

Penang Port

So little time. So much result!



Penang Port SDN BHD (PPSB) is a corporate entity set up under the Malaysia Government's privatisation policy. PPSB is licensed to operate, manage and maintain port and ferry services as well as undertake present and future development projects. Structured to operate effectively and efficiently on a 24/7 basis, PPSB's vision is to be the premier port and logistics chain integrator in the region.

"Overall, Renoir was able to implement the real change the organization needed and delivered measurable results within the engagement period. I would recommend their services to other companies."

Eneik Obaid Hj. Mansor
General Manager

Key Results

25% increase in operational productivity

5% increase in equipment availability

25% reduction in overtime

20% reduction in inventory stocks

6% reduction in Accounts receivables.

Increased accountability

Proactive management style

ANALYSIS

Continuing problems with service levels led PPSB to seek the services of Renoir Consulting to assist them in achieving their vision. A 2 week Analysis at Penang Port was enough for both the Port Management and Renoir to identify significant improvement opportunities.

It was found that there were gaps in what the port was able to provide versus their customers' expectations. The supervision and management systems did not reflect the needs of the Port.

A 35 week program was agreed which included 4 main deliverables: 20% improvement in equipment productivity, 2-4% increase in equipment availability, a reduction of 25% in overtime and a reduction of Account Receivables by 6%.

PROJECT APPROACH

The program was split into 5 work streams, each with dedicated Management Action Teams (MAT) to cover the areas of Operations Productivity, Engineering Maintenance, Marketing and Sales, Accounts Receivable and Organization Alignment.

Six employees of Penang Port were chosen as the "taskforce" to work alongside the Renoir consultants throughout the program, to ensure practicality, greater insights, and sustainability, while complementing the external experience of the Renoir.

In addition to the involvement of the taskforce, all employees across all functions had the opportunity to contribute during the Focus Process™ by mapping and evaluating the Management Control Systems and/or the business processes. This involvement by employees at every level, led to the buy-in and the success of the program. Results and findings were shared with many, leading to ownership of the project moving from the consultants and taskforce to all port employees. Importantly, too, a significant amount of employees were given one-on-one training and coaching for the changes that were to be made.

IMPLEMENTATION

Each MAT area implemented a comprehensive Management Control System (MCS) to allow for the monitoring and review of the Key Performance Indicators (KPIs). A Balanced Business Scorecard was designed from the KPIs identified in each area. In addition, the Organization Alignment MAT designed a revised organizational structure to align the business with customer needs and updated all Job Descriptions. The Operations MAT implemented container yard and

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resource management systems and Engineering implemented 5S into their workshops and an inventory management model into their stores.

RESULTS

By the end of the program, equipment productivity had increased by over 25%, availability by over 5%, overtime was reduced by 25%, Inventory reduced by 20% and Accounts Receivable by 6%. To quote the General Manager of Finance:

“I was impressed that the project managed to achieve the results it did in such a small time frame”.

On top of the tangible benefits, the Port experienced a significant change in the corporate culture, one of responsibility, accountability and transparency, as employees across all departments and functions began to embrace a performance and target focused work environment. This led the Port's General Manager to state at the end of the program:

“This is not the end, this is just the beginning”.

THE RENOIR GROUP

Renoir Consulting is a world leader in sustainable, implemented change. Founded in 1994, Renoir has offices located in North and South America, UK, Europe, Turkey, Middle East, Southern Africa, India, Pakistan, China, South East Asia and Australasia. With over 350 fully employed and highly trained consultants, their work across a wide range of industry sectors gives them a broader perspective of the issues facing your business, allowing them to be sensitive to your unique challenges, culture and specific business issues. This cross-pollination ensures truly effective, rapid and sustainable solutions.

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