

AAPA Commissioner Seminar



Board - Management Relations

A Critical Factor in Your Port's Success

PORTS OF INDIANA

Rich Cooper, CEO - Phil McCauley, Commissioner

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PORTS OF INDIANA
3 PORTS - 2 WATERWAYS - 1 SYSTEM

Today's Discussion



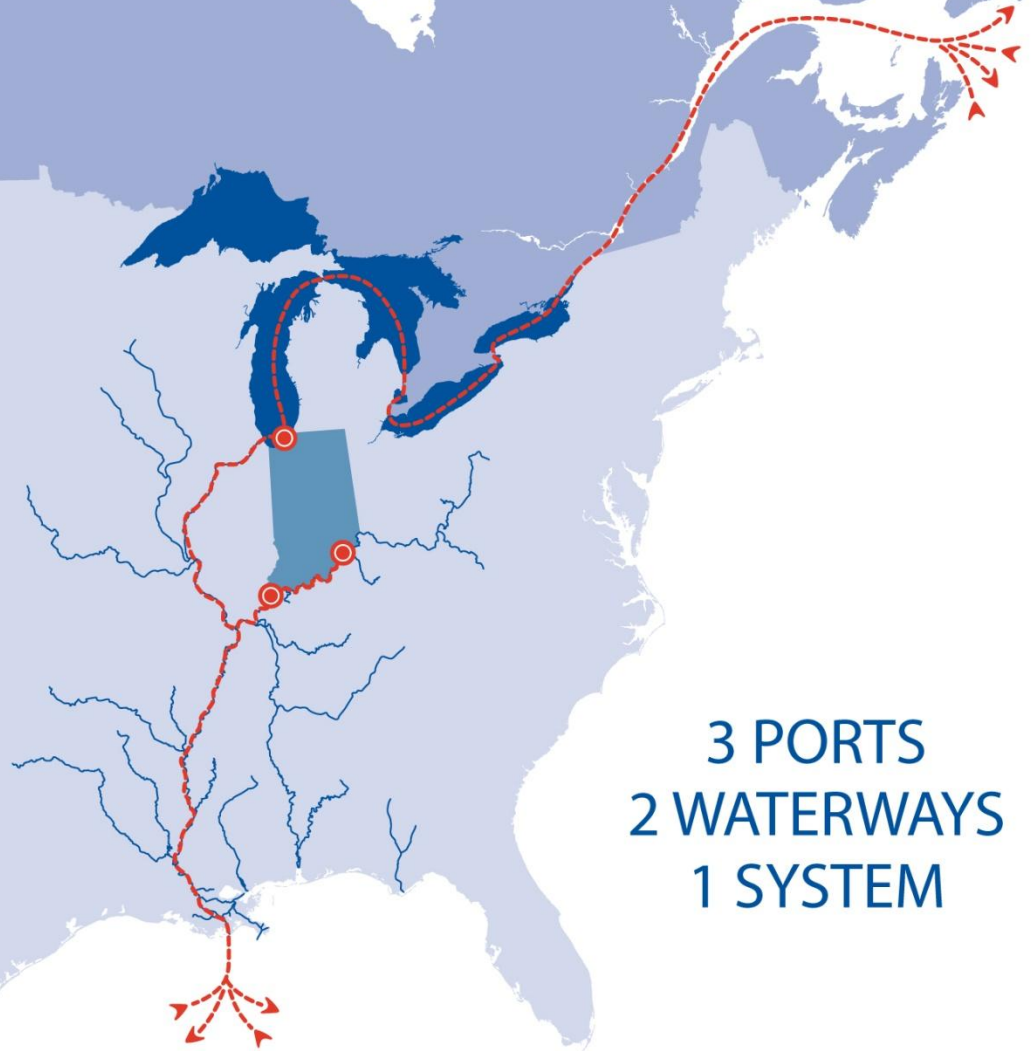
- **A Little About Who We Are**
- **Our Governance and Management**
- **Building Board/Staff Relations**
- **How We Conduct Our Business**
- **A CEO Wish List**
- **A Commissioner's Perspective**



Connecting the World
to America's Heartland



PORTS OF INDIANA



**3 PORTS
2 WATERWAYS
1 SYSTEM**

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
- Economic Impact of Indiana's Ports:
 - **\$6.4 billion per year**
 - **50,000 jobs**



Ports of Indiana Locations



- **Burns Harbor**

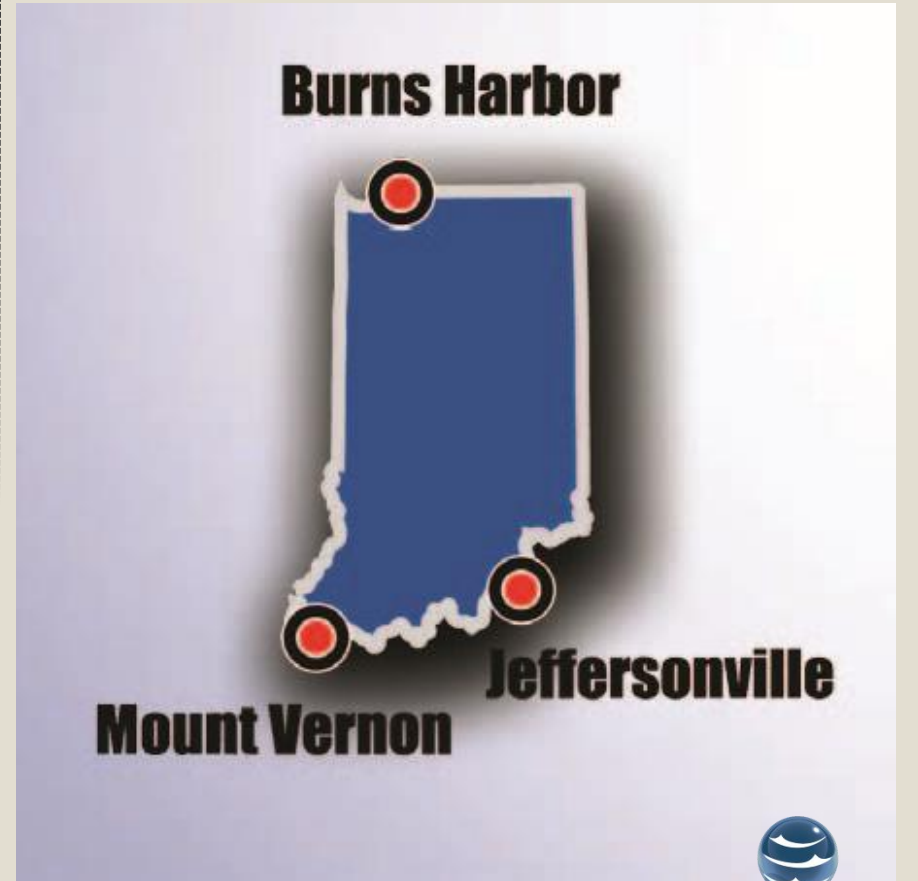
- Steel
- Project Cargo
- Limestone
- Ag Products

- **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
- 6th 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



BP Cargo



BP Cargo



BP Cargo



World's Largest Crawler Crane

PORT OF INDIANA JEFFERSONVILLE





Ag Products



Steel Campus



Steel Processing

SOUTHWORTH



Heavy Haul Roads

PORT OF INDIANA MOUNT VERNON





Ag Products



Ethanol Production



Project Cargo



Project Cargo



Steel Cargoes

Ports of Indiana Governance



- Created by state legislature in 1961
- Established as “a body both corporate and politic”
- Governor appoints bipartisan board
 - 7 commissioners
 - Serve staggered 4-year terms
 - Business professionals with diverse background
 - Representatives from port regions



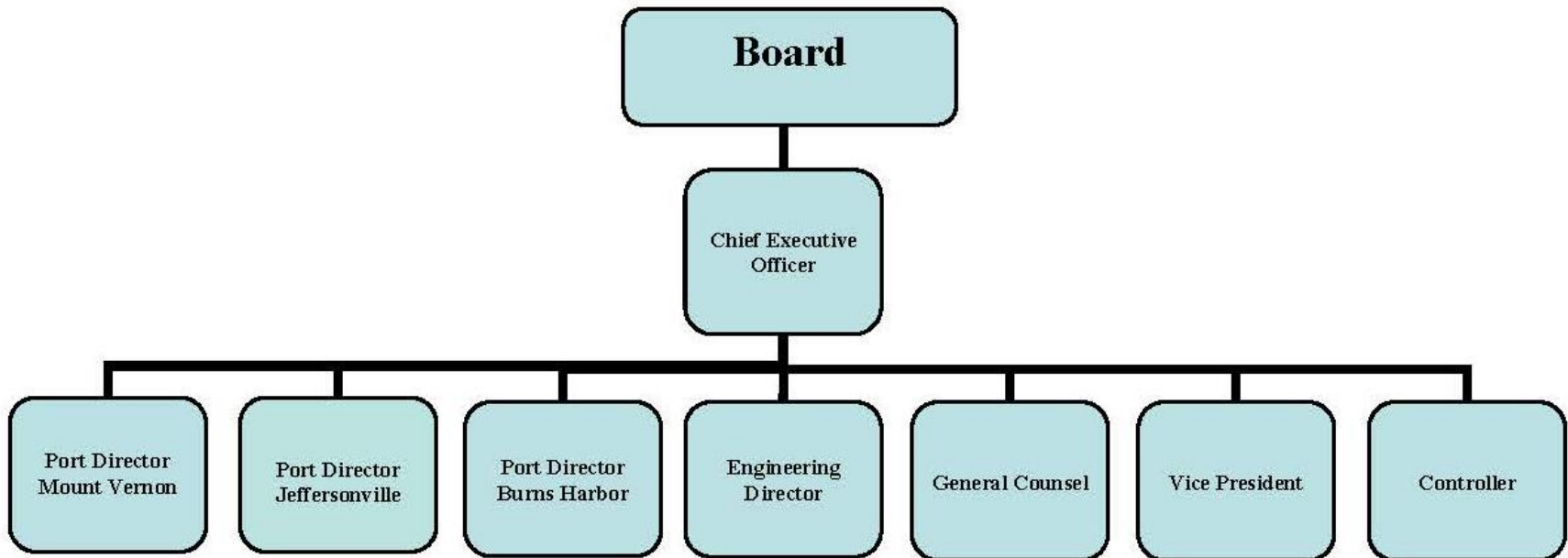
Port Staff



- No political appointees
- Board hires CEO
- All are business professionals from private sector
- 26 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 any relationship
- Respect for each other's roles and responsibilities
- Understanding expectations of each other
- Commitment to honoring those expectations
- Commitment to mutual success



Speak with One Voice



- Staff and Board must always be on same page
- Staff provides regular updates via email
- Think before choosing how to communicate
 - Should I use email?
 - Should I use phone?
- Executive session discussions
- Staff handles media communication
- Commissioners do not communicate with media
 - If unavoidable, communicate with staff first



Clearly Defined Roles



- **Board's Role**
 - Establish Policy
 - Provide Direction; Input for Strategic Plan
 - Approve Strategic Plan
- **CEO's Role**
 - Management
 - Administration
 - Personnel
 - Financial Results
 - Public Relations
 - Marketing
 - Execute Strategic Plan



Conducting Port Business



- Commission meets 6 times per year
- Executive sessions precede public sessions
 - Allowed to discuss leases, agreements, litigation, personnel
- At least 1 meeting per year in each port city
- Staff prepares briefing book for each meeting
 - Defines business that will be acted upon
 - Sent electronically 1 week in advance
 - Hard copies sent to Commissioners' homes



Act Like a Corporation



- 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
- Totally self-funded enterprise; non-dependent on state's general fund or taxpayer dollars



CEO Top Five Wish List for Commissioners



- 1) Business professionals whose life experiences can benefit the organization
 - Defined by their Professionalism, Character, Integrity
 - Ambassadors for the Ports of Indiana
 - Diversity of professional experiences is very helpful to management
 - A Primary Resource for CEO
 - ✦ Skill sets that complement our business needs
 - ✦ Willing to help when asked with unique business opportunities or ‘sticky situations’



CEO Wish List (cont)



- 2) No personal or professional conflicts that could interfere with ports' best interests
 - Always put the port first – do what is best for the port
 - Understand when it's necessary to recuse one's self
- 3) Exceptional communicators (except with media)
 - Clear delineation of responsibilities for Management and Board
 - Chairman is open to direct line of communication between CEO and individual board members



CEO Wish List (cont)



- 4) Makes it clear via policy that Management Team is responsible for running the business
 - Provide support, guidance and policy direction as needed
 - Approve policy and strategic plan
- 5) Empowers and supports the CEO
 - Do not interfere with day-to-day decisions or personnel issues
 - Willing to be a resource



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



A Commissioner's Perspective



- Board-Management Relations depend on:
 - An Effective CEO
 - Providing necessary information for Board to make decisions
 - A Board that understands its responsibilities

Qualities of the Ideal CEO



- Ability to build team and develop talents of staff
- Communications skills to deal with staff, board, public
- Positive attitude, energetic, passionate about company
- Gives credit to others participating in success
- Takes blame for unsuccessful projects
- Has a vision and sees what is possible
- Disciplined and willing to make hard decisions

Information Required for Board Decision Making



- Executive summary of operating results
- Income statement vs. seasonally adjusted budget
- Margin contribution report
- 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 maybe too late and cause unnecessary harm
- Be team players and back your CEO
 - Trust CEO to do their job
 - Give assistance in areas of expertise when needed or asked
- Give best effort - don't lean on others to carry load
- If you are there for glory, money or power instead of the organization and its mission, you will be a liability

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



RICH COOPER, CEO
PHIL MCCAULEY, COMMISSIONER

INFORMATION:
WWW.PORTSOFINDIANA.COM



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