

EFFICIENT SHIP MANAGEMENT @ LIMITED COST

In this article, we briefly look at the expectations of the Ship Owner, client of the Ship Manager and at the work of the Ship Manager to conclude that for the better of both parties, the Ship Manager ought to be selective and specialise in specific types of ships and trades whilst the Ship Owner ought to select his manager by his experience in the ship's type and the guarantee that the manager will not exceed the budget.

The role of the Ship Manager is to take over the running of the ship from the Owners and maintain the ship in a safe and good trading condition without undue stoppages or off hires. We will call the client of the Ship Manager the Owner and the Ship Manager the Manager.

The Owners must above all select a reliable good manager and make sure that his budget will not be exceeded. It is pointless to squeeze the budget into an impossible management task to later find out that extra unexpected expenses arise.

Whilst the Owner entrusts his expensive asset to the Manager, the tasks of the Manager are many: Selecting qualified and experienced crew with all certifications and inducing them to work within all the parameters of the system set up by the manager. Selecting and negotiating with insurance underwriters. Inspecting, maintaining and repairing the ship. Organising dockings and periodical surveys. Storing and supplying consumables, arranging and maintaining good communications, keeping well informed about the rules and legislation. Maintaining compliance with all statutory and classification societies rules and recommendations, same for the flag authorities, maintaining a good ISO and ISM management both on board and ashore, handling emergencies, negotiating various claims, keeping accounts and reporting clearly and fully to the Owner.

The most important of all tasks being the proper selection of a good crew for the specific ship and trade. Smaller ships call at more ports with more work and navigate in congested waters whilst, customarily they have fewer crew on board. Therefore it is essential to maintain a pool of several experienced crews, planning with specific crew for specific ships and trades. When taking over a ship, the crew must be used to working efficiently as a team.

In an ideal world, the ideal ships to manage for both the Owners and for the Manager is a fleet made of several identical ships, modern, well built and well equipped.

Series of identical ships are easier for the crew, who will know better all aspects of serial ships and develop invaluable experience. Therefore, there will be fewer accidents or extra costs caused by human error. Insurance premiums will be cheaper; a series of identical ships make it far more economical to purchase spares. Finally the shore staff will also have the benefit of a richer practical experience from these ships. Obviously a series of identical ships will be easier to charter out.

The dream fleet of a series of good identical ships is an exception and arises mostly through Government subsidies, tax relief schemes or major projects.



On a day to day basis, the Manager will receive inquiries for a great diversity of ships, mostly singleton. The managed fleet is made of a variety of ship's types, sizes and trades.

Often the new addition to the managers' fleet of managed ships is not well known. In case of older ships, some records may be missing, plans, drawings and instruction manuals are incomplete and in a variety of languages, some equipment is out of production and spares are both difficult to source and expensive. It will take extra time, effort, expense and above all in depth experience to bring the performance of the ship to a good standard. Not to mention the vessel's accommodation and appearance standard which has an impact on the crew's morale.

The Owner usually demands a good overall service and no accidents for the most economical arrangement with the Manager. He wants a sound budget and above all, to secure his cost side of his financial equation by avoiding unexpected expenses.

For the normal commercial contractual arrangement, the Manager obviously prefers a good ship of a known series to an odd singleton. In order to avoid a costly diversification he should endeavour to concentrate on specific trades and ship types. This will ease his effort to avoid accidents and run a reliable operation fitting his standards and reputation. For the same best efforts, his operations' results will be of a higher standard.

How do we serve best the interests of the client Owner and the Manager?

The Owner will of course ask for information on a selection of Managers for his ship and ask for a budget. In doing so, we suggest that the Owner ought to select a manager who has specialised in certain specific trades such as container feeder ships and/or roll on roll off vessels, alternatively bulkers of a variety of sizes.

As for container ships, the passenger trades, LPG & LNG, product carriers or crude oil tanker trades or supply vessels do require previous experience from both seagoing and management shore staff. Each trade also requires different crew arrangements.

Likewise the manager ought to concentrate his efforts on specific ship types and trades to offer a more efficient service to his client.

Now what about securing the cost side? Well, for a manager experienced with a specific type of ship, crewing and victualling, insurance premiums, authorities and class works are well known. Repair and maintenance costs vary little and extraordinary events ought to be covered by the underwriters. We consider that it is possible for the experienced manager to run vessels within the budget discussed with the clients bringing a good vessel.

To conclude, Managers will offer, as Doris Maritime already does, fixed cost ship management for specific ships. For example, Doris Maritime will study the costs involved in running a container feeder ship in a trade, submit a budget and run the vessel within the parameters of budgeted costs with a narrow margin of 5% to 10%. Doris Maritime offers to the Owners bringing a good ship to guarantee the running cost within this narrow margin of between 5% to 10% depending on the vessel's condition, age and trade. The Owners will thus have fixed the cost side of his business and his ship will be well managed.

For further information, please visit <www.doris.ch> or <www.dorismaritime.com>



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