

Europort – TMSA Conference

TMSA Implementation, A Consultant's View

- TMSA, a need or a luxury ?
- Key Implementation Issues
- Are we managing change properly ?
- Experience Feedback
- TMSA Pros and Cons
- Implementation Fallacies
- What's next ?

By
Apostolos Belokas, B.Sc(Eng), M.Sc.(Eng), MBA
Managing Director, IBS S.A.



Ship management and self assessment
Self assessment can be self deceiving


















Europort Maritime
TMSA Conference
Rotterdam 2/11/2005

The bad image of shipping






Lloyds List opinion page dated 28/10/2005 focuses on bad image of shipping


- Three baby sea lions covered in oil in Uruguay after Panama's San Jorge tanker spilled 370,000 barrels of crude oil near Punta Del Este in 1997
- An oil platform is ripped from its moorings in the Gulf of Mexico after Hurricane Katrina passed through the area earlier this year
- The damage caused to the US Navy's USS Cole in 2000 after a suicide bomber created an explosion next to the boat, killing 17 US soldiers





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Key stakeholders in Shipping

- Oil Majors
- Tanker Operators
- Office Staff
- Seafarers
- Suppliers of services & products
- Flag States
- Classification societies
- P&I Clubs
- IMO etc.

- ✓ Everybody is concerned of their image
- ✓ Want to avoid public outrage
- ✓ Most valuable asset for every body :
Brand Name













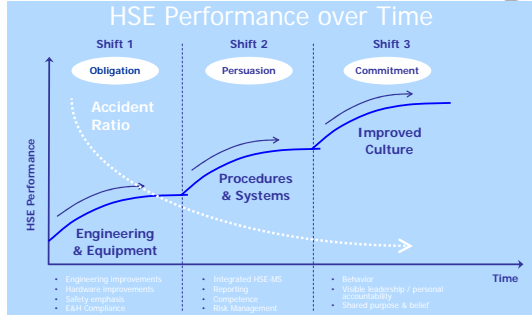
















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Theory of HSE Performance Improvement

HSE Performance over Time

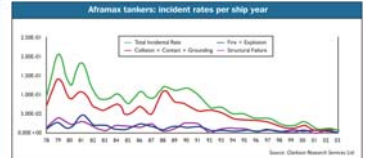


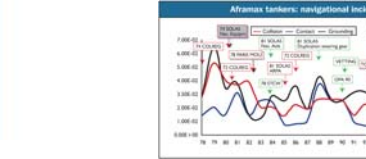
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Tanker Operators Performance













Aframax tankers: incident rates per ship year



Aframax tankers: navigational incident rates per ship year































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Continual Improvement Systems

- In place since early 90's (ISRS, ISO 9001, MB, EFQM)
- Good track record
- Have been used widely
- Based on 3rd party certification so far
- Theory says the future is self assessment
- Pure self assessment has not realised so far
- All industries (nuclear, aviation, process etc.) are using some kind of 3rd party assessment



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Market Dominator : DNV's ISRS

- In place more than 30 years
- Works in upstream, nuclear, chemical & petrochemical sectors
- ISO 9001 - Quality Mgmt
- ISO 14001 – Environm. Mgmt
- OHSAS 18001- H&S Mgmt
- PAS 55 – Asset Mgmt
- GRI 2002 – CSR
- Based on DNV Audit/Evaluation Point System/10 star rating
- Has been utilised extensively as a basis for all known systems in place in the upstream and downstream sectors
- Should be considered due its long standing excellent track record in many industries

Strategy	1. Leadership
Plan	2. Planning
	3. Risk Evaluation
	4. Human Resources
	5. Compliance Assurance
Implement	6. Project Management
	7. Training and Competence
	8. Communication and Promotion
	9. Risk Control
Monitor	10. Asset Management
	11. Contractor Management and Purchasing
	12. Emergency Preparedness
	13. Learning from Events
Review	14. Risk Monitoring
	15. Results and Review

OCIMF's TMSA : Key issues

Facts

- No official implementation framework or deadline
- Majors have started to asking implementation issues (deadlines set by end of 2005)
- Environment is not mature yet (12 months)

Implementation Key elements

- Management System Update (New)
- Computerised Planned Maintenance (New)
- Risk Management (New)
- Change Management (New)
- Crew Training (New)
- Communication of planned changes (New)
- KPIs to monitor performance & improve (new)

Common Denominator : Change

OCIMF's TMSA	
1.	Management & Leadership
2.	Shore Based Personnel Management
3.	Ship's Personnel Management
4.	Reliability and Maintenance
5.	Navigation Safety
6.	Cargo, Ballast and Mooring
7.	Management of Change
8.	Incident Investigation & Analysis
9.	Safety Management
10.	Environmental Management
11.	Emergency & Contingency Planning
12.	Measurement, Analysis & Improvement

Change Management phases

Effective change management is about mainly involving all stakeholders (people) who should pass through the following 5 discrete change management stages :

- Awareness** of the need to change
- Desire** to participate and support the change
- Knowledge** of how to change (and what the change looks like)
- Ability** to implement the change on a day-to-day basis
- Reinforcement** to keep the change in place

Change Maturity Matrix

CHANGE MANAGEMENT IMPLEMENTATION MATURITY MATRIX

Phases of change management project	Post Implementation								
	Implementation								
	Concept & Design								
	Business Need								
		Implementation Starts Here							
			Awareness	Desire	Knowledge	Ability	Reinforcement		
			Phases of change for employees						

Change Best Practices

CMC 2005 Best Practices in Change Management report presents comprehensive findings from 411 companies from over 50 countries

Key report findings:

- The #1 contributor to project success is active, strong and visible management support throughout the project.
- The top obstacles to successful change are **employee resistance at all levels**: front-line, middle managers, senior managers and inadequate senior management sponsorship.
- Employees want to hear messages** about change from two people: the CEO and their immediate supervisor - the message they want to hear from each individual is very different.
- When asked what they would do differently next time, **most teams would dedicate resources** to change management.
- The top reason for employee resistance is a **lack of awareness** about the change.

Experience Feedback – Bad News # 1


Change Management Problem # 1

- Lack of proper understanding that operators have to deal with change (even though several new requirements emerge at the moment)
- "it is another regulation, we will do it"*

Experience Feedback – Bad News # 2

Change Management Problem # 2

- Focus on TMSA “Compliance” concept (rather than continual improvement)
- *“We will comply by updating SMS by end of December”*



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Experience Feedback – Bad News # 3

Change Management Problem # 3

- Poor support from senior management (focus on expenses minimisation rather than investment on cultural change)
- *“It is a new regulation, we have to make expenses again”*




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Experience Feedback – Bad News # 4

Change Management Problem # 4

- Lack of proper communication to all stakeholders including seafarers (No circulars or briefings, training etc.)
- *“We are communicating with the crew because when we will send them the updated SMS we will tell them what to do ...”*




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Experience Feedback – Bad News # 5

Change Management Problem # 5

- Lack of resources allocation to many critical TMSA elements (e.g. Risk issues with ISGOTT 5.0 and TMSA 1.0 will change all operations as we know them)
- *“We will do all the additional stuff without hiring anybody or allocate substantial part of the work to any third party”*



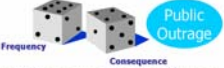
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Risk Management Related Problems

Basic Theory of risk states that risk has to be

- identified,
- evaluated and
- controlled

Elements of risk



$Risk = Frequency \times Consequence + Public Outrage$

Occurrences of “Risk” relates issues found in

- ISM Code (1994), “Risk” 1 time, “Risk Assessment” 0 times
- ISGOTT 4.0 (1996), “Risk” 40 times, “Risk Assessment” 0 times
- TMSA 1.0 (2004), “Risk” 58 times, “Risk Assessment” 32 times
- ISGOTT 5.0 (2005), “Risk” 190 times, “Risk Assessment” 50 times

- In total 11 requirements in TMSA 1.0 (all new requirements)
- In total 11 requirements in ISGOTT 5.0 (all new requirements)
- Conclusion: **Risk Management requirements will change the way operations are being scheduled and done**

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Experience Feedback – Good News # 1

The industry seems to be waking up

- Intertanko has established a TMSA working group
- Intermanager (ISMA) has established a working group on KPI setting and measurement




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Experience Feedback – Good News # 2

The operators demonstrate readiness

- All operators are actively investigating how to implement this NEW guideline
- All key staff involved (those actively involved with vetting) are pretty aware of the new regime



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Experience Feedback – Good News # 3

The initial introduction is (actually) better than expected

- Everybody has accepted (easier than expected) the initial deadline imposed by a leading major (end of 2005)
- Nobody seems to argue about the minimal implementation period



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Experience Feedback – Good News # 4

No big deal for all those critical implementation elements

- Nobody is interested for implementation and certification framework
- Nobody seems to be interested in improving TMSA (at the moment)
- Nobody is interested for any incentives (openly)




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TMSA Problems # 1

Related with the timing

- Lack of proper change management from OCIMF's side in order to properly introduce TMSA
- The majority of key stakeholders (incl. operators) have not been consulted during the TMSA design stage
- Premature intro due to lack of "implementation and certification" guidelines




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TMSA Problems # 2

Related with the design of the TMSA Guidelines

- OCIMF states ISM=Stage1, reality is ISM=Stage 0.5
- Many elements have tight requirements on stage 1 (risk) or 2 (Maintenance, crew)
- Many new elements at the same time (Risk, Change etc.)
- Most of the KPI suggested are "ballast", quality KPIs not used (e.g. LTIF, crew training hours, Crew Fatigue Index etc.)
- TMSA does not distinguish between old/new vessels, small/large operators




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TMSA Problems # 3

Related purely with implementation

- No implementation period given in order to arrive at a maturity stage
- No implementation framework issued (e.g. LTIF not included in TMSA)
- No incentives for operators (e.g. inspections reduction)
- More stages/stars would make it easier to avoid stage 3-4 concentration
- A lot of resources have to be mobilised at the same time



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Operator's TMSA Fallacies




1. **Act Now, think later**
You have to think before you act
2. **We will deal with the TMSA Project**
TMSA is not a project it is a way of living
3. **We will comply with TMSA**
TMSA is about continual improvement based on self assessment, nobody has to "comply"
4. **We will do our best to register**
TMSA is a marathon not a 100 m race, in order to make it all the way to the end you have make smart use of your resources
5. **We are stage 4 already**
Then you are most probably in the wrong market or being assigned a wrong role




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Conclusions




- TMSA will move industry forward
- Key stakeholders (incl. seafarers) have to taken into consideration
- Incentives need to be openly agreed for OCIMF & Operators
- Change management issues need to be properly addressed from all
- TMSA will soon need revision to stand reality (after initial OCIMF registration)
- Maturity (in change management terms) will take a few years




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End of Presentation



Thank you very much for your attention !



Further info or queries
Tel : +30 210 4520140
E-Mail : info@ibsnet.gr

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