

## SHIPPING

### Keeping Up with Rapid Growth, a Necessity for Vessel Maintenance



The shipping industry is extremely volatile, and if the correct processes are not followed on a consistent basis, the chance of losing significant revenue exists.

TBS Shipping had been growing at an extremely fast pace. It's aim was to be known as "the best run company in the industry." While TBS was expanding, it's sister company Roymar, was having a tough time keeping up with the growth as the systems weren't in place to keep up with the increasing maintenance demands. So the client engaged Alexander Proudfoot to help it transition to a new platform where it could accommodate more than twice the maintenance volume.

The partnership, named New Horizons was tailored to create the infrastructure necessary to sustain growth. Areas the project addressed included Dry Dock and On Board Maintenance, as

well as various back-office functions including purchasing, finance, HR and IT. In addition to preparing Roymar to work on a larger scale, Project New Horizons ultimately brought over US \$4.1 million in benefits to Roymar.

#### A PROACTIVE APPROACH

Roymar, which specializes in ship maintenance, did not have a parts list for each of the ships it was maintaining. A 20 year old vessel, much like a 20 year old car, is comprised of thousands of parts with many non-standard or aftermarket parts. At the time, the company was fixing mechanical problems as they arose, or during the period where a vessel was placed in dry dock. In some instances, it was simply a case of underestimating the scope and size of the repair. This not only led to frequent delays, but also additional expenses as parts had to be "custom"

or "rush" ordered to make the repair in a timely manner. The longer a ship remained out of the water, the more costly the repairs and the greater the loss of revenue.

Proudfoot was able to develop a Management Operating System (MOS) to make vessel maintenance more proactive, as opposed to reactive. Through this system, Roymar was better able to anticipate a ship's needs when it arrived to dry dock. This expedited vessel turnaround minimized time spent at dry dock.

#### SYSTEMS UTILIZATION

A key component to New Horizons was the proper installation and use of the NS5 software application. During the discovery phase of the project, it was discovered that this application was not being utilized to its full potential. This included an

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installation of an NS5 “bare bones” database on all vessels currently not using the system. All mechanical parts were added to the vessel’s database. This allowed Roymar to keep an inventory of items frequently needing repair, as well as anticipate possible parts that were wearing out. Roymar was able to shift vessel maintenance from a reactive to proactive approach. This provided for better control of planned maintenance resulting in less unplanned activities.

NS5 also became a cornerstone to the procurement process. In the past, the process was to receive goods and invoice, create a purchase requisition, then have accounting pay the invoice. Item and invoice numbers often wouldn’t match, which would create problems with their vendors. Utilizing

the MS5 system, all numbers matched. Procurement became much easier virtually overnight. In addition to cutting down on late payment fees, the new procurement process allowed Roymar to increase capacity by 75 vessels while only adding three people.

The NS5 did more than simply aide in the maintenance and procure aspects of the business. Once properly trained on the system, Roymar management was able to more accurately place crew in the most efficient manner possible. This resulted in better staffing practices which ensured that each voyage was properly manned.

The more organized process also outlined clear roles and responsibilities of workers and supervisors all the way to the vessel

level. Everyone knew their jobs and to what extent they were accountable. This led to better succession planning and performance metrics.

Through New Horizons, Roymar became a better aligned company with improved utilization of existing systems, improved reporting information and tools, as well as better time management. The primary benefit however was the foundation created to better prepare the company for future growth.

*“Looking back on the past 20 weeks, I am amazed at how far we have come. We have achieved more process improvements in that time than in the three years I have been with the company. Getting us organized and focused is a big part of it, but I feel more than that is the close working relationship we felt almost immediately with the Proudfoot team. Not to lay it on too thick, within a week I felt they were a part of Roymar and not a group of outsiders. The other aspect that was critical to the success of the project was the methodology established right from the beginning. Specifically, getting everyone in the department involved in the forming of the new system. Once everyone felt that they were a part of the change, enthusiasm hit a peak level and never came down. Getting buy-in from the group was essential with a project that brought such drastic changes”*

**Mike Scatina - Purchasing Manager, TBS Shipping**