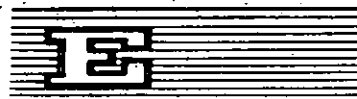




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PORT MANAGEMENT PROBLEMS: II

Application of Modern Management Techniques

by Mr. Ian Trelawny

For the purposes of this paper it is assumed that all cargo handling functions in the port are under one overall unified control. This will be referred to as Top Management.

It is also assumed that the basic management organization employed is Divisional, that is that the organization is concentrated on logical groupings of the services provided by the port, each specific area being under the operational control of a Divisional Manager, responsible to Top Management.

Top Management

In a port of any size, and particularly in a developing port, it is not practicable or cannot long remain practicable for all Top Management functions to be under the constant personal control of one man.

Top Management must be equally in control of both the short-term and the long-term activities, the day to day operations and the forward planning.

It can rightly be said that the division between these activities is small, because the nature and size of development depend upon the business which can be attracted. Much of this will be the growth of existing business.

The port must provide services to its users on a basis which is attractive to both users and port operators. Top Management must take a strictly commercial view of the port functions.

It is desirable that Top Management should be in the hands of two full-time executive directors:

- one to be responsible for day to day activities and for achieving the financial objectives;
- the other with responsibility for commercial activities and for future development.

The persons appointed to these two executive posts must be completely compatible and able to deputize one for the other.

Line and Staff Management

Line Management is composed of Divisional Managers, each responsible for a particular aspect of the port's operations and commercial activities, and their subordinates.

Staff Management is comprised of Departmental Managers, each responsible for a particular aspect of the services available to Top Management and Line Management, such as Management Services, Labour, Secretarial, Port Services, Engineering, Accounting and Commercial.

Line Management - The Divisional Manager

Every port has clearly defined areas of activity, in which the products handled, the methods of handling, the type of equipment used, the composition of the labour force, the basis of charging and other factors are, to a greater or lesser degree, unique within the port.

In charge of each such area of activity should be a Divisional Manager, whose responsibility is to direct and control its operations so as to obtain the commercial and other objectives required of that Division.

The Divisional Manager virtually runs his own business. He must therefore seek and obtain business, use the labour force to its optimum advantage, make the best use of all the equipment and plant under his control and find and implement new methods of working.

He must prepare realistic budgets and forecasts on operating costs and revenue. Although these should only include those items over which he has direct control, he must always bear in mind the role of his Division within the organization as a whole.

It is a matter for consideration whether or not his use of the services provided by Staff Management, such as Work Study, Engineering Maintenance and the like, should be chargeable to his Division. Whether or not these expenses are included depends upon the form of Management Accounting used throughout the organization.

Whatever that form may be, at regular intervals, monthly or four-weekly, the contribution made to revenue by each Division, together with its variations from budget and forecast, will be shown in the period accounts prepared for Top Management.

It is important that these periodic statements be prepared, by the Accountant, in full consultation and agreement with the Divisional Manager.

These statements are an aid to better management, not a reflection upon the ability or performance of the Divisional Manager. The system is designed to highlight areas where plans have not been fulfilled and some action or assistance is needed. It is also designed to encourage Divisional Managers to think and plan ahead.

When the system has been in operation for a sufficient number of accounting periods, it will be possible to show trend figures, which are more realistic and of more value than individual period figures.

The key to the successful application of these techniques, as in every other aspect of port management, is good communications.

Line Management - Divisional Personnel

The Divisional Manager is responsible for the advantageous deployment of all the resources under his control.

In the port industry the most significant of these is personnel.

There will be a number of grades of personnel within the Division and the first task of the Manager of a new Division is to decide upon the gradings and numbers and to ensure that every person employed in his Division is fully aware of his duties, responsibilities and tasks.

Job Specifications

For this purpose it is necessary to prepare a Job Specification for every person, down to whatever level Top Management decrees. This should certainly be to Foreman and can advantageously be to Chargehand level.

Each Job Specification should indicate to whom the person is immediately responsible to and who is his own immediate subordinate. The latter will normally be his deputy and should be trained to succeed him in due course.

Job Specifications should not be just written by Staff Management and presented to the person concerned as a fait accompli; they should be drafted by the Divisional Manager, on the basis dictated by Top Management, and fully discussed and agreed with the person concerned before the final copy is prepared and presented.

They should never be considered in isolation; it is of advantage to have a Line Management diagram available for all who appear upon it to see at all times.

This is important not only so that personnel may know their position within the Line Management chain and within the organization as a whole, but so that they may be able to assess their prospects of promotion. Promotion need not, of course, indeed should not, be confined to that particular Division.

The Divisional Manager having decided upon his own immediate subordinate, who will normally be appointed the Assistant Divisional Manager, it is of advantage for the Assistant to discuss their draft Job Specifications with his immediate subordinates, normally the Foremen and Chargehands, and agree them with his Divisional Manager.

The Foremen and Chargehands should be involved in the composition of the work force and the allocation of labour within the Division.

The key to the successful application of these techniques is involvement. Every member of the work force should be able to feel that his job is of his choosing and that it has a well-defined and significant place in the running of the organization as a whole. He must have a sense of belonging, which in turn instils a pride in achievement, both personal and in the undertaking as a whole. He should be able to regard himself as a member of a team for which he is proud to play.

Staff Management

Just as in the armed forces the number of support personnel exceeds the number of men actually engaged in combat, so in the port industry the number of back-up personnel is likely to exceed the number of men actually engaged in cargo handling.

But it is very wrong to think of the support personnel as being non-productive. They play a vital role in the success and profitability of the organization.

These are the specialists upon whom the Divisional Managers call for advice and assistance in operating their Divisions to the best advantage.

Staff Management functions are performed under a number of heads:

Labour

The cost of labour represents a significant proportion of the port's expenditure, probably in the region of 50 per cent at the least. It could, indeed, be said that the port management's business is buying and selling labour.

It is thus essential that the right calibre of labour be employed; that labour be carefully selected with a view to future as well as to immediate utilisation and that labour relations be good and remain good.

Once again the key to success lies in good communications.

The first essential is to find and appoint a really good Personnel Officer or Labour Manager. This is no easy task, men of the right substance being few and far between. There are plenty of opportunities for training in personnel management, but much of the value of such courses is lost if the right person is not selected in the first place.

Once he is selected and appointed he should be given senior management status; he should be at least on the same level as Divisional and Staff Managers.

Training

It is of advantage to combine the duties and functions of Labour Manager and Training Officer.

Labour should be selected to fill the vacancies existing at the time, but the desirability of progress through the organization, of promotion, of the development of material skills or particular aptitudes and the encouragement of a corporate spirit should always be borne well in mind.

Before or immediately upon engagement, every man should be given a short 'new entry' course, to acquaint him of the port's history, philosophy and aims, of his own role and opportunities for advancement, of safety requirements, of social facilities and of the hundred and one things that are peculiar to the industry and to the particular part of it in which he is employed.

Once engaged, his progress should be noted and recorded. He should be encouraged to apply for more senior positions for which he appears suited and advantage should be taken of any talents which he may display.

Turnover of personnel should be small - if it is large, there is something wrong with the management or the organization.

Management Services

The principal functions of the Management Services Departments are likely to be Data Processing and Work Study, although others may be added as Top Management considers appropriate.

Work Study

The port industry is a notoriously difficult arena into which to introduce Work Study, Job Measurement and Productivity Agreements.

It is argued that the production of a port, depending as it does to a large extent upon the activities of the users rather than the operators, cannot be accurately controlled as in the case of a manufacturing process tied to an established marketing policy.

Nevertheless, Work Study can play an important role in port management and can be of particular assistance to Divisional Managers.

Work Study entails the need for Job Measurement and a Productivity Agreement with labour.

The traditional methods of payment of labour in the port industry is by tonnage or piece rates. It is normal to encounter considerable resistance to any deviation from this system.

It is seldom easy to bring home the advantage of a stable wage system varied only, and marginally, by the results of productivity. However, these advantages can and should be demonstrated and proved.

Yet once more the basic solution lies in communications.

Before any attempt is made at Job Measurement, ample opportunity should be given for full and frank discussion between management and labour at all levels and in all categories. Small 'teach-ins', involving no more than fifty personnel at a time, are the best way of introducing the subject.

It should be possible to recruit future Work Study Officers from existing personnel. A short familiarisation course, attended by all applicants for such positions and all Unions officials, be they applicants or not, will enable candidates to be selected for a long course, from which successful competitors can be selected as Work Study Officers.

The advantages of Work Study Officers being existing employees, known to other employees and having experience of the port operations is apparent. They are more acceptable to the personnel than would be appointees from outside the organization.

Once the reasons for and advantages of Work Study are appreciated, there need be no difficulty in implementing Method Study and Job Measurement.

Productivity

The same careful attention to communications and free discussion applies to the institutions of a Productivity Agreement.

Such an agreement should state its aims, which are, inter alia:

To promote the port's prosperity by efficient cargo handling and rapid turn-round of shipping and land transport;

To improve remuneration and employment conditions for employees;

To develop individuals to the maximum of their ability and provide avenues of promotion;

To improve working methods by involvement with Work Study techniques;

To maintain and operate an economical and viable labour force;

To seek continuous improvement and effective utilization of all resources;

To foster mutual co-operation and understanding.

The Productivity Agreement should spell out all the terms of employment - wages, overtime, discipline, rest periods, holiday entitlement, sick pay, pension arrangements and the like and go into some detail on Method Study, Work Measurement, Performance Measurement Procedure, Action on Work Study Proposals, Allowed Time Standards and other procedures relevant to Work Study.

Once again it is necessary to stress that the draft proposals must be discussed exhaustively and agreed with the workers' representatives before any final document is issued.

Engineering

The Engineering Department has two main functions:

The day-to-day maintenance of the port operating facilities;

Planning the future physical development of the port.

Divisional Managers should arrange with the Engineering Department:

The routine inspection and maintenance of all the mechanical equipment under their control - and ensure strict adherence to scheduled maintenance programmes;

A manning system such that technical assistance is available at all times during which the Division is operating;

Regular safety checks on all appropriate equipment;

A system of reporting and correcting defects in equipment;

Exchange of ideas on suitability or otherwise of equipment for particular applications;

Discussions leading to recommendations on the acquisition of new, improved or replacement plant and equipment;

Discussions leading to recommendations on the future development of the facilities of the Division;

Under the Training Schemes, the training and testing of personnel in the operation of the plant and equipment used in the Division.

Port Services

The Port Services Department should be responsible for ship movement and berthing, towage, services to shipping, in all of which a close liaison with Divisional Managers will aid greater efficiency and better relations with port users.

The Port Services Manager should operate an Information Office, to collate and disseminate all informations on shipping, transport and cargo movements for all port users.

Provided that they feed all possible information into the Office, this will considerably reduce and should eventually eliminate the time consuming chore of dealing with enquiries by personnel of individual Divisions.

The functions of this Department can be extended with advantage to include fire and safety functions and, if considered appropriate, security.

Accounting

The Accounts Department should be responsible for invoicing all operations performed by the Divisions, who should provide the information required for billing promptly and on an agreed internal user form, suitable for the computer.

This Department should liaise closely with Divisional Managers to provide appropriate management information, recommend charging bases, assist in the preparation of budgets and forecasts, discuss variations in achieved results, cash flow exercises, viability studies and any other matters in which their specialist knowledge can be of advantage.

It is not proposed to discuss the Management Accounting function any further in this paper.

Secretarial

Direct contact between the Divisional Manager and the Secretarial Department will not be as frequent or sustained as with other Staff Departments.

It will probably be confined to formal and legal aspects of agreements with the users of the Division's facilities.

Commercial

The Divisional Manager should himself be responsible for routine commercial activities such as short-term contracts, special rates and customer relations.

The Commercial Department should be responsible for the commercial policy of the organization as a whole, an overall tariff structure and long-term contracts, in all of which there should be full consultation with Divisional Managers, and with publicity and public relations.

It will be apparent that these responsibilities overlap those for determining the port's plans for future development, which clearly rest at Top Management level.

Attracting business is very much a matter of ensuring that the port's facilities and services are widely known and appreciated. Equally, the port's continued and increased trade depends to a very large extent upon day-to-day customer relations which, as has already been said, are the province of the Divisional Manager.

It is thus desirable that the commercial function be a Top Management function, with considerable liaison between Top and Divisional Management.

Committees

Management Committee

It is desirable to set up a Management Committee, to meet at regular intervals, preferably weekly, to exchange views, discuss common and divisional problems and make joint recommendations on matters pertinent to the operation of the port.

The Committee's terms of reference, which should be wide, should be approved by the authority to which Top Management is responsible.

If the constitution of the authority so permits, the Management Committee should be given powers to spend up to an authorized maximum sum for specified purposes.

The Committee should be chaired by a Top Management executive and should include Top Management, the senior Divisional Manager, Secretary, Accountant and Chief Engineer. This composition represents an admirable amalgam of Line and Staff Management and is a valuable aid to the application of management techniques.

Senior Staff Committee

There are considerable advantages in setting up a Senior Staff Committee, membership of which should be composed of all the Divisional and Departmental Managers. It is worth considering the inclusion of personnel of senior foreman status, particularly those of long service in the port.

The Committee should meet every two or three months.

Although it would have no executive powers, such committees have been found to be invaluable as a sounding board for the opinions and feelings of the personnel in general and an excellent platform for the airing of difficulties which have not been overcome through the normal management channels.

The Committee should be open to discuss all matters except rates of pay.

Works Committee

It should be emphasized that this is not a Union committee.

Membership should be composed of a representative chosen by the personnel of each division or department of the port. The particular grading of each member is not of importance. It may be that one or more of the members may be Union officials, but they do not serve as such on the Committee.

Other Committees

The short answer is that there should not be any.

No doubt, personnel will wish to operate their own social and welfare committees, and should be encouraged and assisted to do so.

But from the port management angle the formation of numerous committees should be avoided. They tend to be delaying factors and can be positively dangerous. It is far too easy to delude oneself that once a dispute or complaint has been referred to a committee, or even worse, to a sub-committee, the matter is dealt with; whereas the delays consequent upon its disappearance into the limbo of committedness merely cause frustration and aggravation of the problem.

The correct way to deal with a management or personnel problem is to face it promptly and squarely, to discuss it frankly and openly and find a quick but permanent solution. Even if an immediate solution is not possible, at least it can be seen that action is being taken and that there is a willingness to solve the difficulty. About 75 per cent of such problems can be ascribed to misunderstandings or communications failures, and most of the other 25 per cent to a personality trait.

The advantage of the Divisional system of port management is that no Divisional Manager has under his control more men than he can know and be known to personally. It is a major part of his job to be aware of what is going on in his Division and to instil such confidence and respect that personnel will not hesitate to come to him with their problems, confident of a prompt and fair solution. The ability to create this relationship with labour is the most effective of all management techniques.

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