

# **Board-Management Relations:** *Critical to Your Port's Success*

**Ports of Indiana presentation for  
AAPA Commissioners Seminar**

*April 17, 2008*



**PORTS OF INDIANA**

**3 ports > 2 waterways > 1 system**

# Ports of Indiana Leadership

- **Rich Cooper, *Executive Director***
  - Hired as Chief Operating Office in 2002
  - Named Executive Director in 2005
- **Marvin Ferguson, *Commissioner***
  - Appointed in 1993
  - Currently serving as Vice Chairman
- **Ray Arredondo, *Commissioner***
  - Appointed in 2006



# Indiana: *Crossroads of America*

- Indiana is...
  - AN EMERGING FREIGHT HUB!!!
  - the median center of the U.S. population
  - 1<sup>st</sup> in # of interstates
  - 5<sup>th</sup> in truck tonnage
  - 6<sup>th</sup> in rail carloads
  - 8<sup>th</sup> in U.S. waterborne shipping
  - 15<sup>th</sup> in total domestic/international water shipping
  - one of world's largest steel producing regions
    - Originating 19% of U.S. primary metals shipped by rail

# 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
- Building strong synergies between ports
- Do not compete like other states' ports



# ***A statewide system of ports***

Port of Indiana  
Burns Harbor



**Central Office  
Indianapolis**

INDIANA

Port of Indiana  
Jeffersonville



Port of Indiana  
Mount Vernon



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# Indiana's Unique Port System

- Only Great Lakes state to own/operate ports
- Ports contribute \$3.5 B/year to state & 23,000 jobs
- Every state \$1 used to build the 3 ports has generated \$15 in additional investments
- 2,300 acres with 60+ tenant companies
- Primary cargo: steel, grain, fertilizer, coal, limestone, salt, project cargo



# Connecting Two Waterways





# Port of Indiana-Burns Harbor

*\$1.7 billion in steel shipments 2004-2007*



Opened  
in 1970

Burns Harbor

INDIANA



# Port of Indiana-Mount Vernon

*8<sup>th</sup> largest U.S. inland port by ton-miles*



**Opened  
in 1976**





# Port of Indiana-Jeffersonville

*One of fastest growing  
U.S. ports - added 20  
companies since 1993*

Opened  
in 1985





# Ports of Indiana Governance

- Indiana Port Commission was created by State Legislature in 1961
- 7 commissioners serve as board of directors
- Governor appoints bipartisan members
- Serve staggered 4-year terms
- Business professionals with diverse background
- Years of experience valuable to Exec. Director
- Representatives from port regions

# Key Strategies for Success

- Maintain balance of corporate vs. politic
  - Created by state code as “body both corporate & politic”
  - Need close working relationship with government
  - Need management autonomy without politics
  - Must operate like a business – not government agency
- Recruit/retain high caliber professional staff
- Want to be perceived as business entity vs. political agency



# Key Strategies for Success

- Longevity of staff is critical
  - Boards do impact staff longevity
- Continuity & unity of board
- Structured communication procedures
  - Board to Executive Director
  - Executive Director to Board
  - Media
  - Customers

# Commission Meetings

- Commission meets 6 to 7 times per year
- All official business is conducted in public session
- At least 1 meeting in each port community
- Public testimony is encouraged
- Commissioners receive briefing book in advance
- Specific issues discussed in private Executive Session before meetings
- Action items: Staff recommends course of action
- Designated commissioners advise certain projects



# **The Bottom Line**

No matter if you are one of the largest container ports in the U.S. or a niche port in America's heartland, the positive interaction, cooperation, and commitment to each other between your board and your management team will largely determine the success you are capable of achieving.

# **Marvin Ferguson**

## ***Commission Vice Chairman***

- 1<sup>st</sup> appointed to commission in 1993
- Appointed 5 times by 3 governors – both Democrat & Republican
- 4<sup>th</sup> longest term in commission history
- Served in U.S. Air Force during Korean War
- Founded Ferguson Steel Co. in 1972
- Sold business & retired in 1992



# Commissioner Perspective

Success of working relationship between the Board & Executive Director depends on:

- Clearly defined roles
  - Board establishes policy, approves strategy & budget
  - Management team runs the business
- Developing trust between Board & Executive Director
- Board speaks with one voice

# Commissioner Perspective

Success of working relationship between the Board & Executive Director depends on:

- Board should never bypass Executive Director and go to staff
- Delegating responsibility among commission
  - Elect officers once a year
  - Designated commissioner advises certain areas
- Lessons learned over time
  - Hiring and retaining business professionals
  - No place for personal agendas and special interests



# **Ray Arredondo**

## ***Commissioner***

- Appointed to commission in 2006
- B.A.: Criminal Justice; Masters: Public Policy
- Varied background including steel industry, law enforcement & utilities
- Served in U.S. Army during Vietnam War
- Extensive experience in local/federal gov't
- District Director - US Rep. Peter J. Visclosky
- Retired from NiSource in 2005

# Commissioner Perspective

- Commissioner selection process
  - 7 commissioners appointed by Governor
  - Bipartisan: no more than 4 from 1 party
  - Governor has business-like administration
  - Port staff asked for input & port needs
  - Met with staff before appointment
  - Unselfish board – no special interests



# **Staff & Commissioner Communication**

- Staff provides regular updates via email
- Executive session discussion at meetings
- Staff coordinates media communication
- Commissioners communicate with staff before speaking to media
- Organization must speak with one voice

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

- Rich Cooper, *Executive Director*
- Marvin Ferguson, *Commissioner*
- Ray Arredondo, *Commissioner*

Information: [www.PortsofIndiana.com](http://www.PortsofIndiana.com)



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