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Maritime sector has always been influencing the global economy. Shipping facilitates the bulk transportation of raw material, oil and gas products, food and manufactured goods across international borders. Shipping is truly global in nature and it can easily be said that without shipping, the intercontinental trade of commodities would come to a standstill.

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TACKLING CHALLENGES IN COMMERCIAL SHIPPING THROUGH TECHNOLOGY

Punit Oza

Abstract

Three major challenges are shaping the future of commercial shipping today. One, the family owned companies are moving to professional management thereby allowing the chartering professionals to move into a deal-making role, which was usually reserved for the family members in the company. Two, the old-school mentoring and training is nearly non-existent with knowledge gaps existing in senior professionals and lack of patience in the younger professionals entering the industry. Three, information was the key reason why deals were made in past but today the data is universally available and the key to deal-making is the ability to analyse the data in order to extract value for both the shipping company as well the customer. This paper aims to explore how we can leverage technology to confront these challenges. Technology can reskill the chartering professionals with deal-making skills such as negotiation techniques and insight selling. Video and Virtual Reality tools can build sustainable and flexible training modules which can fill in knowledge gaps, while engaging the younger professionals in an interactive manner. A knowledge vault will also be created in the process, helping future generations and securing the experiential knowledge of senior experts. A customized analytics program for the chartering professionals can raise awareness of the value of data among the professionals and provide historical trends and analysis in order to drive more data-driven decision making rather than gut feel based, which is not sustainable. It is also clear that while quite a few tasks can be automated, the relationship-based model of deal making will ensure that people are right at the centre of any successful shipping company.

Key words: Digital Transformation, Process Re-engineering, Data analytics, Commercial Shipping. Today, Transformation is a buzz word doing the rounds in all companies and sectors around the globe and the maritime sector is very much in the middle of this wave as well. The starting point is to determine what are the main pillars which support a transforming organisation.

1. THREE PILLARS SUPPORTING A TRANSFORMING ORGANISATION:

The first pillar is Sustainability. As an organisation transforms itself, it needs sustainable processes and systems which are dynamic and rise above the individual users. The processes and systems will live on well beyond the users and need to stand that test of longevity and adaptability. The second pillar is Transparency. As they say, “what you see is what you get”. It is important to establish clear and transparent processes and systems, which will help the entire organisation recognise the strengths, weaknesses and gaps within the organisation. The final pillar is Profitability. Eventually the organisation needs to remain profitable to survive and grow. There are many ways you can gauge the efficiency and results of a transformative process and system but eventually it will be profitability - the ability to contribute to the bottom line - as the final straw on the camel’s back.
2. KEY TRENDS IN COMMERCIAL SHIPPING:

In order to truly transform, we must address the fundamental question - why transform? Things are going well right now so why change it? These are natural questions and the ones that any management team should be asking. The answers lead us to identifying the key trends in commercial shipping.

One, Family owned shipping companies are undergoing a “sea change” (pun intended). When we look at companies such as MSC, Maersk, PCL and even Klaveness - these family owned companies are moving towards professional managers taking over the running of the company. In the past, the shipping companies were dominated by the family members controlling the company and they were in effect the “deal-makers” and the chartering managers in these companies were essentially doing the backend jobs - running voyage estimates and negotiating the contracts. This has meant that the knowledge of systems and processes has become the benchmark of expertise for chartering professionals - an end. As the companies have become more professionalized and the technology is now quickly taking over these systems and processes, these chartering managers are expected to take over the task of deal-making. This will also mean that a whole new set of skills need to be imparted to these professional managers. This is one of the key reasons why digital transformation is essential - to unlock the true potential of the chartering professionals.

Two, the old school way of teaching and passing knowledge from seniors to the youngsters through mentoring does not exist. The intent to mentor is missing and, in some cases, so is the knowledge, especially in those senior personnel who came into the industry in the heady years of 2003 to 2008, when the market was on fire. These senior managers never got trained, due to no fault of their own, in the basic concepts of shipping and that means they are not able to pass on any “knowledge” to the younger generation. In addition, the younger generation is much more impatient and prefer to learn through technology rather than the old school methods.

Three, gone are the days when information was key to getting a deal done. Today, data is the new “oil”, but it is becoming more and more democratized. Nearly all of us have access to the same data. The power of data and the impact of its objectivity is unparalleled. However, the key is not data itself but the way we analyse it. It will be analytics that will set you apart and get the deal done. Gut feel and memory were usually behind decisions taken but they are limited
in scope, extremely subjective in nature and linked to an individual. Data Analytics allows us to make objective and data-driven decisions, although the task of making that decision still lies with humans.

3. ACTIONS TO CAPITALIZE ON THE KEY TRENDS:

It is important to remember that technology is not the end point but only an enabler which allows you to get to the end point - which is to solve real pain points.

First action is that the process must start from the top. The vision of digital transformation must be laid down by the top management and communicated in clear terms to the entire organization and possibly written into one of the broad goals of the company. The digital transformation must be brought into the organization in the same fashion as traffic from two lanes merge into one in an expressway. The main elements of this merging of lanes are setting of traffic rules (Chief Executive Officer - CEO - sets these rules), the cars themselves (Chief Digital Officer - CDO - provides these technology vehicles and products) and finally the drivers who are driving these cars (Chief Human Resource Innovators - CHRO - ensures that the personnel using these products are adequately skilled). Thus CEO, CDO and CHRO must combine their energies to build this vision and implement it.

Second action is to get the buy-in from existing staff. Not only are the existing staff a reservoir of knowledge and experience, they are also, most likely, the biggest revenue earners in the team. They need to be on board. Their obvious questions are - why do I need to transform? I know my business well and am making good money for the company, so why change? Am I making my own job redundant? Over the years, knowledge and proficiency in systems & contracts was considered an end. This must change. It is important to use technology to standardize and automate processes and at the same time, re-skill employees with skills such as Insight Selling, Marketing and Negotiation Skills in order to turn process experts into dealmakers. This will unlock their true value and get their crucial buy-in in the transformation process.

Third action is to attract young talent and more importantly retain them. The younger generation are looking for colleagues that they enjoy working with and a sense of purpose. Digital transformation ticks both these boxes. The Digital transformation journey is as exciting
as a treasure hunt. You have been given the destination and a set of clues and it is up to you to solve the riddles and reach the treasure. When you make this an exciting process and involve the younger talent, they will simply love this process. Often, the younger talent is not given credit for their ideas and in some cases, not even given a voice on the table. This must change. The young talent are digital natives with very little baggage from past and that should be a positive attribute to bring about Digital Transformation. A key use of technology with the existing staff is to vault their knowledge by creating videos and presentations on various topics of expertise and disseminating them across the organization. Remember to give them full credit to them, which is obviously well deserved and will motivate them even more. This technological tool will also help bridge the knowledge gap of seniors as they are unlikely to acknowledge the gap publicly and learn the basic concepts along with other colleagues but learning those concepts on their own phone or laptop is quite acceptable. These tools also ensure buy-in from the younger talent.

Final action is to equip the organisation with the power of Data Analytics. This will actually involve Data Literacy (ensuring that each employee is aware of the power of data and thereby entering it more responsibly), Data Access (so that each employee can see how powerful data is helping his job and also enabling him or her to contribute better) and finally Data Tools (to visualise the data in order to capture insights and therefore drive decision making). These three elements will combine to create Data Democracy, which will ensure that the organisation truly moves towards data analytics in an efficient and purposeful manner.

4. TORVALD KLAVENESS - SPECIFIC BUT GENERIC EXAMPLES:

While the above lays out the conceptual clarity, it is best to give a few examples to link them up with real world. At Klaveness, we are already on our way to transforming the organisation from within and I was quite fortunate to start that process by heading the Processes, Systems and Competence (PSC) team.

We have adopted the PSI approach to transformation. The first stage is Problem Identification followed by Solution Development and finally there is Implementation and Follow up. The problem identification stage involves identifying specific problems/challenges faced by charterers and operators, such as inefficiencies (time wasted), quality issues, any issues which limit decision making and has high degree of complexity. It is important to prioritize these by
impact of problem and the feasibility of being able to solve it. The solution development stage involves developing solutions for problem in cooperation with end-users, IT and other relevant stakeholders. Solutions can be standardization/change of process, implementing new/changing systems, etc. The key is to start by putting together a prototype or “minimum viable product/solution” and adjust based on feedback from end-users. The most important part is the implementation and follow up. This involves ensuring implementation of new solutions in cooperation with IT and other stakeholders, follow-up on usage/adherence, measure impact of solution (i.e. has it solved the problem?) and thereafter further adjust solutions based on feedback from end-users.

In order to re-skill and up-skill the employees - young and new - we believe in training from within. We were keen to build flexible & customized training modules, creating ownership in the process & ensuring monitoring use of training modules, thereby focusing the energies of the leaders on those team members who were lagging. These modules ensured vaulting the knowledge in one technological arena and have the added advantage of ensuring the training material is current and dynamic. Finally, the technological modules ensure that proper motivation and incentives can be provided to the staff. The in-house online training resource is aptly named “Klaveness Academy”

We also realised quickly that collaboration within the organisation must become more contextual. Emails are long and usually contain multiple issues and subject matters. As we go back to search these old emails, it is usually impossible to extract the context. Further emails are essentially a static platform, which means that any updates need to be resent and circulated by fresh emails, thereby overloading the staff with messages with too much content. We believed that we needed to replace emails (especially internal communication) with a platform ideally suited to capture knowledge, learnings, documents, standard formats in one place which could be centrally updated and automatically disseminated. We have thus successfully replaced all internal communications and replaced this with the MS Teams platform. We also ensured that we created visualisation tools to share the data insights across the entire organization using MS Power BI. These dashboards solved one key issue - it created a single version of truth and one source of data for all. This has produced much more efficient and streamlined discussions and captured comments and insights from multiple sources in one place, thereby positively influencing decision making. Over and above this, it also helps democratizing the data and motivating analytical reasoning within the organization.
5. KEY TAKEAWAYS TO A SUCCESSFUL TRANSFORMATION:

Combining the generic trends and actions outlined above with our experience in Klaveness, we can outline some key takeaways as listed below.

a. Transformation is not an option but a necessity!
b. Data is NOT the key - Data Analytics is!
c. Eliminate insecurity among senior talent through re-skilling and motivate younger talent by providing them a voice & a purpose.
d. Technology is your friend - use it in difficult times to solve problems.
e. Transform from within and then move outside to focus on customers.
f. Use the Problem/Solution/Implementation Approach.
g. Seeing is believing - Aim for a few small wins to reaffirm belief.
h. Vision set out by CEO and executed by CDO & CHRO.
i. Step by step approach is good enough but these steps must move the company in the right direction.

6. CONCLUSION:

I truly believe that technology is a great leveller. Eventually, we will move towards standardization and more of the shipping products will become “homogenous” in nature. The only differentiating factor will be the people and the service they are giving to their customers. All things being equal, the team that offers a better service and value to their customers will win and the focus will move back to adding value to the customer. However, for all other things to be equal, the companies need to also catch up on digital transformation and technology. Thus, it is essential to embrace this for all companies. Remaining static in an ever-changing world in nothing short of suicide.
ABOUT THE AUTHOR:

Punit Oza

Mr. Punit Oza has over 26 years of experience in Dry Bulk Shipping, holding senior management positions in leading shipping companies. Over the last 2 years, he has been very closely involved in the transformation and competence building within Torvald Klaveness and since January 2020, he has moved into the board of Klaveness Asia Pte Ltd.

Punit is a Senior Adjunct Fellow in Maritime and Port Authority of Singapore (MPA) Academy and a guest lecturer at Singapore Management University and BAC College, Singapore, which is affiliated to University of London. He is a board member of Singapore Maritime Foundation (SMF) and a member of the Trade and Connectivity sub-committee of Singapore Government’s Future Economy Council (FEC). He chairs the Singapore branch of Institute of Chartered Shipbrokers (ICS).

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