

Port management excellence requires operational integration

Making managerial decisions can be easy – if you have the right information

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ERPs fail to integrate port operations

Enterprise Resource Planning (ERP) systems fail to deliver when it comes to managing the myriad operational areas of marine ports. One-size-fits-all ERPs are incapable of delivering the timely information required to make good management decisions. ‘Best of breed’ applications are needed, integrated seamlessly in order to provide timely holistic operational insight on which to base sound management decisions. Until recently, ports haven’t had an economically viable option to achieve this information. Endlessly customizing ERPs or building custom solutions just isn’t affordable. Klein Systems’ Port-MIS handles operational details for ports around the world; it delivers the timely operational information required for sound decisions and the ability to manage by exception.

Best practices

The gold standard for best practices, when it comes to operational management of just about anything, is management by exception. Supply chain management, financial management, inventory controls or facility management are all best monitored, audited or managed most easily when only items needing action are flagged for personal attention.

Unusual or exceptional operational items need to be quickly identified so management personnel can interpret the severity of the exception item and assess its potential impact. If necessary, decisive action can then be taken to prevent or mitigate any immediate operational upheaval, or that which might occur further down the integrated operational chain.

So if management by exception is accepted as the best management practice, why then is it so rare to find organizations that have implemented this dogma successfully for their own management of day-to-day operations?

The answer is that having timely information at your fingertips is in fact not difficult, but having the right information at your fingertips at the right time is extremely difficult.

The Information Age comes of age

Today most managers and executives have an over-abundance of data, which is not information. Sorting, filtering and analysing this data to convert it into useful, usable information is typically the critical delay that prevents data from becoming timely information on which to base decisions. Making good decisions is easier when you have good information, and this process is the chief challenge many organizations struggle with today.

Typically, your organization would use a vast and expensive ERP system to get timely information regarding your operational performance. These large systems aim to provide a process and framework whereby things like management by exception are made possible by enabling the delivery of timely information to decision-makers who can use it to take action.

The challenge posed by diverse port operations

The previous description of how ERPs are supposed to work seems straight forward, but how do you apply these practices



in broad, varied and disparate operational areas common in port operations? The answer is as unique as the solution: to reap the benefits of a large ERP system across many ‘small’ operational niches, you need niche solutions. Specifically, in software lingo, you need a plethora of best-of-breed applications integrated so that they can provide enterprise-wide benefits similar to those of a tier-1 ERP. This is the proverbial software unicorn, which many organizations are looking for and wish they had.

Fortunately for port operators, Klein Systems Group offers a unique, niche, best-of-breed application that provides the benefits of an ERP, while supporting multiple yet integrated operational areas such as real-estate, contracts, vessel scheduling, billing and many other areas in port operations. More than 45 ports are currently using KleinPort, Klein Systems Group’s Port-MIS, worldwide.

Diverse yet integrated

Every port is unique and so has specific competitive or natural advantages, as well as challenges. This uniqueness is reflected in the nature of a port’s operations. Landlord, operating, cruise, container, bulk, petroleum or a hybrid of many or all of these operational components and others explains why one-size-fits-all ERP systems do not adequately address the needs of port operators or their operations.

Vessel calls trigger operational activity in a multitude of areas within a port. Harbour dues, pilotage fees, wharfage, dockage, and other service fees from a range of departments and areas are all integrated or connected by one vessel’s activity, yet they are spread across diverse operational and possibly geographic areas. KleinPort automates operational details and enables management by exception by providing timely alerts for items impacting operational completion or the execution of scheduled events.

If a vessel is delayed, for example, an alert is sent automatically to the harbour master, terminal operator and pilot office. With this timely information in hand, these managers take appropriate steps to minimize any possible disruption to their relevant operations.

Operational integration for operating excellence

Having operational integration means having the right information at your fingertips at the right time, as demonstrated previously, and it's true for every department within a port's organization. For instance, the finance department would bill the current vessel visit using the new contract rates, negotiated by sales that are driven by real-estate's recently updated Minimum Annual Guarantee (MAG), based upon volumes from last quarter's results for your top four clients.

Being able to automatically utilize accurate, timely and integrated information from various departments improves your efficiency so that you have now surpassed the original goal of managing by exception (a reactive management paradigm), to a superior management approach, which is now proactive.

Beyond exception management

With automated business processes and inter-department integration, management by exception is readily achievable. However, the next step is to take current, accurate information from the operational

details and plan future action based upon it. The proactive execution of corporate strategies, based on real-time operational information, is the Holy Grail of operational excellence and it is achievable today.

Expanding on the previous example, let us imagine one of your most prominent clients has recently re-negotiated their agreement. As the ink dries on the contract, their current vessel visit is being billed using the new rates and incentives, so let's now look two months down the road and expand this scenario for your largest client.

Assume their agreement has tiered incentives in place – the more cargo they bring in, the greater discount they'll receive. Your sales executive has proactively set a trigger whereby he will receive an e-mail alert when any client is within 10 percent of achieving their next discount tier. Upon receiving an alert for this client, he gives them a courtesy call to inform them that if they were to make an additional visit this quarter they would achieve their maximum discount level. The client, appreciative of having this information in advance, takes efforts to ensure an additional visit takes place at your port.

You have just out-competed your competition and your largest client appreciates it enough to give you more business. Now that is excellence in management.

ABOUT THE AUTHOR

Kent Goodhew is the Director of Sales for Klein Systems Ltd., and has over 10 years of public and private sector experience in consulting and deploying MIS solutions. Experienced in delivering sophisticated application software, services and consulting to maritime organizations. He is committed to providing Klein's customers, current and prospective, with an optimal solution based on their organization's specific requirements.

ABOUT THE COMPANY

Klein Systems Group Ltd. is an international software and services company specializing in the automation of business operations processes. Klein has over 25 years of experience in delivering enterprise-wide software applications for maritime Ports, Vessel Traffic and Coastal Surveillance organizations, Pilotage organization, Tug operators and maritime Community Systems.

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