

Board-Management Relations

A make or break to your port's success

AAPA Commissioners Seminar
San Diego, Calif. – June 23, 2010



PORTS OF INDIANA

3 ports > 2 waterways > 1 system

Ports of Indiana Leadership

- **Ken Kaczmarek**

- *Commission Chairman*
- Appointed in 2005
- Elected Chairman by peers 5 consecutive years

- **Rich Cooper**

- *Chief Executive Officer*
- Hired as Chief Operating Officer in 2002
- Named Chief Executive Officer in 2005

Ports of Indiana Governance

- Organization was created by State Legislature in 1961
- Self-funded enterprise non-dependent on tax dollars
- Governor appoints 7 bipartisan members to serve as board of directors (*4 Republicans/3 Democrats*)
- Serve staggered 4-year terms
- Representatives from all three port regions
- Members elect chair, vice chair at annual meeting
- Business professionals with diverse background
- Years of experience valuable to CEO

Commission Meetings

- Commission meets six 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
- Private Executive Sessions held before meetings
 - Discussion of leases, agreements, litigation, personnel
- Action items: Staff recommends course of action
- Designated commissioners vs. committees

Commissioner Perspective

Success of working relationship between the Board & CEO depends on:

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

Commissioner Perspective

Success of working relationship (cont.):

- Board should never bypass CEO & go to staff
- Delegating responsibility among commission
 - Elect officers once a year
 - Designated commissioner advises certain areas
- Lessons learned over time
 - No special interests
 - Longevity is key for ports

PORTS OF INDIANA

3 PORTS - 2 WATERWAYS - 1 SYSTEM

www.portsofindiana.com

Connecting the World to America's Heartland

- Burns Harbor
- Jeffersonville
- Mount Vernon



WILHELM JUMBOSHIP NL

FAIRLOAD ROTTERDAM



Indiana: *Crossroads of America*

- Indiana is...
 - an emerging freight hub
 - the median center of the U.S. population
 - ranked in top 10 for 30+ logistics categories
 - 1st in pass-through interstates
 - 3rd in freight railroads
 - 5th in truck tonnage
 - 7th in U.S. waterborne shipping
 - 15th in total foreign/domestic waterborne shipping
 - one of largest steel producing regions in the world

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 against each other

Indiana's Unique Port System

- Only Great Lakes state to own/operate ports
- Annual economic impact of Indiana's ports
 - 5.9 billion in economic activity
 - 42,000 total related jobs
- Every state \$1 used to build the 3 ports has leveraged \$15+ in additional investments
- 2,600 acres with 60+ tenant companies
- Primary cargo: steel, grain, fertilizer, coal, limestone, salt, project cargo, wind turbines

Port of Indiana-Burns Harbor

\$200 million in steel shipments per year



**Opened
in 1970**



Port of Indiana-Mount Vernon

8th 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**



Board – Management

Key Strategies for Success

- Continuity & unity of board
- No special interests
- Longevity of staff is critical
 - Boards do impact staff longevity
- Structured communication procedures
 - Board to CEO
 - CEO to Board
 - Media
 - Customers

Board – Management

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
- Encourage governor’s staff to appoint business professionals to the board
- Want to be perceived as business entity vs. political agency

Staff & Commissioner Communication

- Staff provides regular updates via email
- Executive session discussion at meetings
- Staff coordinates media communication
- Commissioners generally do not communicate to media
 - *Always speak with staff first*
- Organization must speak with one voice

Our Success Hinges on...

- Quality of our professional staff & board
- Their ability to work collaboratively to achieve our shared goals:

To develop & maintain a world-class port system that operates as an agile, strategically-driven, self-funded enterprise dedicated to growing Indiana's economy.

Because we want to be...

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.

- **Ken Kaczmarek**, *Commission Chairman*
- **Rich Cooper**, *Chief Executive Officer*

Information: www.PortsofIndiana.com



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