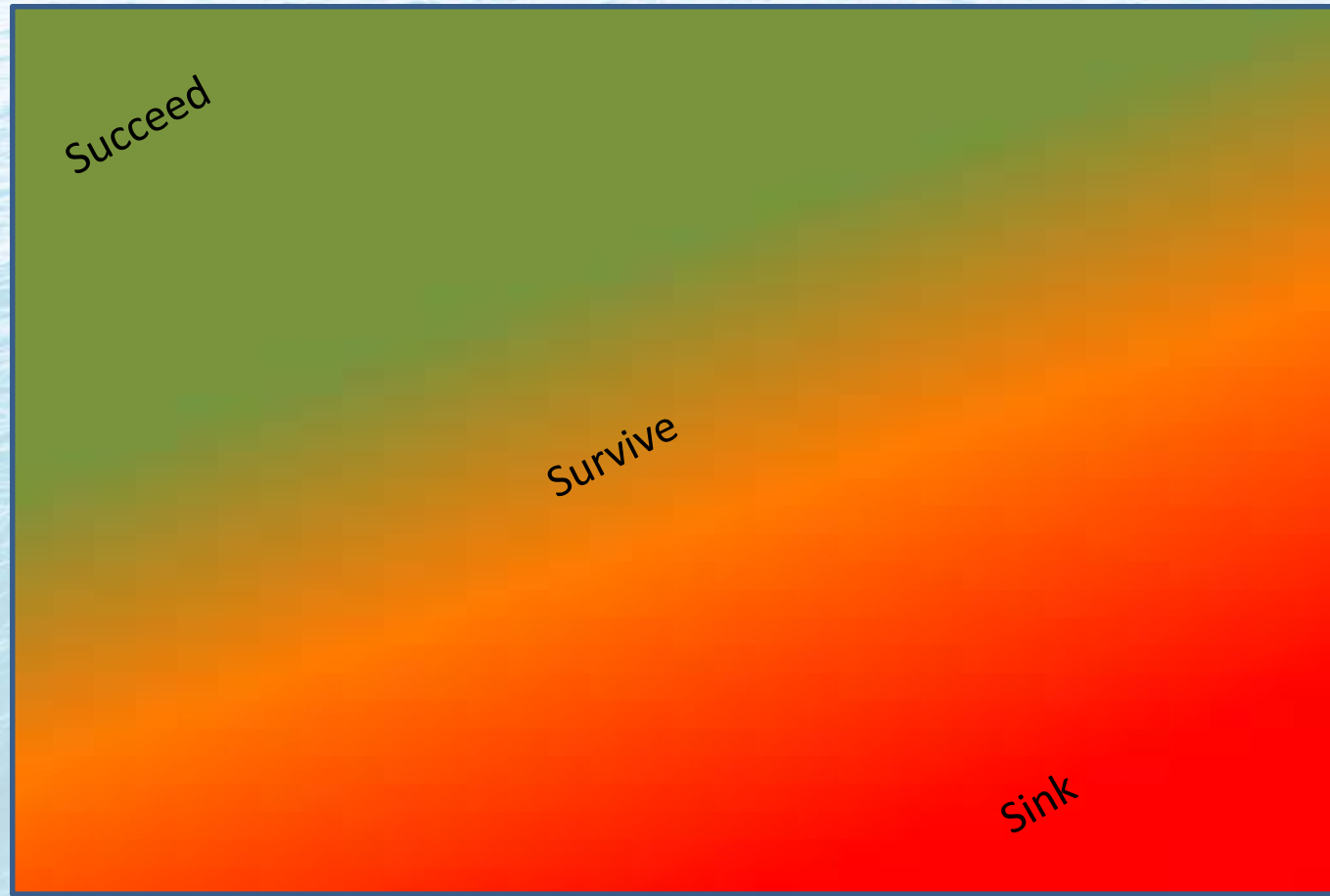
# moams Complexity in Operations





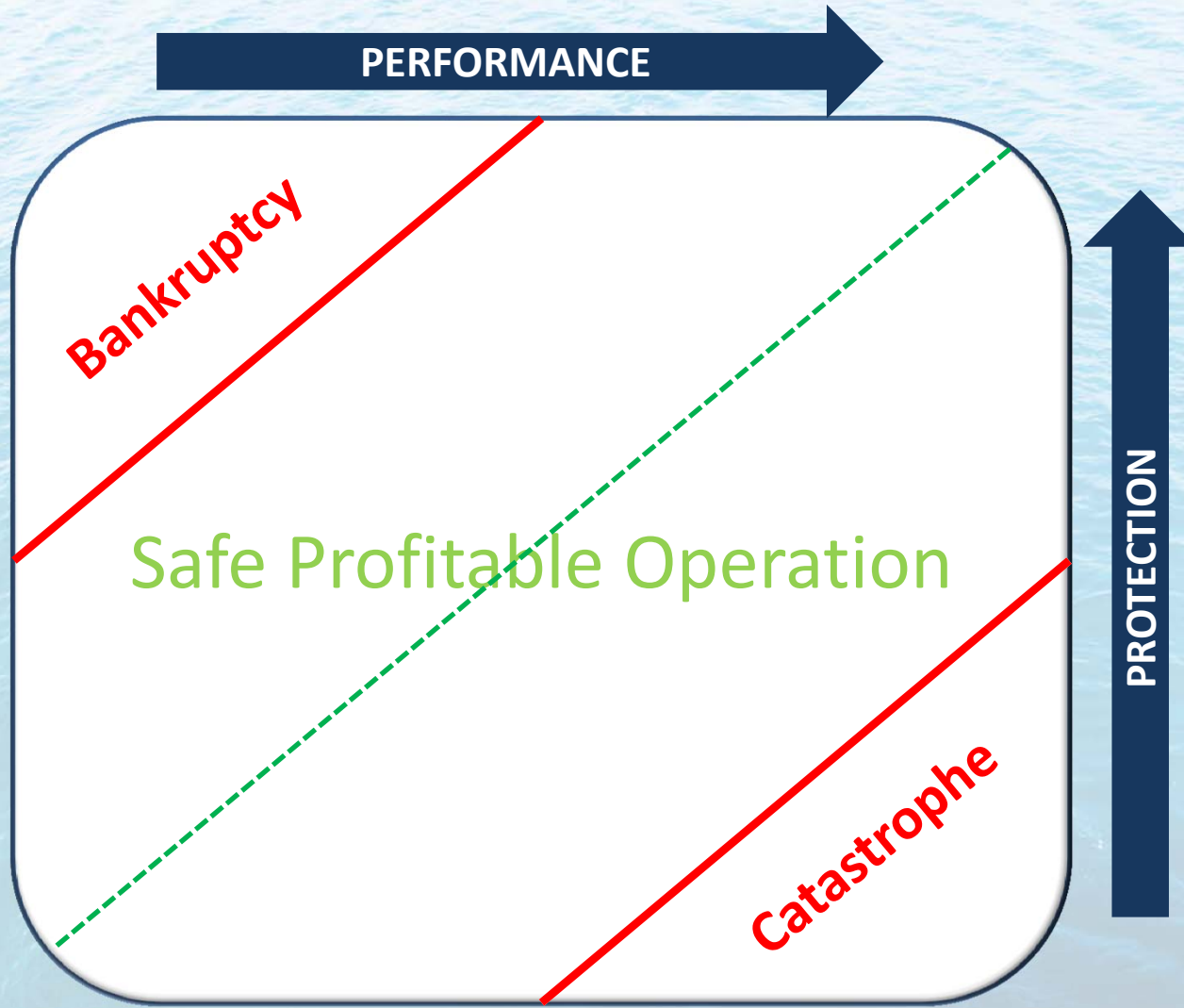
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# Succeed, Survive or Sink

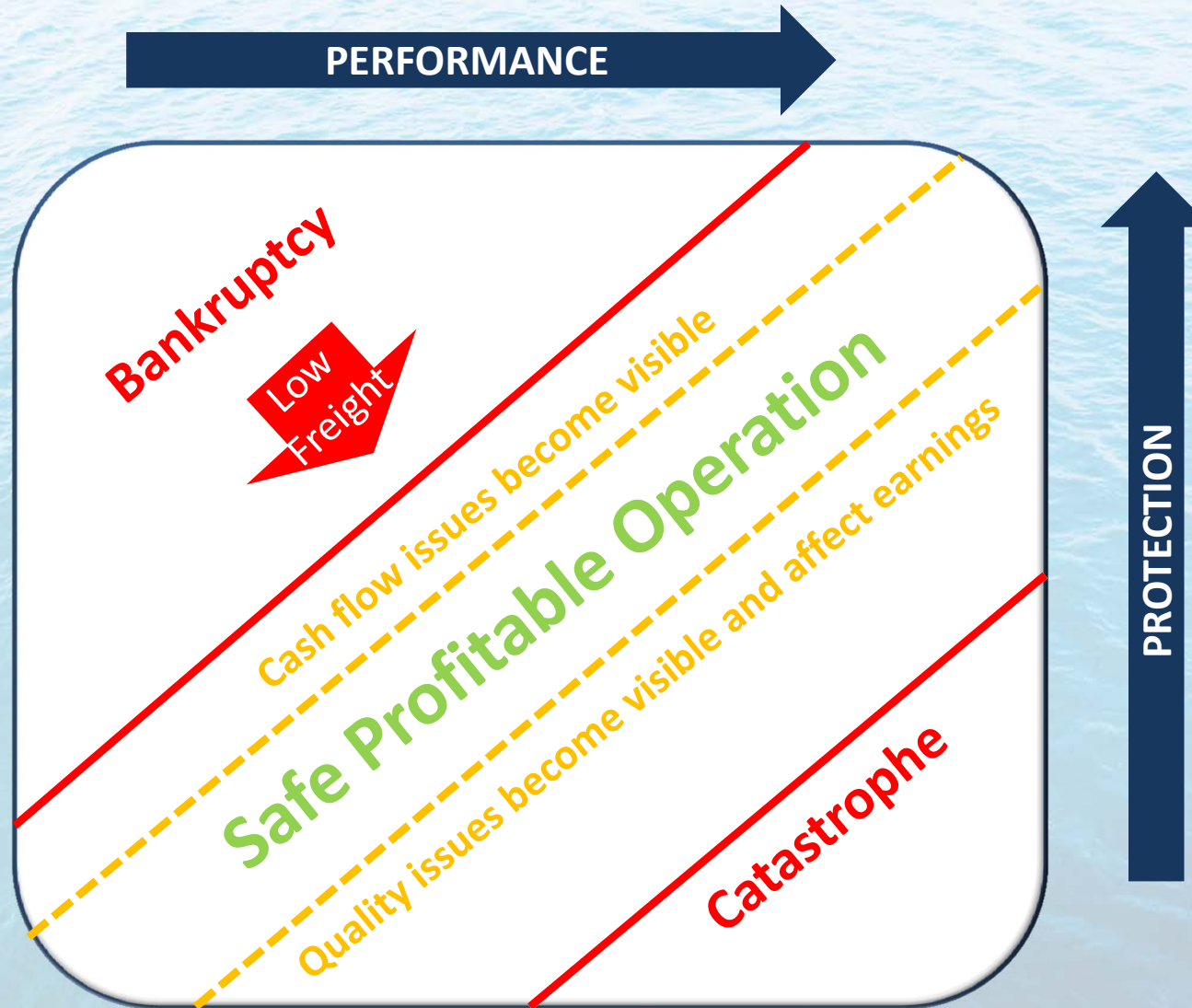


Time →

Loss versus Financial Strength ↑



# moams Choices-Squeezing Operations



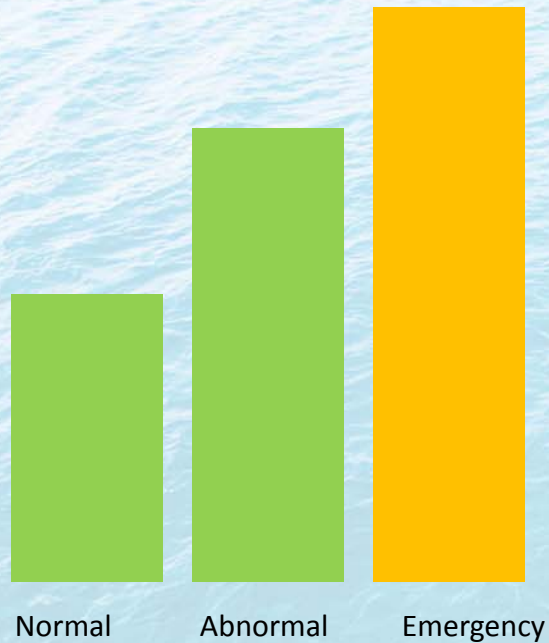


Source Scylla and Charybdis by ~EarthDefect on deviantART

**To succeed owners will need to adapt and be resilient**

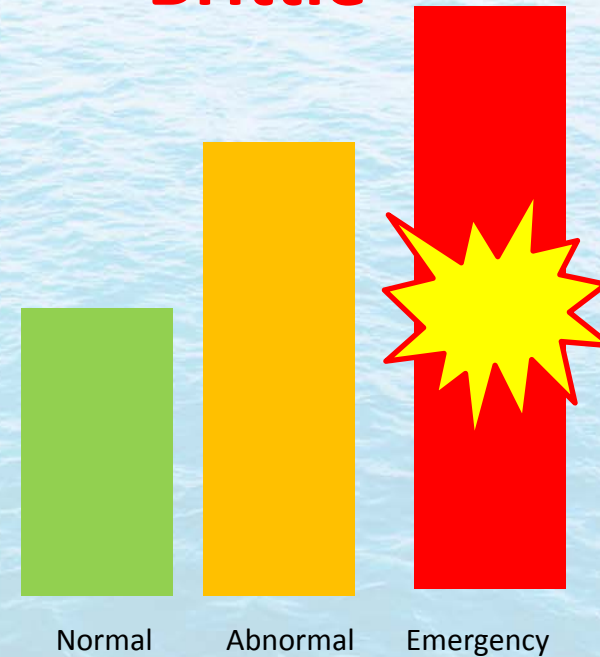
- The ability of an organisation to **succeed** in changing circumstances not just survive
- Finds opportunities
- Clarity and Agility
- Learns
- Anticipates
- Monitors
- Adapts
- People who can think not just follow rules
- **Bends but does not break under pressure**

## Resilient



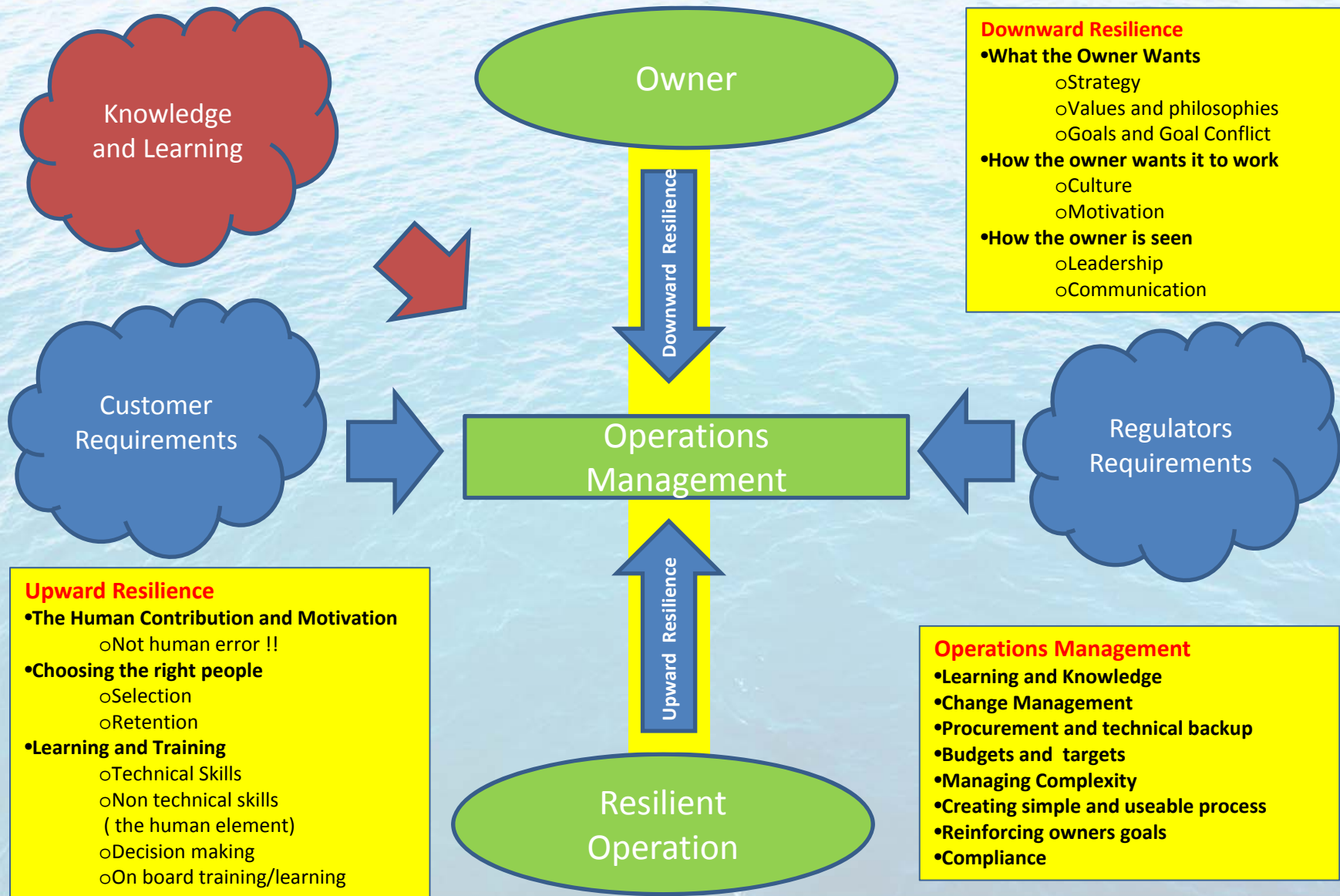
Resilient organisation will adapt from normal operation to abnormal operation and recover. In emergency will be able to adapt further to avoid catastrophe

## Brittle



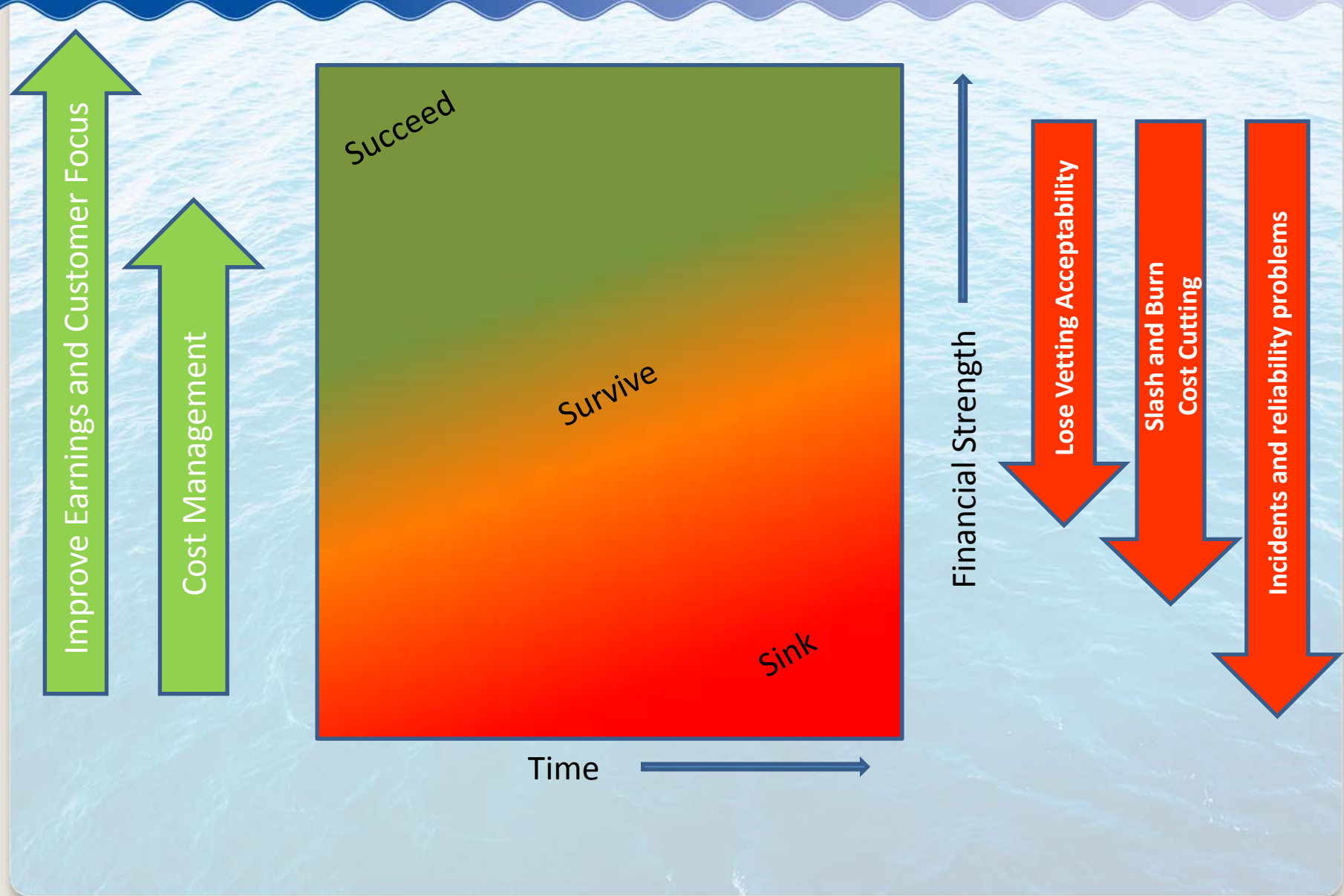
Brittle organisation will need all its resources to maintain normal operation leaving limited capacity to deal with the abnormal. Rule based mentality will be unable to cope with novel emergencies and will fail.

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# Succeed, Survive or Sink





- Budgets/management accounts are symptoms not causes
  - Find what the root causes of cost are.
  - Beware of 'across the board' cuts.
- What drives Costs and Lost Value?
  - Yesterdays decisions, philosophy, goals and assumptions
  - How you apply imposed requirements and legislative changes
  - Rigidity in the organisation/Decisions at the boundaries of functions
- Understand the Consequences
  - Understand the risks, costs, value, value loss
  - Understand your organisation and how it works
- Implement and make sure the change is fully integrates
  - Communicate more , listen to feedback, monitor
  - Training and Procedures

- Challenging Times
  - Markets/Oversupply
  - Customers and Legislators
  - Complexity
- Choices
  - Succeed, survive or sink
  - Cost versus value
  - Resilient/Brittle
  - Cost management versus 'slash and burn'
- Where are you now-resilient of brittle?
- **Not just surviving but succeeding**