Driving Efficiency & Effectiveness in a Shipping Organization

3rd Annual Capital Link Greek Shipping Forum

Kostas Perris, Director, PwC Consulting – Shipping Industry Group
Agenda

Trends Leading to Change

Facing a challenging operating environment

Areas of focus to improve Efficiency and Effectiveness

Changing the Culture

An investment with long – term return
Trends leading to change

Striking the right balance between efficiency and effectiveness is a tricky exercise.
Facing a challenging operating environment

Areas to focus on:

- Budgeting System and Cost Control
- Financial and Management Reporting
- Process Optimization and Organizational Structure
- Systems and Controls
Areas of focus to improve Efficiency & Effectiveness

However, in practice...

- The Budget is rarely finalized by the beginning of the year,
- Historical data used +/- a percentage, instead of “zero-basis”,
- The Budget preparation period is very stressful for certain departments,
- Changing a key strategic assumption may require too much effort on amendments,
- Overemphasis to insignificant costs,
- Unrealistic targets set by Top Management
Areas of focus to improve Efficiency & Effectiveness

Financial and Management Reporting

Main concept

- Reliability and Integrity
- Uniformity
- Response to upcoming Regulations
- Information Flow
- Level of Automation

However, in practice...

- Too much reliance on excel spreadsheets, usually “not company property”,
- The necessary information not always readily available for decision making,
- Reports produced whereby neither the preparer nor recipient understands the value,
- Reports not easily adaptable to changes,
- Overlapping information in different reports serving the same purpose.
Areas of focus to improve Efficiency & Effectiveness

However, in practice...

- Responsibilities allocated per person rather than job position,
- Routine defines the way daily activities are performed instead of business risk,
- Cooperation among departments not harmonized when vague responsibility lines,
- Tasks/works may be duplicated,
- Executives may perform secretarial work,
- Resources are not utilized in their full capacity.
However, in practice...

- Underutilizing IT systems, although time and money spent on their acquisition,
- Systems Security is not considered as a high priority area,
- Company’s objectives are not supported by the IT infrastructure,
- Access rights not granted in accordance to duties and responsibilities.
Changing the Culture

Culture

People

Processes

Systems
An Investment with long-term return

Benefits

- Cost Awareness
- Harmonized Day to Day Activities
- Timely and Reliable Information
- Close Monitoring of Performance Management
- Risk awareness & Management
- Satisfied Employees utilized in Value Added Activities
- Attract Top Industry Experts
- Economies of Scales and Synergies

PwC
3rd Annual Capital Link Greek Shipping Forum
February 29, 2012