

Case Study



Worldwide Dry Bulk Shipping Fleet

Industry: Transport
Sector: Shipping

Situation

Given the market conditions worldwide during the half of 2008, shipping rates fell precipitously. With the capacity utilization practices of a previous sustained period of prosperity, the business was poorly equipped to respond to dramatic changes in the market. The Baltic Dry Index declined from \$25,000 USD per ton per day to \$5,000 USD per ton per day. With a commitment to the long term future of the business, the downturn in business was seized by executive management as an opportunity to strengthen the foundations of management practice by creating the control systems needed to secure long term global success.

Objectives

1. Increased capacity utilization of the fleet
2. Reduction of excessive fuel consumption
3. Reduction of ineffective R&M expenditure
4. Increased commercial focus and accountability

Sydney Consulting Approach

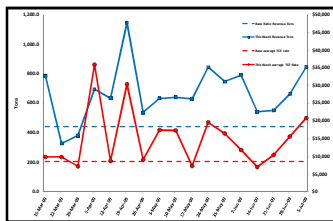
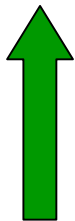
The approach focused heavily on building relationships with all stakeholders and progressively introducing rigorous metrics.

- Built a forecasting and scheduling method making true required capacity and true available capacity fully transparent, by route, by business type, by vessel type;
- Defined critical on-board control points;
- Developed executive dashboard;
- Established business rules; and
- Developed pipeline management control to better manage capacity

Client Outcomes

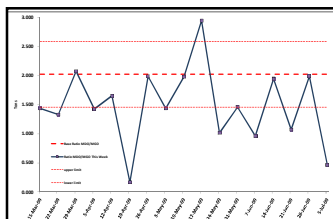
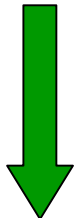
- Increased capacity utilization by 16%
- Increased shipping rates per ton by 9%
- Reduced fuel consumption by 14%
- Decreased overdue PMs by 100%

Ratio Revenue Tons per Working Day (blue) and Shipping Rate per Voyage Day (red) compared to base



(bases are straight lines)

Reduction in Tons Fuel per Working Day (blue) compared to base (red)



(base is straight line)