



ZIM

Integrated Shipping Services

Global reach
Local touch

American Association of Port Authorities

Session 15 – Negotiating Strategies

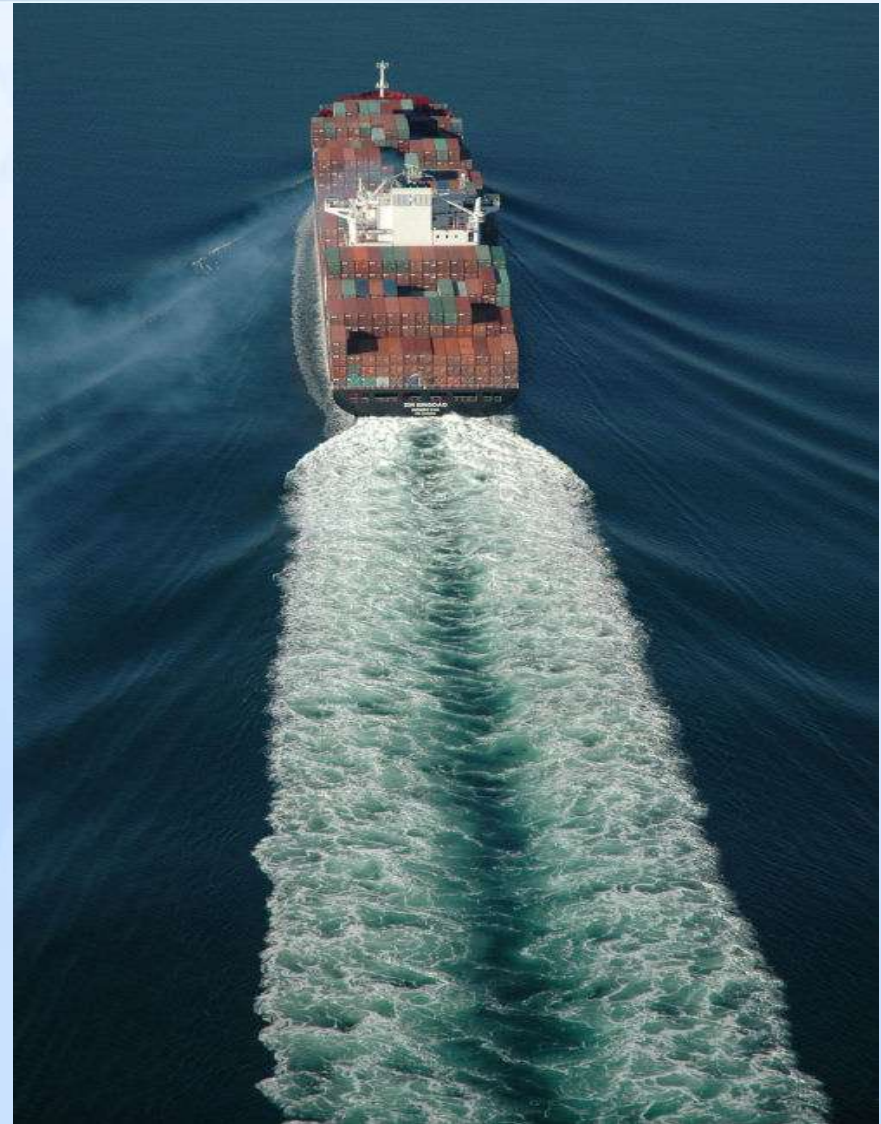
28 October 2010 – Jacksonville, FL

By: Shawn Ewen – VP, SATL District



- ★ **This will be what WE make of it! – let's agree to the following shall we?**
- ★ For today, there are no dumb questions....remember, you paid to be here, get your money's worth!
- ★ We can agree to disagree but, we should learn all we can from the exchange of ideas
- ★ Participation is encouraged, change that...Expected!
- ★ Now for a brief ZIM commercial...then the Negotiating portion

- ★ ZIM is an International Shipping Company started in 1945. Based in Haifa, Israel we are wholly owned by the Israel Corporation.
- ★ Today we have over 90 vessels sailing in over 60 weekly services to over 180 ports on 5 continents. We provide various solutions sets for our customers ranging from multi-modal logistical solutions to port-to-port shipments.
- ★ In the Western Hemisphere, our headquarters is located in Norfolk, Virginia. We are broken down into 10 full service District offices.



The South Atlantic District

- ★ The South Atlantic District office is headquartered in Savannah, Georgia. We have geographic responsibility for all movements and sales in North Carolina, South Carolina, Georgia, Florida, and East Tennessee.
- ★ We have P&L and physical responsibility for all marine operations, equipment control, logistics, maintenance and repair, customer service, documentation, accounting, sales and marketing within the District.
- ★ We have direct vessel calls in Charleston, Savannah, Port Everglades, and Tampa
- ★ We average about 6000 gates moves while calling 6 marine terminals with 9 vessel calls every week



Western Hemisphere Services



Zim Container Service (ZCS)



Rotation:

Shekou → Hong Kong → Yantian → Ningbo → Shanghai → Pusan → Balboa → Panama Canal → Kingston → Savannah → New York → Halifax → Tarragona → Piraeus → Haifa → Livorno → Genoa → Tarragona → Halifax → New York → Savannah → Kingston → Panama Canal → Los Angeles → Oakland.

From / To	Haifa	Livorno	Genoa	Tarragona	Halifax	New York	Savannah	Kingston	Panama Canal	Los Angeles	Oakland	Shekou	Hong Kong	Yantian	Ningbo	Shanghai	Pusan	Balboa	Panama Canal	Kingston	Savannah	New York	Halifax	Tarragona	Piraeus	
New York	W	1	6	7	8	17	19	22	25	27	35	37	52	53	54	57	58	68	79	88	82	85	88	90	98	102
Haifa	W		1	5	7	14	17	19	23	25	33	34	50	51	52	55	56	58	76	77	79	81	86	88	96	99
Livorno	W			9	2	10	12	15	18	21	28	38	45	46	47	50	51	53	72	73	75	78	81	84	91	95
Genoa	W				1	9	11	14	17	19	27	29	44	45	46	49	50	52	71	72	74	77	80	82	90	94
Tarragona	W					7	9	12	15	17	25	27	42	43	44	47	48	50	69	70	72	75	78	81	88	92
Halifax	W						1	4	7	10	17	19	34	35	37	39	40	42	61	62	64	67	70	73	80	84
New York	W							2	5	7	15	17	32	33	34	37	38	40	58	59	62	65	68	70	79	81
Savannah	W								1	5	12	14	29	30	31	34	35	37	56	57	59	62	65	68	75	79
Kingston	W									1	9	11	26	27	28	31	32	34	53	54	56	59	62	64	72	76
Panama Canal	W										7	9	24	25	26	29	30	32	50	51	53	57	60	63	70	73
Los Angeles	W											1	16	17	18	21	22	24	43	44	46	49	52	55	62	66
Oakland	W												18	19	20	23	24	26	41	42	44	47	50	53	60	64
Shekou	E													9	1	4	5	7	26	27	29	32	35	37	45	49
Hong Kong	E														9	3	4	6	24	25	28	31	34	36	44	48
Yantian	E															2	3	5	23	24	27	30	33	35	43	46
Ningbo	E																9	2	21	22	24	27	30	32	40	44
Shanghai	E																	1	19	20	23	26	29	31	39	42
Pusan	E																		17	18	21	24	27	29	37	41
Balboa	E																			8	2	5	8	11	19	22
Panama Canal	E																				1	3	7	10	18	21
Kingston	E																					2	5	8	15	19
Savannah	E																						2	4	12	15
New York	E																							2	9	13
Halifax	E																								7	10
Tarragona	E																								3	3



South China Express (SCE)



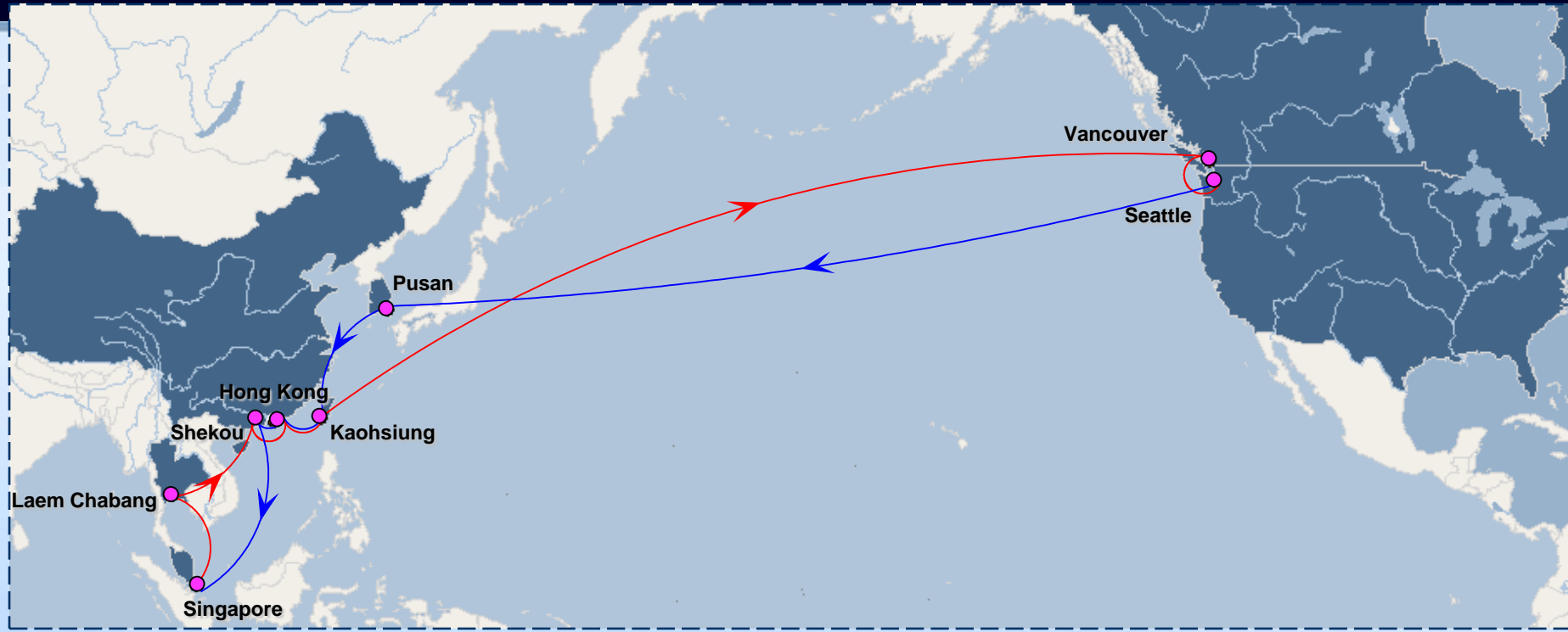
From / To										
	Shekou	Hong Kong	Panama Cana	Kingston	New York	Norfolk	Savannah	Panama Cana	Kaohsiung	
	E	E	E	E	W	W	W	W	W	
Kaohsiung	E	1	2	22	24	28	30	32	36	56
Shekou	E		0	20	23	27	28	30	34	54
Hong Kong	E			19	22	26	27	29	33	53
Panama Cana	E				1	5	7	9	13	33
Kingston	E					3	5	7	11	31
New York	W						1	3	7	27
Norfolk	W							1	5	25
Savannah	W								3	23
Panama Cana	W									19

Rotation:

Kaohsiung → Shekou → Hong Kong →
Panama Canal → Kingston → New York →
Norfolk → Savannah → Panama Canal →
Kaohsiung.



Pacific North West Express (PNX)



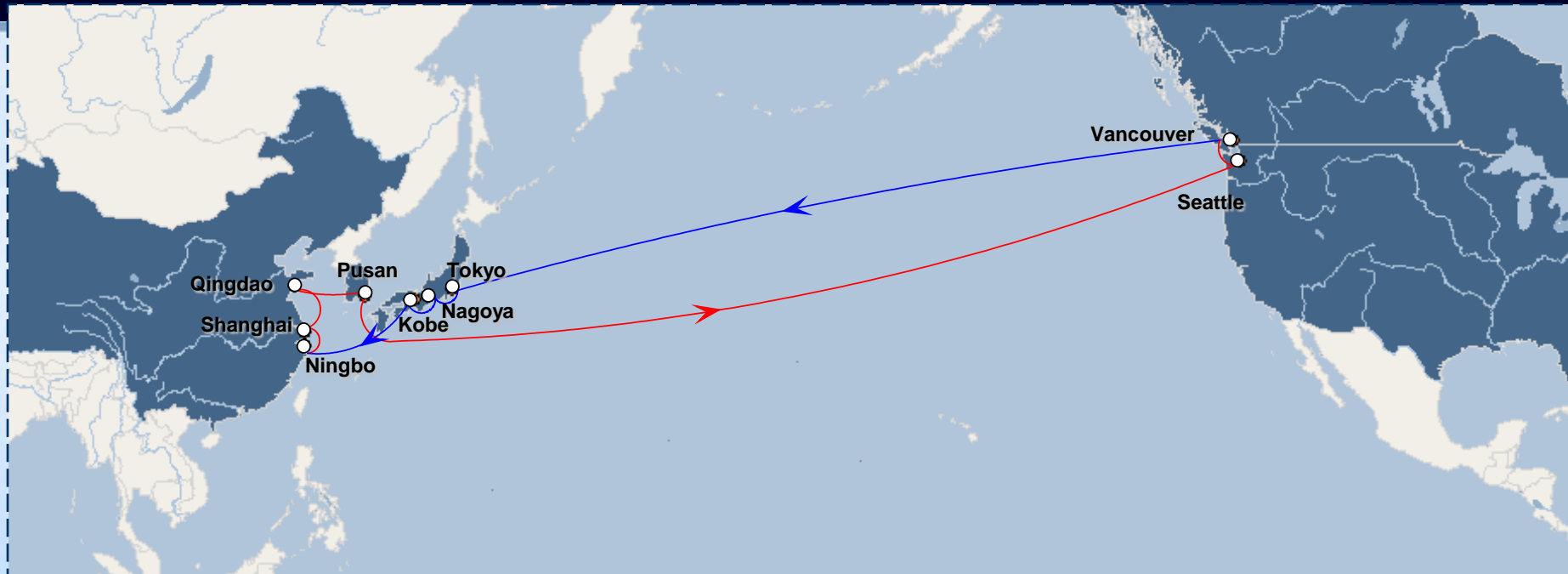
From / To		Laem Chabang	Shekou	Hong Kong	Kaohsiung	Vancouver	Seattle	Pusan	Kaohsiung	Hong Kong	Shekou	Singapore
		E	E	E	E	W	W	W	W	W	W	W
Singapore	E	2	6	7	9	21	22	32	35	37	38	42
Laem Chabang	E		3	4	6	18	19	30	33	34	35	39
Shekou	E			0	2	14	15	26	28	30	31	35
Hong Kong	E				1	13	14	24	27	29	30	34
Kaohsiung	E					11	12	23	26	27	28	32
Vancouver	W						0	11	14	15	16	21
Seattle	W							10	12	14	15	19
Pusan	W								2	4	5	9
Kaohsiung	W									1	2	6
Hong Kong	W										0	4
Shekou	W											3

Rotation:

Singapore → Laem Chabang → Shekou → Hong Kong → Kaohsiung → Vancouver → Seattle → Pusan → Kaohsiung → Hong Kong → Shekou → Singapore.



North West Express (NWX)



From / To		Shanghai	Qingdao	Pusan	Seattle	Vancouver	Tokyo	Nagoya - Ai	Kobe	Ningbo
		E	E	E	W	W	W	W	W	W
Ningbo	E	0	2	4	16	17	27	29	30	33
Shanghai	E		1	3	15	16	26	28	29	32
Qingdao	E			1	13	15	24	26	27	30
Pusan	E				11	13	22	24	25	28
Seattle	W					0	10	12	13	16
Vancouver	W						9	10	12	15
Tokyo	W							1	2	5
Nagoya - Ai	W								1	3
Kobe	W									2

Rotation:

Ningbo → Shanghai → Qingdao → Pusan → Seattle
 → Vancouver → Tokyo → Nagoya - Aichi → Kobe →
 Ningbo.

Atlantic Express Service (ATX)



From / To		Hamburg	Le Havre	Southampton	New York	Norfolk	Charleston	Rotterdam
	W	W	W	E	E	E	E	
Rotterdam	W	1	3	4	13	14	16	26
Hamburg	W		1	2	11	13	15	25
Le Havre	W			0	9	11	13	23
Southampton	W				8	9	12	22
New York	E					1	3	13
Norfolk	E						1	11
Charleston	E							9

Rotation:

Rotterdam → Hamburg → Le Havre → Southampton
→ New York → Norfolk → Charleston → Rotterdam



Mediterranean Gulf Express (MGX)



From / To		Livorno	Genoa	Barcelona	Valencia	Port Evergl	Houston	Caglia
		W	W	W	W	E	E	E
Cagliari	W	1	2	4	5	15	19	32
Livorno	W		0	2	3	14	17	30
Genoa	W			1	2	12	15	29
Barcelona	W				0	11	14	27
Valencia	W					9	12	26
Port Evergl	E						2	16
Houston	E							13

Rotation:

Cagliari → Livorno → Genoa → Barcelona → Valencia
→ Port Everglades → Houston → Cagliari.

South America Express (SAX)

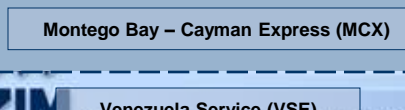
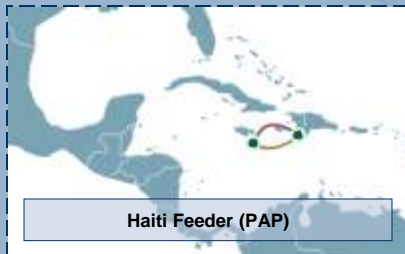
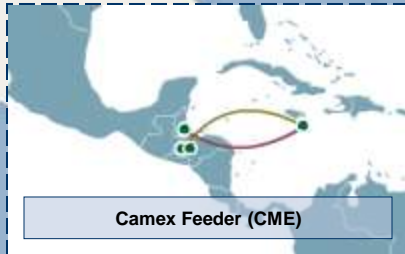


From / To	Puerto Cabe	La Guaira	Vitoria	Rio De Jane	Rio Grande	Navegantes	Santos	Fortaleza	La Guaira	Puerto Cabe	Kingston	
	S	S	N	N	N	N	N	N	N	N	N	
Kingston	S	2	3	12	14	17	19	21	23	24	26	28
Puerto Cabe	S		0	9	11	14	16	18	20	22	23	26
La Guaira	S			8	10	13	15	17	19	20	22	24
Vitoria	N				1	4	6	8	10	11	13	15
Rio De Jane	N					2	4	6	8	9	10	13
Rio Grande	N						1	3	5	6	7	10
Navegantes	N							1	3	4	5	8
Santos	N								1	3	4	7
Fortaleza	N									0	2	4
La Guaira	N										0	3
Puerto Cabe	N											2

Rotation:

Kingston → Puerto Cabello → La Guaira
 → Vitoria → Rio de Janeiro → Rio
 Grande → Navegantes → Santos →
 Fortaleza → La Guaira → Puerto Cabello
 → Kingston.

Kingston Hub



Win-Win Negotiations

An overview of one Carrier's perspective

PORT/TERMINAL – Carrier Negotiations

★ We aim to create and **foster** long-term partnerships wherein both parties derive long term mutual benefit

★ Important Note: This philosophy is applicable to *both* the vendor and customer side of our business.

Port/Terminal – Carrier Negotiating Considerations

- ★ Mutual desire
- ★ Partner acceptance
- ★ Business understanding
- ★ Good Business Fit
- ★ Corporate and Financial stability
- ★ Win-Win Strategy Elements

- ★ Do we want to do business with the organization and do they want to do business with us?
- ★ Fit for strategic plan (theirs / ours)?
- ★ What interests do we share?
- ★ Can we work together to grow the market, customer base?

- ★ Do we have a cultural and values fit?
- ★ Language issues? Legal jurisdiction?
- ★ How will our negotiation effect each others competition (other port / carriers / market)?
- ★ Negotiating styles similar or, at least, not toxic?
- ★ Willingness to work through difficult issues (A true partnership is defined more by what goes wrong than what goes right)

- ★ Do we understand each others business and model?
- ★ Where can we find synergy?
- ★ How can we innovate to reduce costs?
- ★ How does the facility utilize tariffs?

- ★ Location (Access to MARKET) and demand
- ★ Port Access – Vessel, Rail, Truck, and Feeder network
- ★ Terminal Capabilities to handle expected vessels (including berthing windows), volumes, EDI, reefer, DG, and OOG
- ★ Facility condition and plans for expansion
- ★ Security
- ★ Access to quality vendors for vessels, equipment, and terminal services
- ★ Is this a good value proposition (terms)? Incentives?
- ★ How does this terminal measure against our existing benchmarks?
- ★ Affect on current partnerships, the future?

- ★ Does 'Corporate' ownership cause a competitive issue? Opportunity?
- ★ Is their organization financially stable given the large capital expense? Do they have the ability to fund expansions and upgrades?
- ★ Is the management team stable? Will we be negotiating and working through the issues with the same people?
- ★ Do we want to structure the deal for a longer term commitment or with exit clauses given the above?

Win-Win Strategy Elements

- ★ Do your homework - Understand your partners business and business process
- ★ Recognize what you have that your partner needs and/or wants?
- ★ Be able to clearly define what you need, what is important, and what it is worth?
- ★ Work to create trust and an environment of 'give and take'
- ★ Look for the common ground and find the WIN
- ★ Know when to walk away