

Container Terminal Quality Indicator Meeting

Tuesday, May 8th, 2007

At; Headquarters Germanischer Lloyd, Hamburg, Germany

Present

Dr Andreas Baumgart, Germanischer Lloyd,
Wolf von der Mosel, Hamburg Port Authority,
Wilmer Aguilar, Yantian International Container Terminals PRC,
Dr Yves Wild, Germanischer Lloyd (front row L-R)
Kieran Ring, Global Institute of Logistics,
Dr Gustaff de Monie International Port Consulting,
Harry Mohns MSC Gate Bremerhaven,
Heinrich Goller HHLA CTA,
Bernard Staender Germanischer Lloyd,
Steve Longbotham Marine Terminals Corporation USA

The meeting opened with a welcome and introductory address on the development of the container terminal quality indicator standard by Bernard Staender and Kieran Ring.

Mr Ring illustrates the work of the Global Institute of Logistics a multi-stakeholder agency; it is not biased to any particular party in the supply chain. Its members are drawn from all the nodes and the ultimate aim of the Institute when it was formed was to promote relationships across the entire supply chain from a global perspective.

The Institute is a not for profit organization, concerned with building consensus globally. Its main aim is to aggregate best practice and to educate logisticians in the global supply chain as to what is best practice and more practically, how to source, purchase and do logistics on a global scale. The Institute believes that the natural custodian of the supply chain is ever increasingly becoming the beneficial cargo owner. The shippers with which the Institute is most aligned with, are maritime driven and containerized in how they do their logistics and they really are the key influencers on this program.

One of the most important things that shippers can achieve is to reduce the number of days in inventory. Best in class now is 52 days. Supply chain has become one of the critical disciplines by which we judge the performance of an organization.

Beneficial Cargo Owners (BCO) say that for the period of time that their goods or commodities are inside the container terminal they describe it as a black hole. They have to determine the status of the container based on logical conclusion as opposed to actual transaction evidence. All visibility in the hinterland is based on transactional evidence. Logical conclusion is not safe, reliable or accurate.

Stakeholders in the industry have said why not do a study. What do terminals think their role and function is? Where do they think the industry is going? Identify the terminals that you believe have a culture which is moderate and forward thinking. BCO's want to know need to know which terminals to specify to our carriers because they realize that some terminals are better than others. BCO's carry out their own independent research as they believe that TEU throughput does not give a full picture on the performance of a particular port. BCO's want to know what terminals are like both operationally and organizationally.

A new breed of terminal is beginning to emerge which talks to its customers, they understand that the terminal has a unique part to play in the supply chain, in that its a custodian of the cargo at a very critical juncture.

Shippers, carriers, terminal operators, port authorities are all seeking a reliable standard for measuring the container terminal efficiency and performance.

The research on the development of the standard which took place at a series of dinner meetings across the globe was outlined.

Mr Staender outlines how the development of the standard will build on the intellectual property developed through the Cool Chain Association and the cool chain benchmark.

The proposed structure is a basic quality management system with key performance indicators and master tables for the benchmark point system. The goal is to measure and increase container terminal efficiency and of course connectivity, minimize delays and congestion, reduce costs, satisfy the customers. There is a need for this is standardization in order to ensure that terminals use the same calculation methods.

The standard will need uniform KPIs for measuring the performance ship-to-shore but also internal, on the terminal, storage area and at the land side interchange -- gate operation, railhead operation etc. It should use the total throughput per year for measuring the production, the moves per crane per hour, productivity, the berth occupancy & punctuality.

Gate measures, railhead measures and storage measures will also be included. The standard will have two parts: Container terminal quality performance, a terminal efficiency manager should be identified, who is responsible for running this standard and a subcontractor evaluation.

The Container Terminal Quality Indicators will offer comparison of different container terminals across the world with the same measurement, the same system, it will also show the development of quality over time.

The measurements which will be included in the table are subject to discussion and debate by the Hamburg Committee.

The attendees at the meeting introduced themselves and introduce their own perspective on the benchmark.

The group discuss the constraints that each stakeholder must operate within.

Mr Harry Mohns questioned whether the BCO will really get additional information by having a standard to measure worldwide terminals? Will it add any information to the supply chain or does it makes sense to have a worldwide standard or a worldwide basic benchmarking. Maybe have a standard and then regionalize it.

Dr Yves Wild felt that regionalising it would be too difficult and that it is what people do with the end results of the audit that is important.

Mr Ring explains how best in class operators should really want this standard as it influences their customers and will provide a way to distinguish themselves in the industry.

Mr Ring asks which KPI's should be measured and explains how GIL would like to develop a helicopter view of the standard. He adds how the standard is not about telling people which terminals they should choose as the majority of stakeholders are already in this business of choosing terminals to do business with but, it is more about them understanding their "customers, customer" and gaining market share through the reputation of being best in class.

The group discusses which KPI's should be measured. Dr Wild suggests the possibility of combining statistical values with organisational issues in the master tables.

Mr Mohns states that operational meetings are already in motion and that although he has no objections to a worldwide standard he feels that each and every client should be asked what they want out of the standard and then he will be in full support of it. Mr Ring reminds Mr Mohns of the diamond point.

The connectivity standard is more marketable than the productivity standard, "customers, customer wants more transparency". There's a "natural order to being first on the block".

The schedule of events to developing the standard is discussed. Mr Staender believes that four or five Hamburg meetings will be needed.

The group discuss the white paper and different viewpoints.

Opinions gathered from stakeholders at previous meetings were presented.

The group expresses the need for a timeframe of meetings. They discussed who shall be present at each of the proposed five meetings. Their was conflict over the presence of more than just the terminal operators at the first meeting and a possible extension of the first meeting to two days was proposed.

Mr Ring suggests that before the series of future meetings Dr. De Monie and Dr. Wild should come together and develop a glossary of terms that can then be prioritised at future meetings.

Mr Ring tells the group about Maersk's investment in Quizdom as a method of speeding up processes in future meetings. However Dr. de Monie suggests that a glossary of terms before the meeting would force opinions upon stakeholders and that their true definitions of terms would as a result be corrupt.

The group decided that the first meeting would be terminals only and the second would be carriers, shippers and LSP's. The group also discussed whether shippers or shippers representative bodies should be invited to attend the Hamburg meetings.

The Group had a detailed discussion on those who should be invited to attend the Hamburg meetings.

The dates for the upcoming meetings of the Hamburg Committee were set as:

June 28th & June 29th
September 6th & 7th
October 18th & 19th
November 29th & 30th