

AAPA Commissioner Seminar



# **Board - Management Relations**

## *A Critical Factor in Your Port's Success*

PORTS OF INDIANA

Rich Cooper, CEO – Ray Arredondo, Commissioner

*May 16, 2017*



**PORTS OF INDIANA**  
3 PORTS - 2 WATERWAYS - 1 SYSTEM

# Today's Discussion



- **A Little About Who We Are**
- **Our Governance and Management**
- **Building Board/Staff Relations**
- **How We Conduct Our Business**
- **Commissioners' DNA**
- **A Commissioner's Perspective**



# PORTS OF INDIANA

3 PORTS - 2 WATERWAYS - 1 SYSTEM



[www.portsofindiana.com](http://www.portsofindiana.com)



# Direct Atlantic Ocean Route to Indiana



# Indiana's Unique Port System



- 3 ports, 2 waterways, 1 system
- 1 Lake Michigan port, 2 Ohio River ports
- Serving 3 different markets under a single centralized corporate leadership team
- Economic Impact of Indiana's Ports:
  - **\$7.8 billion per year**
  - **60,000 jobs**



# Ports of Indiana Locations



- **Burns Harbor**

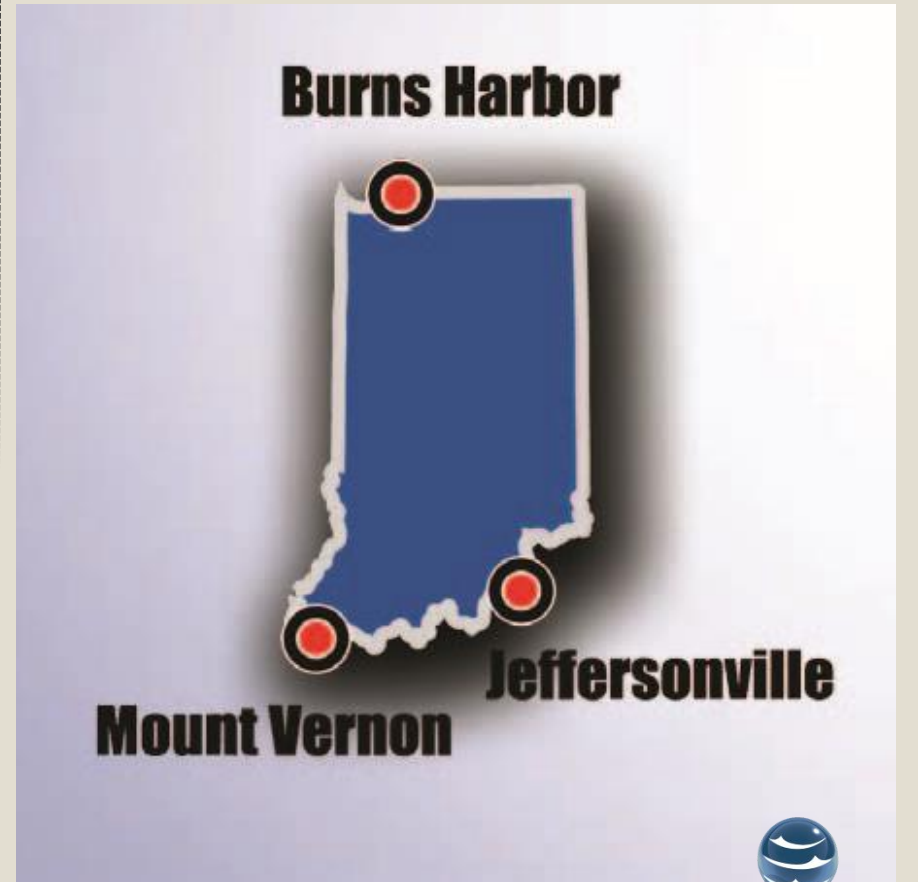
- Steel
- Project Cargo
- Limestone
- Ag Products

- **Jeffersonville**

- Steel
- Ag Products

- **Mount Vernon**

- Ag Products
- Ethanol
- Coal



# PORT OF INDIANA BURNS HARBOR





# View of Chicago





# Steel Shipments



# Wind Turbines

# **BP - Whiting, Ind.**

- \$4 Billion Expansion
- 6<sup>th</sup> largest U.S. refinery





# BP Expansion

## Construction Statistics:

- 800 modules and vessels
- 1,200 pieces of equipment
- 380 miles of pipe
- 50,000 tons of steel
- 1,325 miles of wire & cable  
*(distance from Chicago to Santa Fe)*
- 200 material deliveries / day
- 9,000+ workers on site at peak





**BP Cargo**



CBC 4507  
PART OF  
NEW ORLEANS, LA.

**BP Cargo**



**BP Cargo**



**BP Cargo**





# World's Largest Crawler Crane

# PORT OF INDIANA JEFFERSONVILLE





# Ag Products

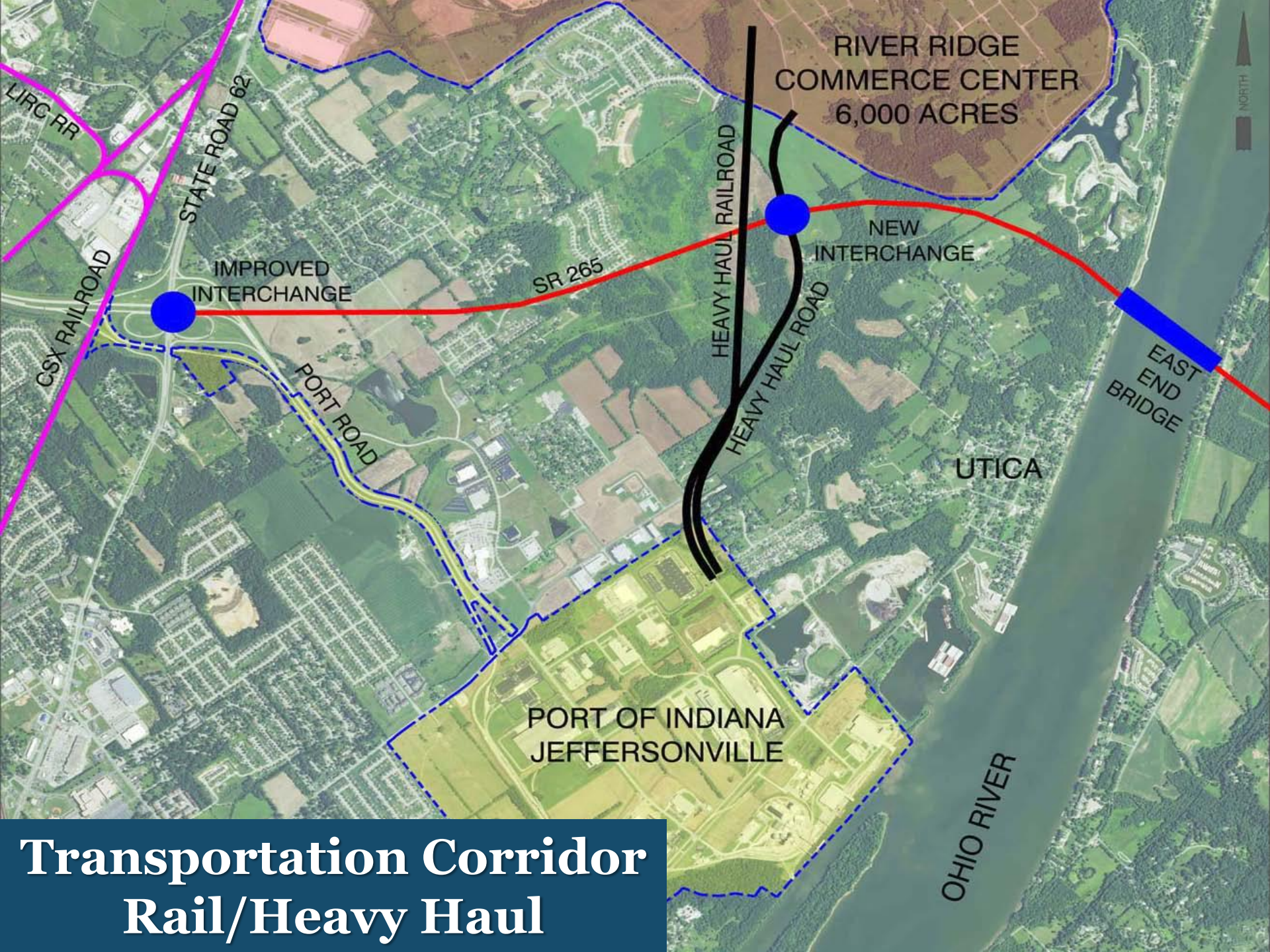


# Steel Campus



# Steel Processing

SOUTHWORTH



RIVER RIDGE  
COMMERCE CENTER  
6,000 ACRES

STATE ROAD 62

IMPROVED  
INTERCHANGE

SR 265

NEW  
INTERCHANGE

HEAVY HAUL RAILROAD

HEAVY HAUL ROAD

EAST  
END  
BRIDGE

UTICA

PORT OF INDIANA  
JEFFERSONVILLE

OHIO RIVER

# Transportation Corridor Rail/Heavy Haul

# PORT OF INDIANA MOUNT VERNON





# Ag Products





# Ethanol Production



# Project Cargo



# Project Cargo



# Steel Cargoes

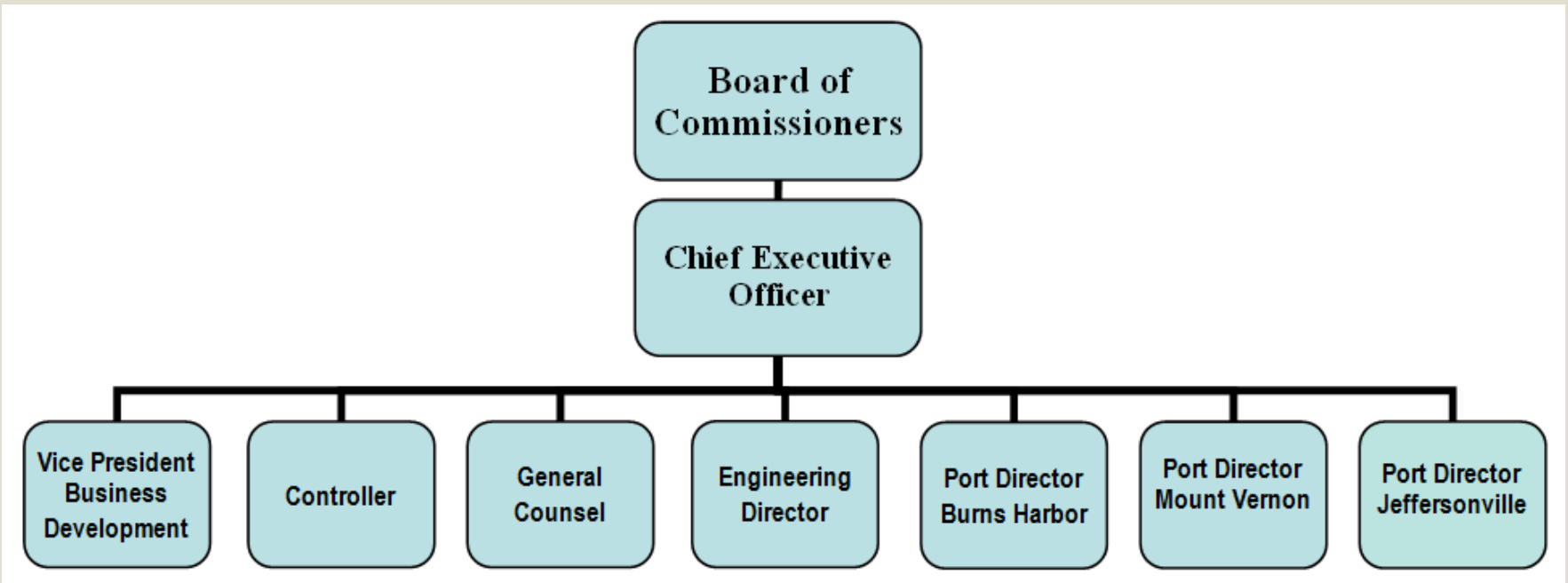
# Port Staff



- No political appointees
- Board hires CEO; CEO hires staff
- All are business professionals from private sector
- 27 total employees at 3 ports and Indianapolis headquarters



# Ports of Indiana Org Chart



# Board-Management Relations



Successful Board-Management relations are built on:

- A. Trust
- B. Communication
- C. Clearly Defined Roles



# It All Starts with Trust



- Trust is the foundation for Board/Management relationships
- Be clear on areas of responsibility
- Respect and honor those responsibilities
- Discipline from both sides that allow:
  - Board that provides oversight, direction and establishes policy
  - Managers to manage the business





# Communication



- **Avoid misunderstandings**
  - Clearly communicate expectations early on
  - Invite feedback to ensure clear understanding
- **Staff and Board must speak with one voice**
- **Think before choosing how to communicate**
  - Should I use email?
  - Should I use phone?
- **Executive session discussions**
- **Staff handles all media communication**



# Clearly Defined Roles



- **Board's Role**
  - Establish policy
  - Provide oversight and direction
  - Provide input for and approve Strategic Plan
- **CEO's Role**
  - Management
  - Administration
  - Personnel
  - Financial Results
  - Public Relations
  - Marketing
  - Execute Strategic Plan



# Act Like a Corporation



- Totally self-funded enterprise; non-dependent on state's general fund or taxpayer dollars
- Headquarters in Indy; operating units at 3 port sites
- Behave like the private sector
- Perceived as a business entity vs. political agency
- Do not act individually competing with each other; act corporately as a system of ports



# Commissioners' DNA



- 1) Business professionals whose life experiences can benefit the organization
- 2) No personal or professional conflicts that could interfere with ports' best interests
- 3) Exceptional communicators (except with media)
- 4) Allows the Management Team to run the business
- 5) Provides constructive input for continual organizational improvement



# A Commissioner's Perspective



- Board-Management Relations depend on:
  - An Effective CEO and skilled management team
  - Providing quality information to the Board
  - A Board that understands its responsibilities
    - ✦ Board governs and provides oversight
    - ✦ Management team empowered to make day-to-day business decisions



# Ports of Indiana Governance



- Created by state legislature in 1961 as “a body both corporate and politic”
- Governor appoints bipartisan board
  - 7 commissioners
  - Serve staggered 4-year terms
  - Business professionals with diverse background
  - Behaves much like any private sector BOD



# Conducting Port Business



- Commission meets six times per year
- Executive sessions precede public sessions
  - Allowed to discuss leases, agreements, litigation, personnel
- At least one meeting per year in each port city
- Staff prepares briefing book for each meeting
  - Defines business that will be acted upon
  - Sent electronically one week in advance
  - Hard copies sent to Commissioners' homes



# Expectations for CEO & Sr. Management



- Ability to build team and develop staff
- Effective communicator - staff, board and stakeholders
- Develops quality proposals to attract new business
- Delegates effectively to optimize results and grow talent
- Bottom line driven
- Disciplined and willing to make hard decisions





# Information Required for Board Decision Making



- Executive summary of operating results
- Margin contribution report by customers and cargo
- Capacity utilization report
- Cash flow statement
- Year end projections
- Balance sheet
- Receivables analysis



# Board Member Responsibilities



- **Make decisions quickly but not in a hurry**
  - Perform your due diligence and make your decision
  - Waiting too long could cause unnecessary harm
- **Be team players and back your management team**
  - Trust CEOs to do the job you hired them for
  - Give assistance in areas of expertise when needed or asked
- **Give best effort - don't lean on others to carry load**
- **Never let personal self-interests trump what's best for the organization**



# Our Success Hinges On...



- Quality of our professional staff and board
- Staff and board's ability to work collaboratively to achieve our shared goals:
  - To develop and maintain a world-class port system that operates as an agile, strategically driven, self-funded enterprise dedicated to growing Indiana's economy
  - To become the premier inland port system in North America by creating a sustainable competitive advantage for our customers and the State of Indiana



It's been our pleasure being  
with you here today.



**RICH COOPER, CEO**  
**RAY ARREDONDO, COMMISSIONER**

**INFORMATION:**  
**[WWW.PORTSOFINDIANA.COM](http://WWW.PORTSOFINDIANA.COM)**



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