



A STUDY ON OPERATIONAL ACTIVITIES OF AL MANARAH SHIP SERVICES LLC

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Abstract

A company's plan for achieving a competitive edge is its strategy. The success of a strategic plan is determined by how well a company coordinates all of its internal processes, including operations and brings them to bear on its goals. One way in which companies can gain a competitive edge is by deploying the basic functions of operations management in a more effective manner than their rivals.

An Operation is often defined as a transformations process. It transforms inputs such as materials, machines, labor, management and capital into outputs such as goods and services. Operations Management tries to ensure that the transformation process is performed efficiently and that the output is of greater value than the sum of inputs. Thus, the role of operations is to create value.

A Ship's agent represents the interest of the ship owner or charterer while a vessel is in port by providing practical assistance and by carrying out essential duties and obligations that are crucial to minimizing port delays. Better operational capability of ship agencies will improve communication and proactive thinking. Operational capability consists of logistics, human resource management and customer service. When ship agencies are able to improve the quality of these activities, they will become world-class. Their profits will rise, which in turn will benefit local economies.

This analysis focuses on the shipping industry from the point of view of Ship Agents. The study tries to define the integral role of ship agents in the shipping industry and how their operational activities are performed.

The main objectives can be summed as:

- 1. In-depth knowledge of shipping.*
- 2. Analyze detail study of operational activities by ship agents.*
- 3. To identify the key factors that impacts the quality in ship services.*
- 4. Examine the effect of Value Chain on service improvement.*
- 5. To evaluate the efficiency and effectiveness of ship agents.*

Introduction

A Shipping Agency is an agency responsible for handling shipments and cargo at ports and harbors worldwide on behalf of shipping companies. A Ship Agent is the designation given to the person by the shipping companies for handling the shipments and cargo. In some parts of the world, these ship agents are also referred to as port agents or cargo brokers, depending on whether they handle only cargo or the entire shipment process. There are several categories of shipping agents such as: port agents, liner agents and own agencies, each rendering specific services depending on the shipping company they serve.

Shipping agents take care of all the regular routine tasks of shipping company quickly and efficiently and make sure that the services are delivered on time. It is the responsibility of ship agents to ensure that essential supplies, crew transfers, customs documentation and waste declarations are all arranged with the port authorities without any delay. The Ship agents also provide the shipping company with detailed information on the updates and reports on activities at the destination port, so that the shipping companies have up-to-the minute information available to them at all times even while the goods are still in transit.

Organization Profile

Al Manarah Ship Services, a privately owned company, focuses on long term commitments and lasting relationships with customers, suppliers and partners.

Their financial strength, strong reputation and innovation enables them to expand in step with their customers worldwide, responding to the needs and changing demands of local and regional markets.

Their customers are central to everything they do. It is their ever-increasing demand for competitive solutions that drives them to refine and integrate their services to meet customer needs.

Al Manarah Ship Services takes full advantage of the diversity of their portfolio of services, their infrastructure, resources



and expertise to deliver integrated solutions that result in time and cost efficiency. Sectors such as the oil & gas industry, in particular, benefit from MSS's unique ability to offer a tailor-made service package covering ship agency, bunker fuels, offshore services and more. Other sectors that can benefit from their wide range of services include cruise, dry bulk, automotive, FMCG, retail, technology, healthcare, sports, entertainment/events, projects, offshore, etc.

Al Manarah Ship Services has been active in Sharjah in the United Arab Emirates in the year 2011 and specializes in a wide array of shipping operational activities.

Research Methodology

Data Source

The data is conducted on the basis of information collected from primary data and secondary sources.

Primary Data

Primary data are those which are collected for the first time and are always given in the form of raw materials and originals in character. These types of data need the application of statistics methods for the purpose of analysis and interpretation. In this study, primary data are collected through Direct Personal Investigation, Questionnaire, Telephone Interview and Checklist.

Secondary Data

Secondary data are those which have already been collected by somebody else and which have already been passed through the statistical process.

For the purpose of the study, secondary data was collected from various journals and textbooks and internet.

Statistical Tools Used

The statistical tools used for research purpose are:

1. Fishbone Diagram in order to find out the cause for the problem faced by the company.

Analysis and Interpretation

Analysis and Interpretation of project explains about the main problem faced by the company with the help of a statistical tool

The tool used for identifying problems are listed as:

- Fishbone Diagram

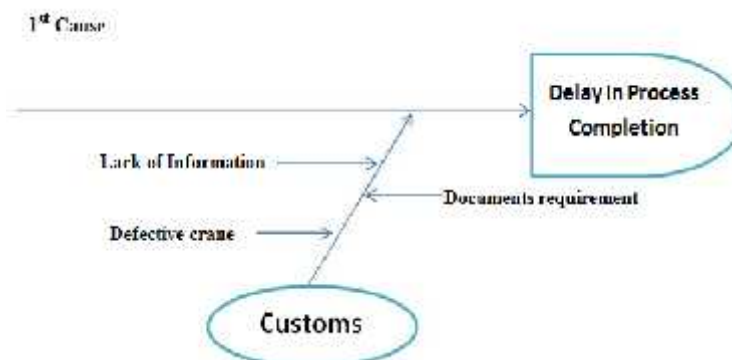
Analysis using Fishbone Diagram

Ishikawa diagram tool have been utilized to illustrate the possible causes of the main problem faced by the company. It has been noticed that there is a considerable amount of delay in time taken for process completion in attending a particular vessel. Delay caused in serving a vessel could mean losses to the vessel owner, which might even lead to termination of contract with the agency.



Fishbone Analysis: Effect

In the fishbone diagram the head of the fish defines the effect or main problem. Here the main problem the company faced was delay in process completion (Fig 5.1).





Fishbone Analysis: Cause 1

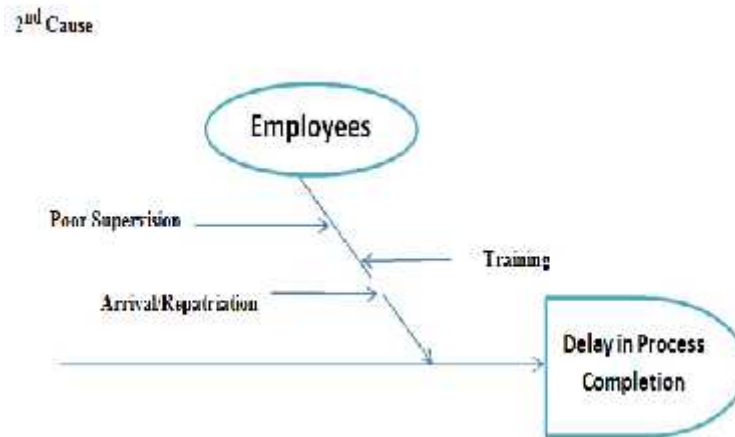
The above diagram shows the 1st cause of the major problem that is faced by the company. Each bone in the fishbone analysis represents each problem that contributes to the bigger problem that the company is facing. Here the first cause or first bone is Customs.

As an agent, the company should always be in touch with the customs and other port authorities. Coordination of agency with customs begins even before the vessel arrives in port. Therefore their coordination with customs is critical and has to be accurate at all times.

Lack of complete, uniform and correct port information could lead to delay in serving a vessel. Longer the vessel is required to stay in port, higher are the losses the vessel owner faces. Therefore, the inability of the ship agents to complete the procedures on time is a major disadvantage from their part.

Another cause related to customs is change in documents required by them leads to delay in process completion. Sometime the improper working of the systems could also contribute to the delay.

For loading and unloading purpose, the agency arranges for gantry crane which is already available at port, on behalf of the shipping company. After the vessel arrival, if it is noticed that the crane is not working, then the agents have to arrange for mobile or shore crane from outside which delays the loading and unloading process and could lead to charging of demurrage rates to cargo owners. As a result, this is also a major factor for delay in process completion.



Fishbone Analysis: Cause 2

As the above diagram depicts, the second bone or cause for the problem is Employees. MSS Agency has various employees such as Immigration PRO, Ship boarding officer, Tally clerk etc. For example, the tally clerk is responsible for the count of goods being loaded or unloaded to or from the vessel. Inaccurate count is another reason that could lead to delay in process completion. Poor supervision for such tasks could increase the time span for vessel stay in port.

The agency employees are responsible for proper documents submission, arranging for port pass at the port gate, timely pick-up and drop-off of crew members and other members of vessel. Inadequate training given to the employees makes them unfit to perform these tasks on time.

It is the agency responsibility to ensure that the crew members are picked from the sea port/airport and dropped to the airport/seaport at the desired times. Delay in these responsibilities causes delay in process completion.

Findings and Recommendations

Findings

From the interviews conducted and the survey data collected, it was observed that delay in process completion of service delivery pertaining to a specific vessel was most often due to delay from cargo owners in collecting or dispatching their cargo. When there is delay from their part, the agency also suffers in their process completion. Timely arrangements done for the loading and unloading activities by cargo owners also contribute for effective and efficient performance by the ship agency.



This analysis shows that even though the agency does all its operations and documents submission on time, their operational activities is not completed due to failure or delay in cargo handling.

The cargo owners might not be competitive enough in handling these tasks as well as other tasks within the port.

Recommendations

As per the findings from the analysis, it is recommended that apart from the agency services provided by the organization, they can extend their range of services to Land Freight Transportation. By introducing this service, they can have full control over the cargo handling as well. Through delivery of such a service, the agency will have to handle all documents related tasks of the vessel as well as the cargo. Then the agency itself can simultaneously make arrangements for mobilizing/demobilizing of cargo through their own modes of land transportation and make delivery to the desired location. This also helps the agency to ensure the cargo arrive the port on time and also makes the necessary arrangements to prevent any delay in cargo discharge since they are well equipped with port procedures.

Land Transportation is a part of logistics function and so by introducing this concept, the organization is helping and improving the supply chain process. It enables the organization to create a strong base of logistics services and supply chain in United Arab Emirates with the commitment to provide excellent services based on function of sourcing and distributing any kind of cargo at its proper place, at accurate time in the actual quantities and with attractive freight rates.

Conclusion

While foreign businesses moving their offices to UAE, the UAE Shipping Industry is becoming a global shipping hub. Currently, services ranging from import / export of goods to ship repairing and refuelling, the UAE has become a complex global shipping industry, with half of the world's internationally trading fleet of tankers passing UAE shores twice a year.

The Shipping industry in the UAE spends about half a billion dollars every year to buy materials for building, repairing and servicing ships & vessels. An increasing and profitable development is being made in the shipping industries worldwide. A serious and critical approach towards this industry can make the organization run profitably.

For any country in the world that aim at achieving economic development needs to improve transport and its associated logistics. Inefficient transport logistic could lead to low level of country participation in the international trade. Many development economists believe that, there is close correlation between transport and economic development. Shipping agents have some significant role in the logistic chain hence they have to provide higher services with higher quality services, reliability and above all the focus should be on customer requirement.

Competition is inevitable and so any organization in order to survive in an industry has to continuously analyze its external as well as its internal environment. Such an analysis would help any organization to find all faults and weaknesses and come up with innovative and strategic ideas that help the company grow and prosper.

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