

Hongkong International Terminals

Impressive results in a difficult market



HPHT (HPH Trust) is the world's first business port trust and was listed in Singapore in March 2011. It is also part of Hutchison Port Holdings Ltd (HPH). HPH is the port and related services division of CK Hutchison Holdings Ltd.

HPHT is the leading port operator in the Pearl River Delta region. It owns interests in world class, deep-water container port assets located in two of the world's busiest container ports – Kwai Tsing in Hong Kong and Shenzhen in the People's Republic of China.

Hongkong International Terminals (HIT) is their flagship port, operating since 1969, with annual throughput reaching 10 Million TEU.

“Investors & market analysts have been impressed by the costs reduction, resulting from our efficiency improvement, that has contributed to HIT's margin improvement within a difficult market.”

Gerry Yim,
CEO, HPH Trust

Key Results

ROI: 4 to 1

Berth productivity
improvement: 10.7%

Equipment fault
reduction: 15%

PROJECT GENESIS

Hong Kong container activity had grown consistently until the 2009 crisis. Since then, HIT operational results were affected by a combination of issues: shortage of skilled workers, the implementation of the minimum salary, and competition from regional port capacity and other competition.

These changes drove HIT to rethink its operational paradigm from managing growth to optimising limited resources and customer satisfaction.

ANALYSIS

Renoir carried out an analysis of the operation, which quickly identified that vessel turnaround time was impacted by some fire-fighting behaviour. Key improvement opportunities included:

- Planning processes
- Operational performance measurement
- Roles & responsibilities
- Guidelines formalisation to ensure sustainable high performance
- Productivity variances review.
- Standardisation and recording of maintenance activities
- Schedules for Preventive maintenance
- Supervision of the crews to ensure optimal productivity.

PROJECT APPROACH

To achieve the Project objective of 7% to 10% turn-around time reduction (or Berth productivity increase) and covering the end to end operational process, the project was structured on 3 work streams for 40 weeks: Operations, Engineering & Customer service.

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“With the project, we are achieving considerable operational benefits by strengthening our focus on operations short interval control, greater data transparency and more comprehensive data measurement.”

Edward Tang
GM Operation of HPHT and HIT

“Now, we are more in control of the solutions that we take. And, the project has paved the road of Engineering’s future.”

Eric Su
General Manager,
Engineering HIT

Each work stream was organised around a Management Action Team (MAT) consisting of relevant managers, internal taskforce members and Renoir consultants. Each work stream was responsible for:

- Improving process efficiency and interfaces between departments
- Implement short interval control to minimise the risks of variance
- Improving the management control system (MCS) with more accurate & relevant data collection and a systematic performance review for decision making.
- Changing behaviour through buyin, training and coaching to ensure sustainable results and continuous improvement.

KEY IMPLEMENTED INITIATIVES

Operations

Three categories of actions have been implemented in operations:

1. The improvement of the MCS with:
 - The formalisation of operational hourly targets per function supported with a performance monitoring process for proactive decision making and completed KPI dashboard
 - The implementation of a comprehensive vessel summary report and systematic review bringing visibility on the operational results per voyage and on the non-compliance with the plan
 - From the data transparency operational teams have gone deeper in the rootcause analysis to propose improvement actions plans
2. Process review to maximise its alignment and efficiency:
 - The roles and responsibilities in the control tower have been redefined to ensure the balancing of the staff crewing with the actual workload
 - The vessel planning has been formalised through the countdown schedule and integrated within the preparation checklist
 - The planning process per vessel has been revised with a regression model that provides a more accurate estimated time of departure (ETD)
 - The berth planning process and the ETD setting process have been aligned to maximise the berth utilisation or Berth Productivity Rate (BPR)
 - The Internal Tractors have been organised into segregated pools in the different terminal to reduce the empty trips and increased equipment utilisation and efficiency
3. Effect behaviour and culture change by:
 - Involving all levels of operations to contribute to continuous improvement and ensure the ownership of the long term solutions implemented Reinforce ‘Active Supervision’ by implementing ‘management by walkabout’ habits and short interval control
 - Training of all supervisory & management levels via class-room training, on the floor training and day to day coaching

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“BOXplus has provided objectivity and brought a fresh viewpoint for how HIT can enhance operational efficiency to improve customer satisfaction and create new business opportunities.”

Angelina Lei
Senior Manager,
Customer Services HIT

Engineering

These key initiatives were installed to increase efficiency:

- Improvement of the MCS, with better data transparency and availability to enable fact-based decisions. Bottom-up consolidation of key information in Daily/Weekly/Monthly reports & reviews. The main focus was on Fault Analysis and Planned Maintenance Effectiveness control, with a number of concrete short, mid and long term improvement actions such as: revised preventive maintenance content, minimize unplanned jobs, more sustainable corrective maintenance and better control of spares utilisation and replacements.
- Improvement of the manpower productivity based on a better work environment. With the implementation of a 5S methodology: the work-shop layout was reviewed, the ‘Work-Packs’ for PM jobs are pre-prepared and completed with a ‘Delivery Services’ to reduce the travelling time for regular unplanned jobs, access to the tools and spares is facilitated.
- Throughout the project the engineering team, from supervisors to engineers & managers have been trained and coached during workshops and regular reviews, enabling the team to take ownership and to propose and test new solutions.

Commercial

The two main actions conducted in Customer Service Team (CST) were to review key elements driving Shipping Line satisfaction and implement relevant measures among Commercial, Operations, and shipping lines for continuous improvement:

1. The four key elements to address customer service were:

- Speed: Total Port Time including Vessel Waiting Time, Gross Crane Rate, Vessel Operating Rate
- Flexibility: Ability to cater to special requests
- Transparency: Information sharing with customers on operational performance, productivity, special services provided and upcoming development
- Reliability: ETD accuracy, Berth on arrival availability, equipment stability

2. Actions taken or measures implemented were:

- An improved interface with operations by enforcing an escalation process for emergencies or customer concerned areas so that proactive measures can be taken to resolve the issue and better manage customer expectations to minimise customer complaints
- Identification of extra services provided beyond contractual promises for review and creation of new business opportunities,
- More structured and detailed review between CST and shipping lines to realise improvement opportunities that require both parties’ commitment
- Sharing of operational improved performance and development for the Commercial team to review the sales’ pitch and expand business

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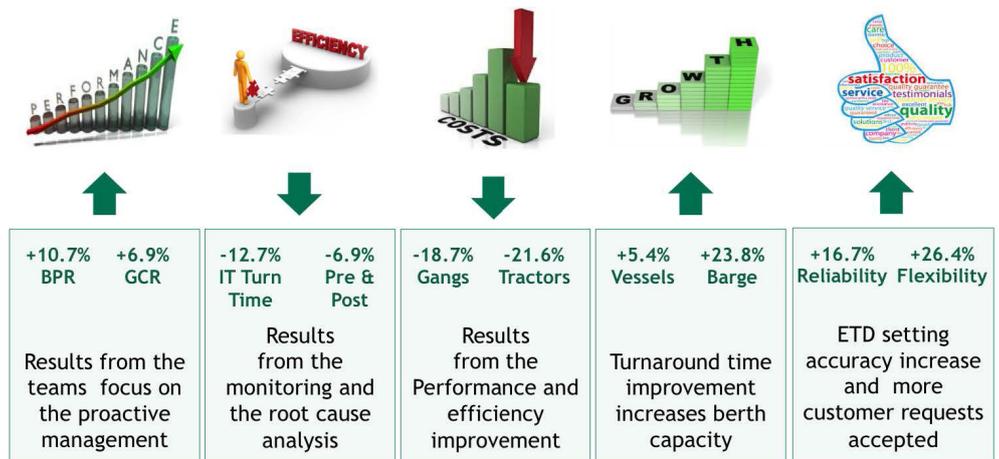
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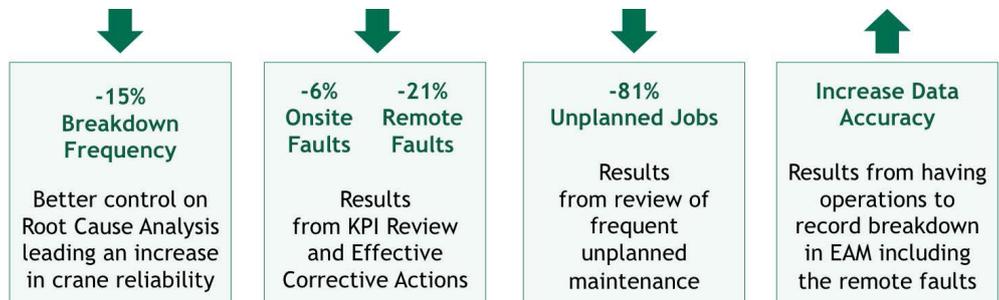
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RESULTS

Operations



Engineering



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