

***SEAWORLD MANAGEMENT & TRADING INC.***

# *TMSA and continuous improvement in tanker operations*



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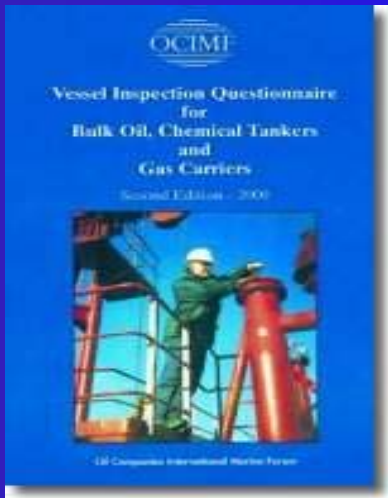
- Concept
- Achievement of Continuous Improvement
  - *Decide What's Important*
  - *Set Goals That Lead*
  - *Align Systems*
  - *Work the Plan*
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# Concept

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# Concept

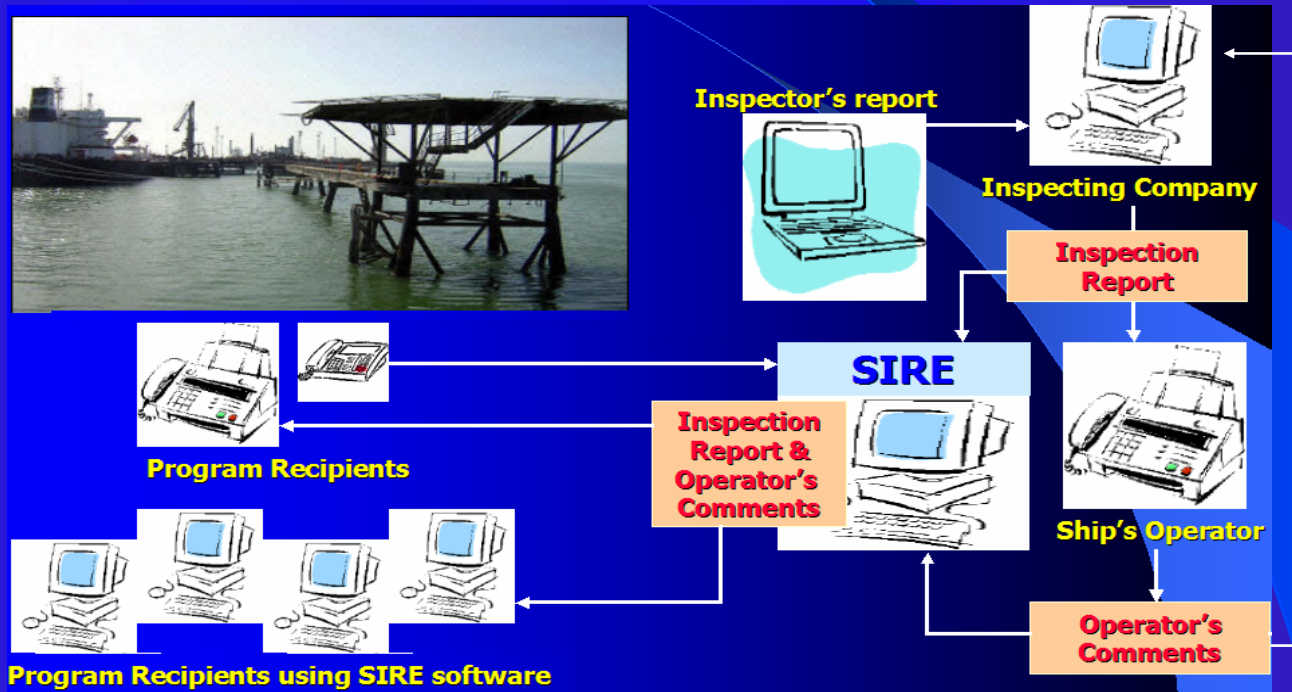
The primary objectives of OCIMF are the promotion of safety and prevention of pollution from tankers and at oil terminals



The first step of OCIMF was to implement a common vessel inspection process through the introduction of the Ship Inspection Report Exchange (SIRE) system.

# Concept

The SIRE Programme is considered as a tanker **risk assessment tool** of value to **charterers, terminal operators and government bodies** concerned with ship safety.



The SIRE Programme aim is to reduce the number of inspections that each ship undergoes

# Concept

Today just a SIRE inspection report does not “clear” our vessel

Several other factors are taken into account when the vessel is offered for business (“screening process”).

- Recent SIRE report
- Nature of observations
- PSC, USCG records
- History of Incident/Accidents
- Age and type
- if >15yrs, structural evaluation and CAP (depending on the charterer)
- Terminals feedback
- Charterers feedback
- **Manager’s profile/rating**
- Combination of class and flag
- etc.

# Concept

- For the majority of “screening” factors there are criteria commonly accepted by the charterers/OCIMF members, except the ones used for the evaluation of the operator (“management review”)
- Individual OCIMF members are carrying head office audits which are known as “management review” by using their own criteria/experience
- OCIMF in an effort **to unify “Management reviews”** introduced the TMSA – A best-practice guide for ship operators as **another tool to assess risk** when they are about to use a ship or “*do business with a company*” e.g. T/C
- Hopefully all OCIMF members will address same approach and will avoid situations similar to SIRE inspection i.e. number of extra/side requirements



# Concept

- TMSA has formally introduced in shipping the term of  
**“Business Excellence”**
- **Business Excellence**

*Business Excellence is all about **determining your business objectives** and then **assessing your state of excellence against your objectives**. Through a process of **self-assessment** against a set of criteria you can determine your strengths and opportunities for improvement. Using this knowledge **you can determine and deploy improvements in order to improve your excellence**. There is no prescribed formula for success. The criteria for assessment are based on a model of business excellence. **Business Excellence is about results and improvement** and builds happily upon management systems like ISO Standards.*

# Concept

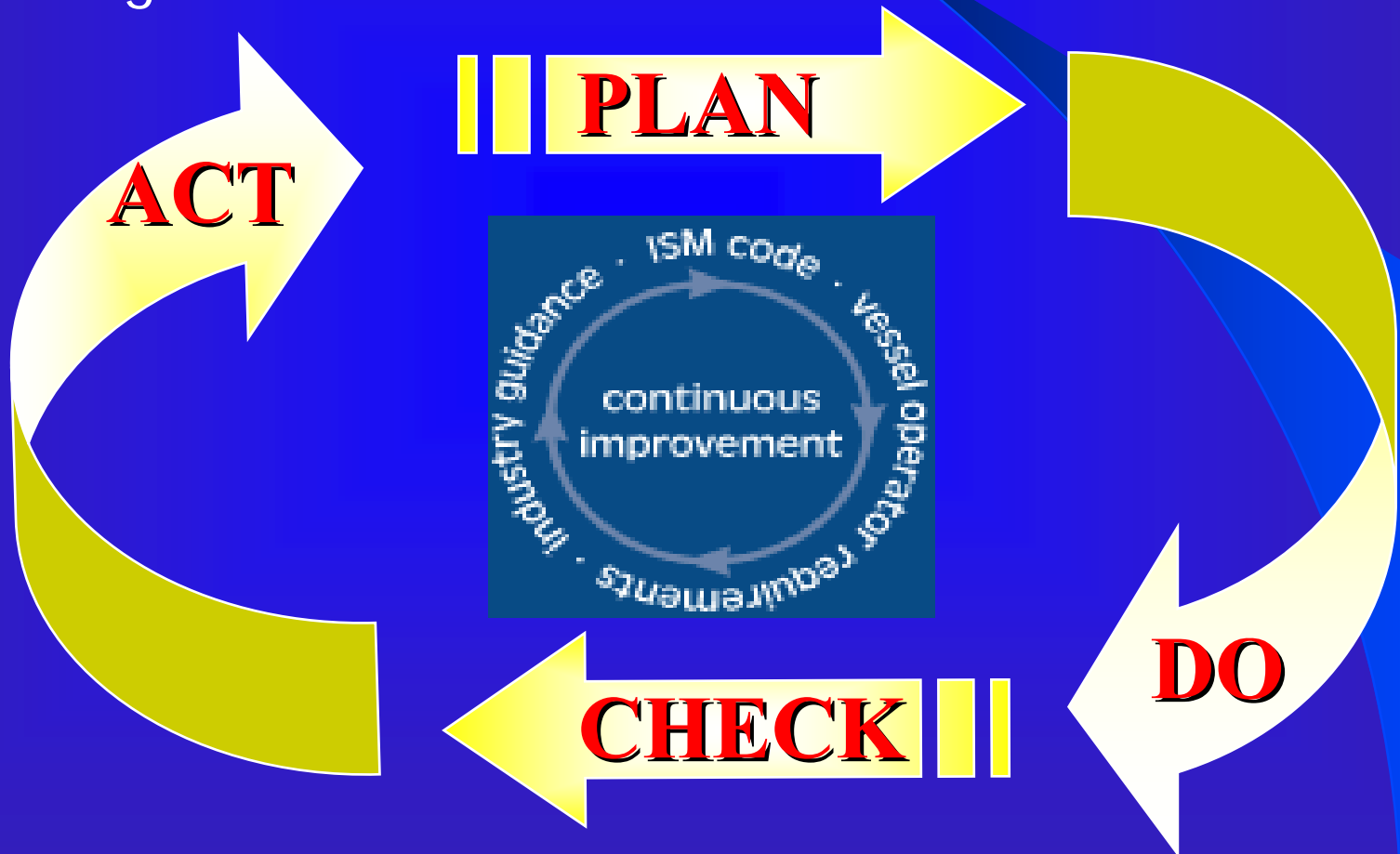
Although TMSA states that “this code requires ship operators to implement a safety management system...” (**ISM Code**) it also addresses several requirements from other management system standards such as:

- ✓ **ISO 9001** Quality Management Systems
- ✓ **ISO 14001** Environmental Management System
- ✓ **OHSAS 18001** Occupational health and safety management System
- ✓ Marine **Risk Management** based decision making



# Concept

TMSA promotes continuous improvement of processes through the **Plan-Do-Check-Act** cycle - an adaptation of the Deming wheel.



# Achievement of Continuous Improvement

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# Achievement of Continuous Improvement

**Business Excellence**

**Continuous Improvement**

**Review and Improvement**

*The Company shall review and continually improve its management system with the objective of improving its performance*

**Commitment & policy**

*The Company shall define its policy and ensure commitment to its management system*

**Measurement & Evaluation**

*The Company shall measure, monitor and evaluate its performance*

**Planning**

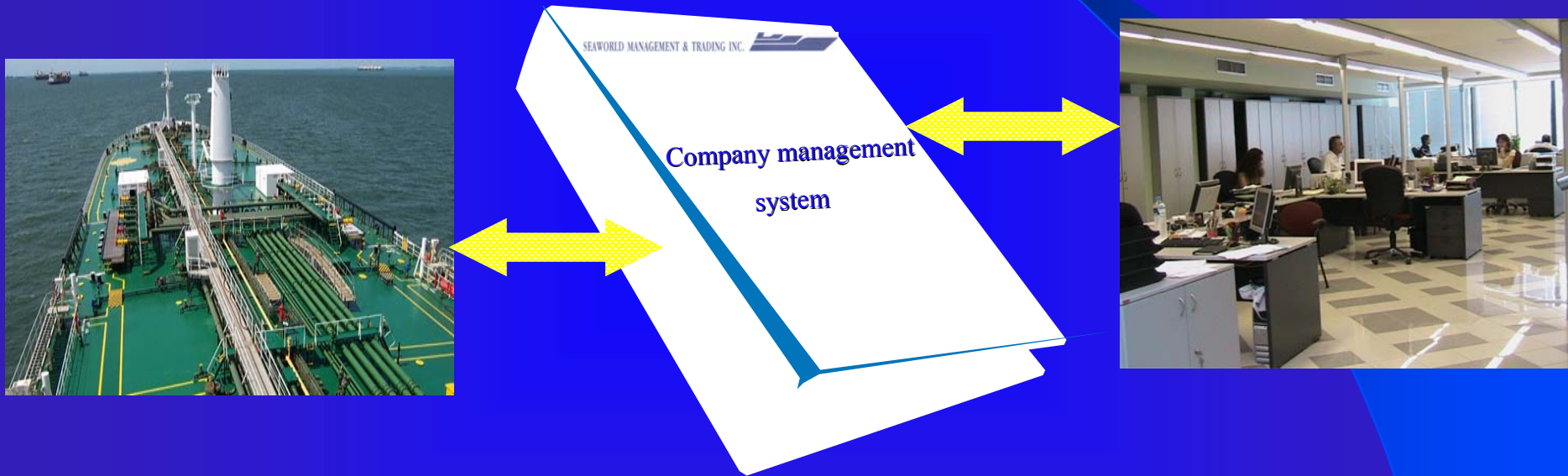
*The Company shall formulate a plan to fulfill its policy*

**Implementation & Operation**

*The Company shall develop the capabilities and support mechanisms necessary to achieve its policy, objectives and targets*

# Achievement of Continuous Improvement

The Tanker Management and Self Assessment (TMSA) guide is considered as a specific (prescriptive) **management system standard** for tanker operators



The **TMSA guide** initiates a long refitting period for existing management system

# Achievement of Continuous Improvement

The “**Six Disciplines for Excellence**” by Gary Harpst describes how to achieve excellence in your business using six steps.

- 1. Decide What's Important*
- 2. Set Goals That Lead*
- 3. Align Systems*
- 4. Work the Plan*
- 5. Innovate with determination*
- 6. Step Back*



# Achievement of Continuous Improvement

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## *1. Decide What's Important*

The purpose of the TMSA, clearly states “there is a clear distinction between the standards of those ship operators that **embrace the spirit** of the ISM code and those that aim to fulfil only its **minimum requirements**.”

A lot of operators have “decorated” their offices walls with a number of management system certificates

Decide between “decoration” and proper use of management system standard(s) as a tool to run the company (office and ships) effectively and profitable

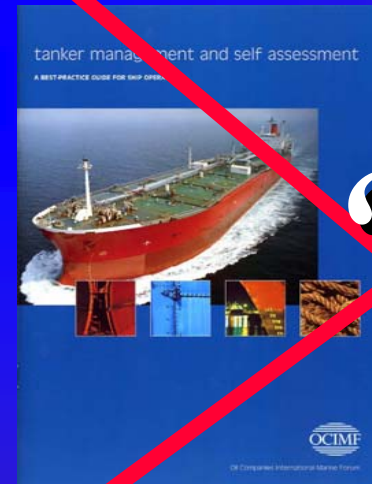


# Achievement of Continuous Improvement

## 1. *Decide What's Important* (cont.)

TMSA does not state clearly that the use of these guidelines is voluntary.

In the very near future, ignoring TMSA is done at our own commercial peril in working with/for OCIMF members and/or other reputable charterers



**EXXON**

bp

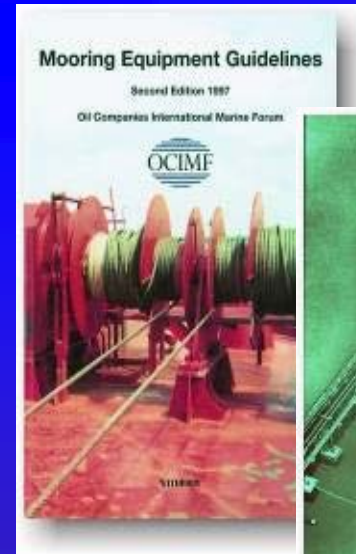


# Achievement of Continuous Improvement

## 2. Set Goals That Lead

Quality management principle states that organizations **should meet customer requirements and strive to exceed customer expectations.**

OCIMF members, other energy companies and similar organizations, which are our customers, have documented and published their requirements for many years and now have released the TMSA



# Achievement of Continuous Improvement

## 2. *Set Goals That Lead* (cont.)

TMSA clearly states that we should achieve **incident free-operations** i.e.

- ✓ zero accidents (related to human and asset)
- ✓ zero spills to sea
- ✓ provide timely transportation
- ✓ excellent ship's turnaround

Objectives

# Achievement of Continuous Improvement

## 2. Set Goals That Lead (cont.)

**Company Strategy and Objectives**

*Link strategy and objectives*

**Resource Allocation  
Budgeting and Planning**

*Dedicate resources in support  
of objectives*

**Performance  
Management**

*Manage operational  
execution*

# Achievement of Continuous Improvement

## 2. Set Goals That Lead (cont.)

### ELEMENTS

**Occupational Health**

**Safe Operations**

**Protection of the environment**

**Quality assured service to clients/charterers and owners**

### OBJECTIVES

**Reduction of hazardous materials carried onboard**

**No work injuries**

**Avoid transfer of aquatic organisms and pathogens**

**Timely delivery**

**No contamination**

# Achievement of Continuous Improvement

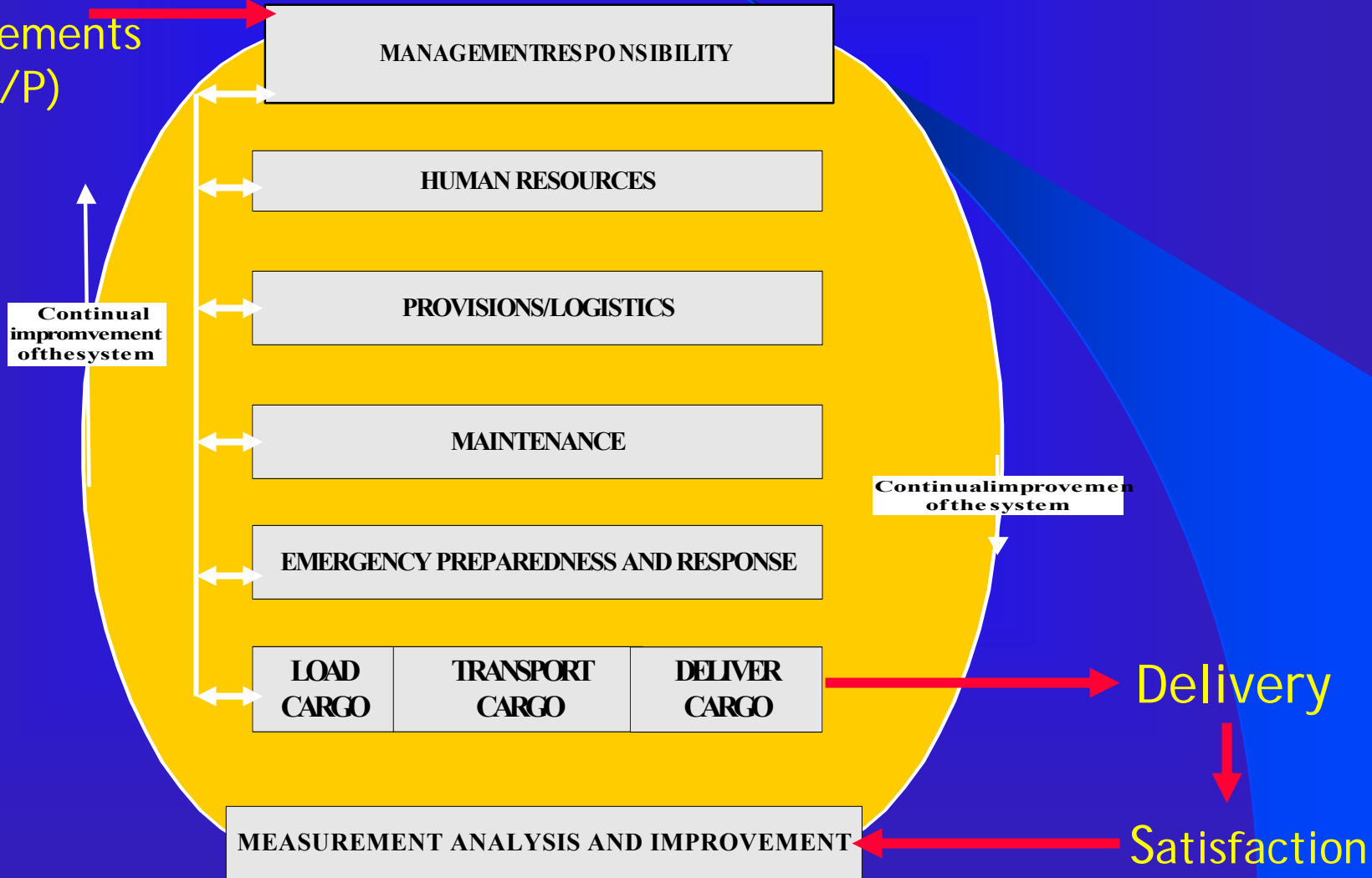
## 2. *Set Goals That Lead* (cont.)

- Company objectives must be:
  - Focused on a result, not an activity
  - Consistent
  - Specific
  - Measurable
  - Related to time
  - Attainable
  
- Objectives should be written down for each level of the company, and individuals are given specific aims and targets. This way you will ensure that people know what the company is trying to achieve, what they must do to meet those aims, and how to do it

# Achievement of Continuous Improvement

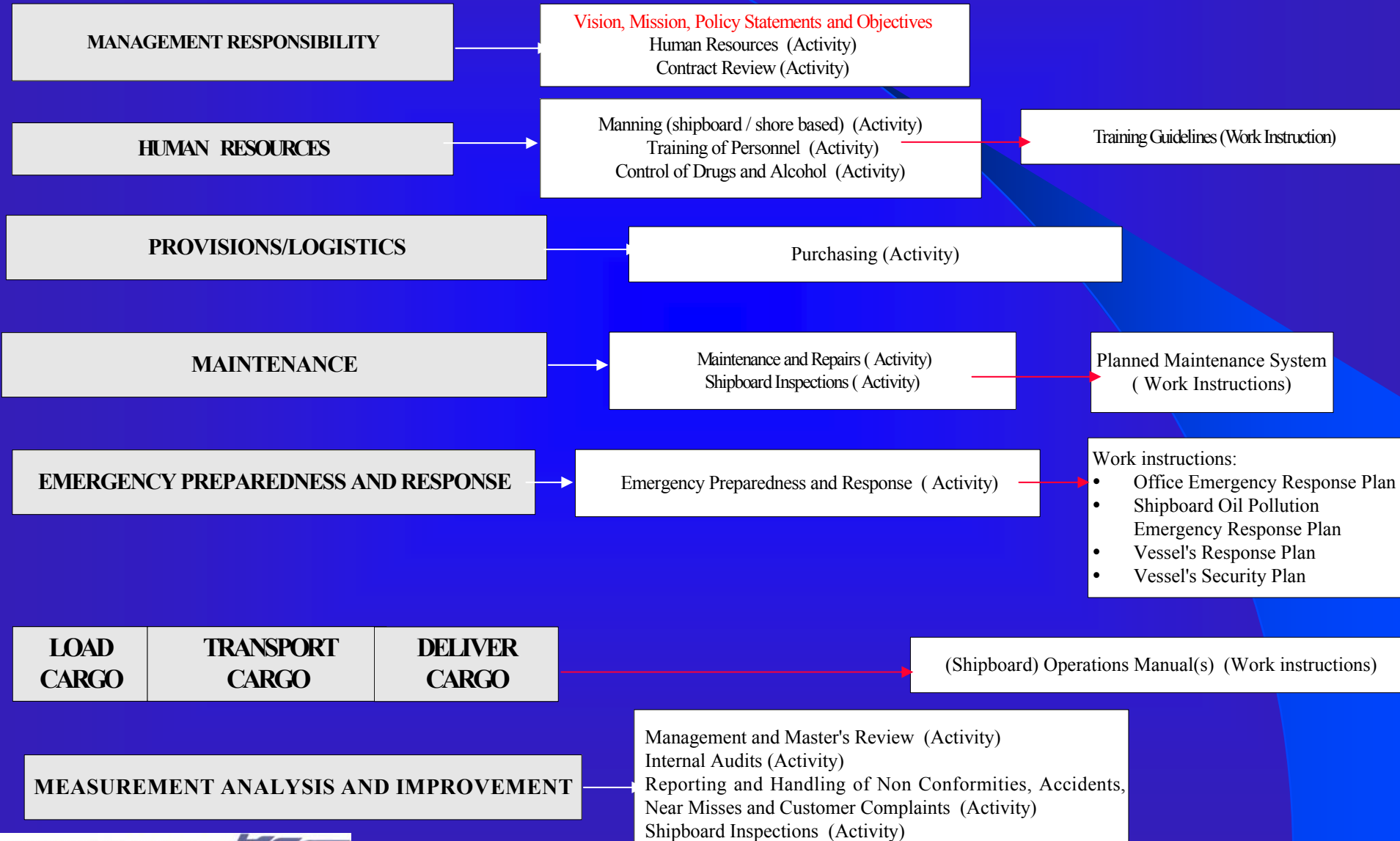
## 3. Align Systems

Charterers' requirements (C/P)



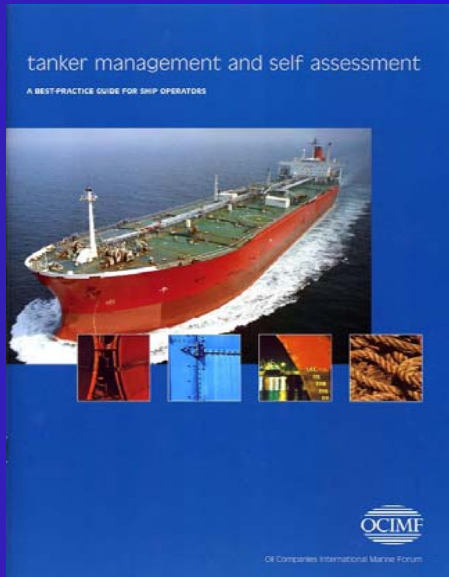
# Achievement of Continuous Improvement

## 3. Align Systems (cont.)



# Achievement of Continuous Improvement

## 3. Align Systems *(cont.)*



✓ Assess your actual practices against your system and TMSA guide

✓ Identify gaps



# Achievement of Continuous Improvement

## 4. *Work the Plan*

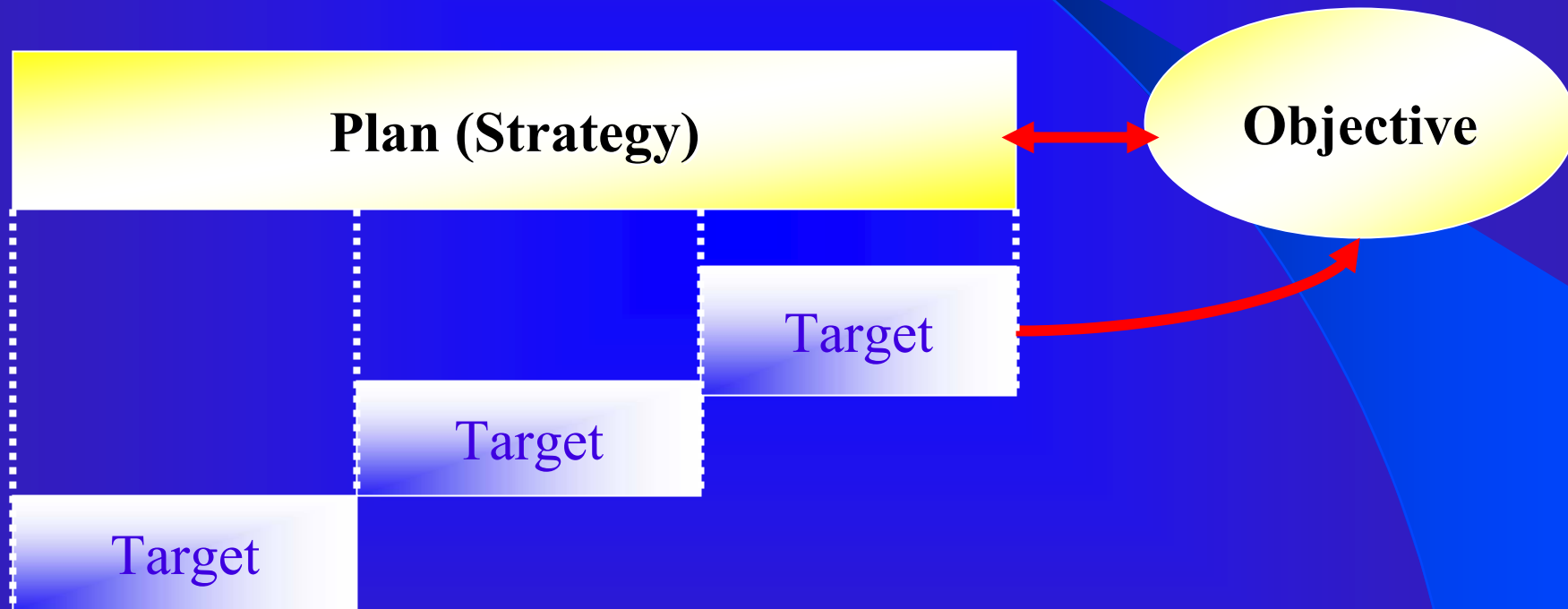
- Assess your capabilities and current position
- Set realistic and practical plans to fill identified gaps
- Depending on your capability and position do not aim to reach excellence overnight – get there steadily and gradually (walk steadily – do not jump)
- To move up stages you must ensure solid foundations



# Achievement of Continuous Improvement

## 4. *Work the Plan* (cont.)

- Establish **Targets** to reach your objective(s) gradually



# Achievement of Continuous Improvement

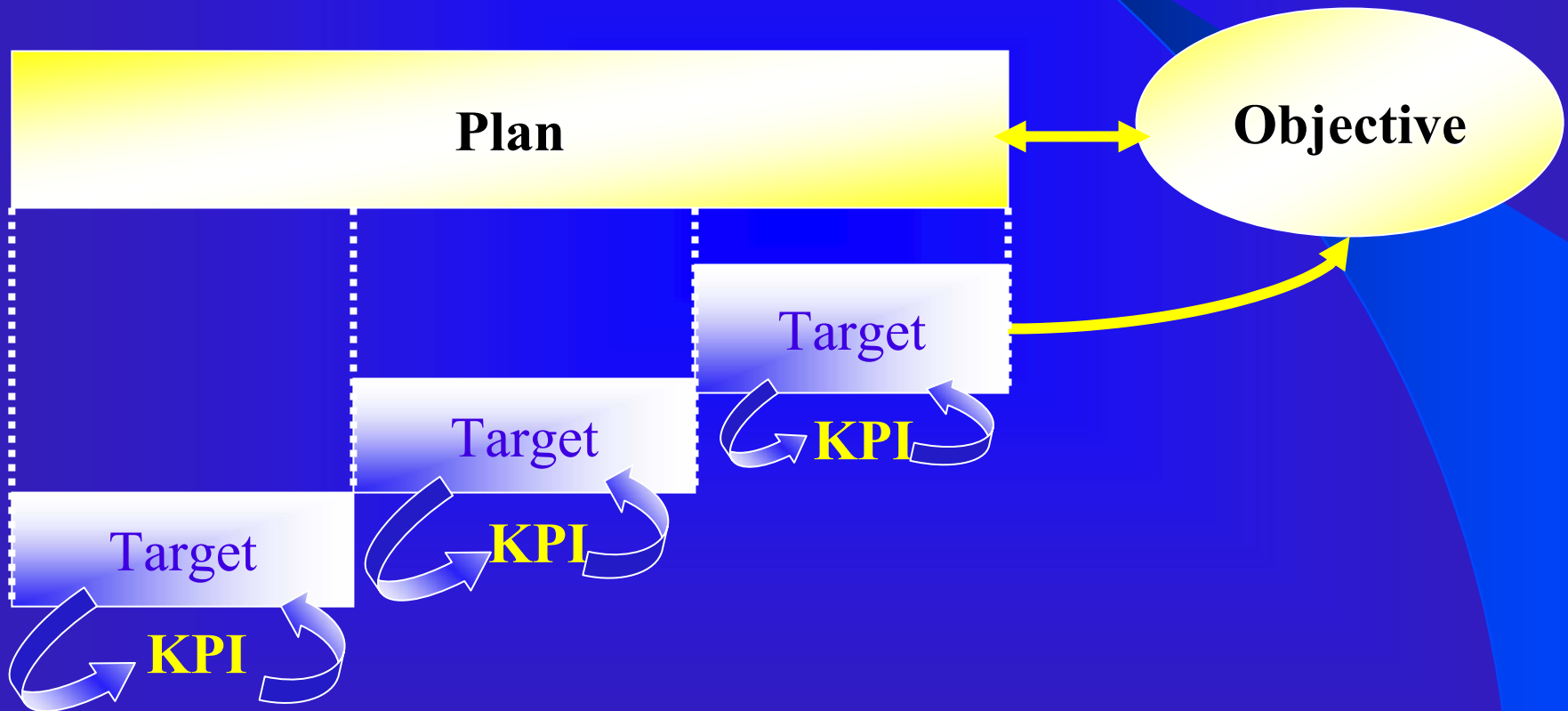
## 4. *Work the Plan* (cont.)

- Targets are established taking into consideration factors such as previous performance, market trend, resources, time limit, etc.
  - ✓ Analysis of company's historical records i.e. accidents, non conformities, etc.
  - ✓ Access to information related to industry performance e.g. P+I Clubs, other operators, OCIMF members, etc.
  - ✓ Exchange of information and cooperation (operators / OCIMF)
- Once managers know what information they need for their work and what information they owe to others, they can develop methods to turn "the chaos of data into organized and focused information"

# Achievement of Continuous Improvement

## 4. Work the Plan *(cont.)*

- Monitor level of achievement of each target before you take the next step i.e. establish Key Performance Indicators (KPIs)



# Achievement of Continuous Improvement

## 4. *Work the Plan* (cont.)

- Some key performance indicators are, but not limited to:
  - ✓ Number of injuries  
*refer to "Marine Injury Reporting Guidelines", OCIMF*
  - ✓ Number of pollution incidents
  - ✓ Number of accidents
  - ✓ Number of audit findings resolved
  - ✓ Number of near misses reports
  - ✓ Inspection results (PSC, Vetting, etc.)
  - ✓ Customer complaints
  - ✓ Time taken from completing the audit until issuance and distribution of the audit report
  - ✓ Number of audits performed against the number of audits planned
  
- TMSA names KPIs for individual stages of each element

# Achievement of Continuous Improvement

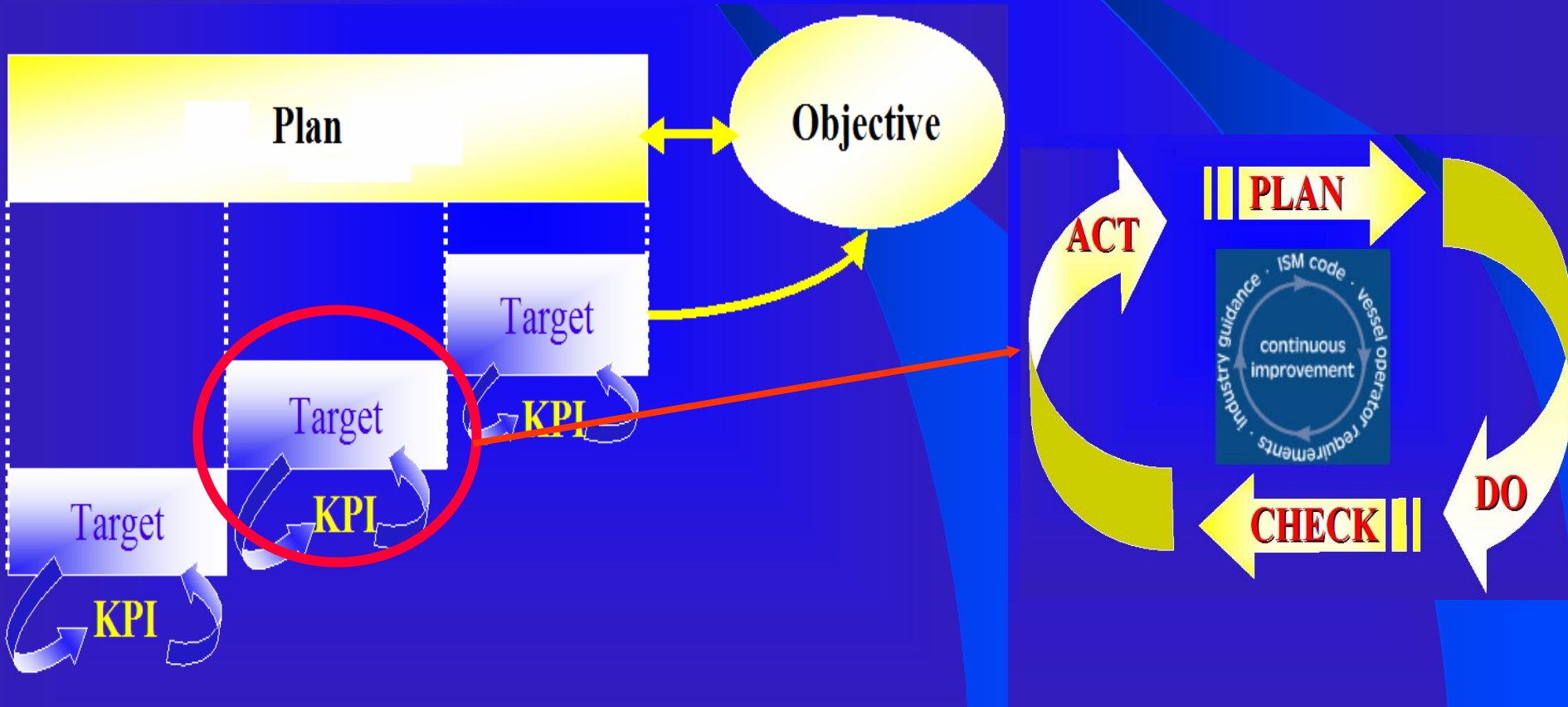
## 5. *Innovate with determination*

- ✓ Top management should be actively involved (commitment, motivation, provision of resources, etc.)
- ✓ Promote leadership, accountability, team spirit and work
- ✓ Train your staff to basic management principles
- ✓ Define clear roles (responsibilities, authority, tasks, etc.)
- ✓ Involve everybody (make staff to feel part of the team and that it contributes)
- ✓ Establish effective and clear reporting lines (avoid bureaucracy)
- ✓ Weight your capabilities (resources, available technology, etc.)
- ✓ Make reviews less time consuming and into the point
- ✓ Use internal audits as a tool for internal improvement
- ✓ Simplify your process / documented system requirements
- ✓ Be **honest** & **modest** when you report (submit your TMSA)

# Achievement of Continuous Improvement

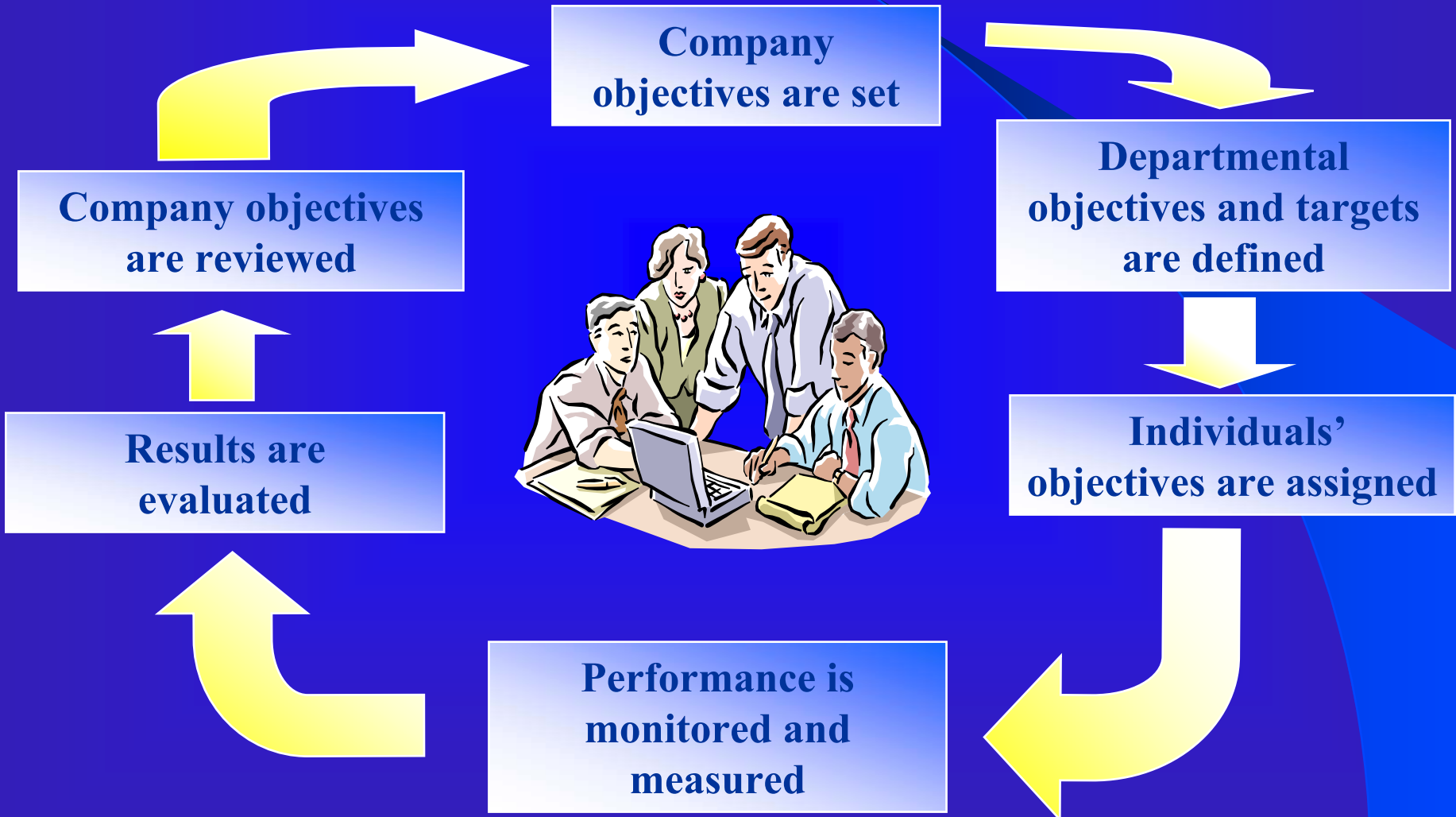
## 5. Innovate with determination *(cont.)*

- Meet target through continuous improvement of processes applying the **Plan-Do-Check-Act** cycle



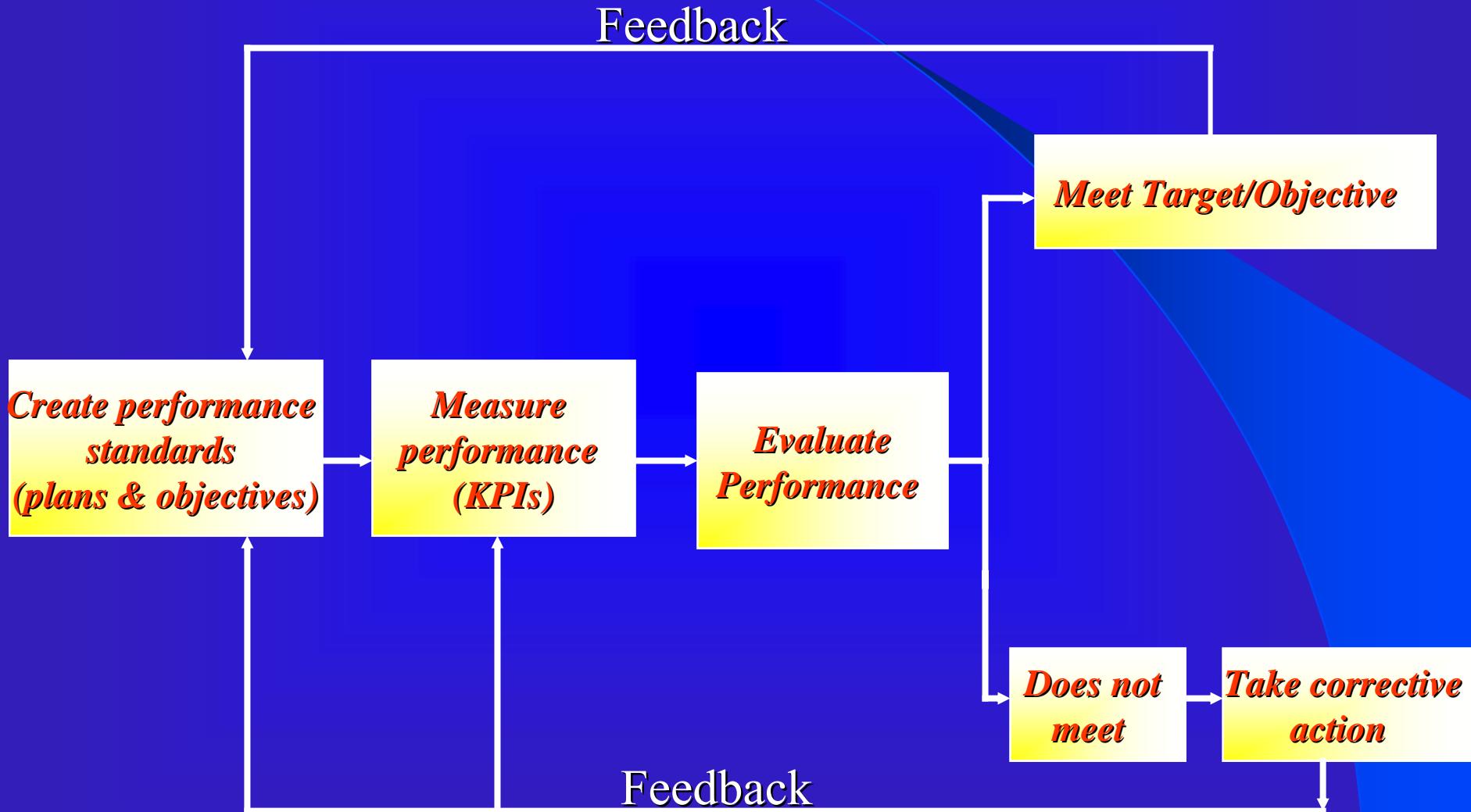
# Achievement of Continuous Improvement

## 5. Innovate with determination *(cont.)*



# Achievement of Continuous Improvement

## 6. Go back



# Achievement of Continuous Improvement

## 6. *Go back* (cont.)

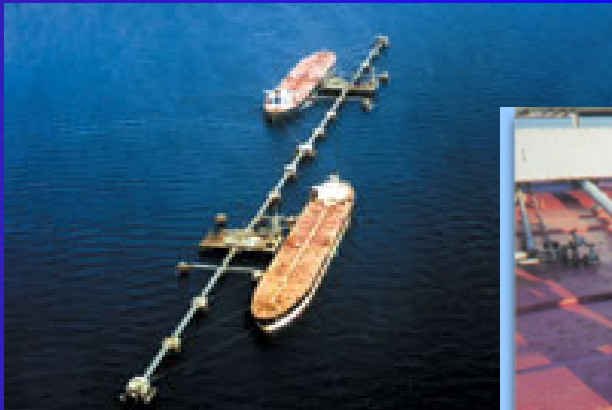


# Continuous Improvement Measured in Practice

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# Continuous Improvement Measured in Practice

**Shore based management culture** of continuous improvement with regard to (of safety, quality and environmental protection) is reflected on board and is verified by **ship's performance**, which is closely monitored and recorded by all interested parties including charterers, PSC, institutions, etc.



# Continuous Improvement Measured in Practice

- The key benefits for organisations implementing a continuous improvement programmes to reach excellence include:
  - ✓ **Builds management team consensus** about what your **priority organisational objectives are**, and how to focus your organisation on them
  - ✓ The process of **systematically analysing** an organisation is proven to deliver tangible benefits.
  - ✓ **Builds awareness** of the gap between the current strategy and where the organisation wants to go and how to bridge that gap.

# Continuous Improvement Measured in Practice

- ✓ **Builds team awareness** on the need for designing management practices to ensure management are aligned towards achieving their goals and more importantly how to implement them.
- ✓ Exposes management and staff to **best practices** and allows benchmarking against the best in industry organisations. This also allows management to know where their organisation is versus competitors or best in class organisations.
- ✓ **Builds trust** between the company and business associates
- ✓ The company is put in the **list of “first class” choice** (of charterers, etc)
- ✓ Achieves consistently customer, people, systems and **financial benefits**.



*“When it comes to achieving excellence, figuring out the right things to do isn't nearly as difficult as continuing to do them over the long term.”,*

*Gary Harpst*



*Thank you*

