

Panama Ports Company

Improving Port Efficiency



PPC – Panama Ports Company – is a member of Hutchison Ports and a subsidiary of the CK Hutchison Holdings Multinational Conglomerate. They are a global leader in investment, development and port operations in several countries in Asia, the Middle East, Africa, Europe, America and Australia. PPC manages the Cristobal and Balboa ports, located at both ends of the Panama Canal, and serves as a distribution network for the Atlantic and Pacific trade routes.

“Congratulations for the work, today the communication between areas has improved, now we discuss the problems together (operations and support areas) and we find the solution together ...”

Erick Monteza
*(Operations Planning
Senior Manager)*

Key Results

Achievement of 100% of the proposed financial result to Cost Reduction obtaining an ROI of 4.8:1

Reduction of 14.3% of the organisational headcount

Reduction of \$10.3m in annualised labor costs

A Span of Control improved from the current 3:1 to 5.2:1

Around 180 processes documentation reviewed, mapped and SOP's written

PROJECT GENESIS

PPC engaged with Renoir Consulting to develop and sustainably implement changes to the Organizational Design and Management Control System that would support the company. These changes would be rolled down to the lower command structure, and support any further reorganization of the management structure in the future.

ANALYSIS

The aim of the analysis was to review the current organizational structure, including the roles and responsibilities and the reporting lines. As part of this investigation, processes, procedures and systems, and organizational behavior were reviewed to determine improvement areas through such activities as:

- Evaluation of the organization structure (size and shape) and how this supports the current operational and financial objectives.
- Analysis of the organisation's span of control, delegation of authority, functional alignment and communication interfaces.
- Manpower allocation, clarity of definition of roles, functions, accountabilities, responsibilities and activities to evaluate resource utilisation and optimisation.
- Use of tools and compliance to existing processes and procedures, safety, risk and quality standards and control systems across the business.
- Review of planning processes and cycles to identify inefficient use of human resources.
- As a result of the analysis, PPC's span of control showed significant room for improvement as the average span of control by area is around 3:1, i.e. extremely low compared with an average target of 8:1 for the industry.
- The analysis also looked at some of the KPIs by area – across all levels – to assess their effectiveness. It was found that much data/information existed, but few KPIs measured productivity and performance. Systems had grown organically with poor orientation to PPC strategic targets.

PROJECT APPROACH

The main objective of the program was to develop and implement sustainable changes to the organisational design and management control systems that would support PPC in their effort to improve efficiencies. These changes were to be rolled down to the lower command structures and lay a foundation for future organisational changes.

In the first phase of the project, Renoir implemented the workload and master scheduling method in order to identify the opportunities relating to a “new” PPC organisational structure.

In the second phase, the new organisational design was implemented with all effected personnel trained and performing new working practices as defined. Renoir also reviewed and documented 180 processes with standard operational procedures. In addition, 185 Job descriptions were re-written and in accordance with new structure functions, roles and responsibilities.

World Leaders in Sustainable Change

© Renoir Consulting Limited. This document remains the property of Renoir Consulting Limited and must not be copied or distributed in hardcopy or electronic form without the prior written approval of Renoir Consulting Limited.



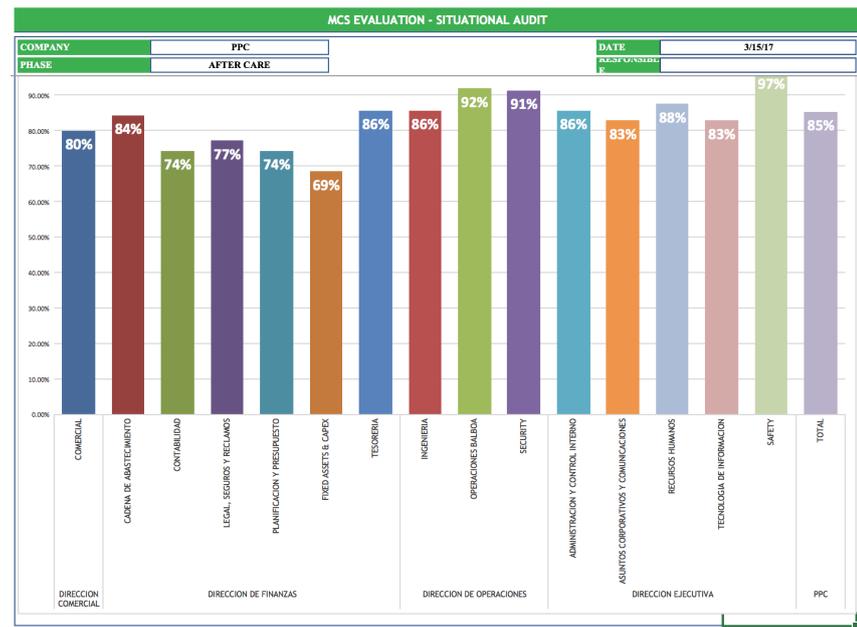
Representatives from the areas of Information Technology, Operations, Finance, Human Resources, Engineering and Administration & Internal Control were involved in the effort. The assignment covered 38 weeks.

IMPLEMENTATION

The assignment was characterized by PPC and Renoir personnel working together to effect knowledge transfer. It included internal development of a management system that involved operational and support areas, complemented with training at all operational levels in order to ensure sustainability. As a result, PPC achieved:

- Implementation of best management practices in processes redesign. Formal Communication, Management Performance, Action Plans to increase sustainable improvement of Functional Performance.
- Redesign of the organisational structure and created tools to scale the correct amounts for each function in order to reduce the costs associated with labor.
- Training of 'Task Forces' as 'internal consultants' to identify, quantify and qualify future areas of opportunity through Methodology Renoir, and develop solutions that are geared to prevention rather than corrective action.
- 'Coaching - Shoulder to Shoulder' in the field alongside those responsible for the execution of processes using the tools developed thematic and implemented during the project to perform their duties.
- Design and implementation of a management control system in all areas which involved Task Forces, enabling them to multiply knowledge when required.
- Renoir working together with PPC and its Task Force to achieve 90% compliance with the management control system.

RESULTS



THE RENOI 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.

Visit Renoir at www.renoirgroup.com for more information and a complete list of regional contacts or send us an e-mail at: renoir.office@renoirgroup.com

In addition to the labor cost reduction, the project also delivered:

- A structure for the operations, administration and support functions.
- Key processes and interfaces aligned with operating procedures and improved communication levels within PPC.
- Trained managers based on the methodology of "Train the Trainer".
- An internal group of qualified professionals to multiply the knowledge acquired.

PPC is now a more efficient company, working within standardised processes and management control systems. In addition, personnel have clearer roles and responsibilities.

World Leaders in Sustainable Change

© Renoir Consulting Limited. This document remains the property of Renoir Consulting Limited and must not be copied or distributed in hardcopy or electronic form without the prior written approval of Renoir Consulting Limited.