Board - Management Relations

A Critical Factor in Your Port’s Success

PORTS OF INDIANA
Rich Cooper, CEO – Ray Arredondo, Commissioner
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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
Direct Atlantic Ocean Route to Indiana

GREAT LAKES ST. LAWRENCE SEAWAY

- Duluth
- Thunder Bay
- Green Bay
- Milwaukee
- Chicago
- Detroit
- Lake St. Clair
- Sault Ste. Marie locks
- Whitefish Bay
- Lake Superior
- Ontario
- Quebec
- Sept-Îles
- Port-Cartier
- Baie-Comeau
- Baie-Comeau
- Bécancour
- Trois-Rivières
- Saint Lawrence River
- Quebec
- Sorel
- Montréal
- Salaberry-de-Valleyfield
- Prescott
- Ogdensburg
- Oswego
- New York
- Boston
- Philadelphia
- New York
- Pennsylvania
- Ohio
- Indiana
- Illinois
- Great Lakes
- Saint Lawrence Seaway
- Lake Ontario
- Lake Erie
- Lake Huron
- Lake Michigan
- Michigan
- Ontario
- Minnesota
- Wisconsin
- New York
- Pennsylvania
- Ohio
- Indiana
- Illinois
- Michigan
- Ontario

- Ports

Map showing the direct Atlantic Ocean route to Indiana through the Great Lakes-St. Lawrence Seaway.
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
Steel Shipments
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
World’s Largest Crawler Crane
PORT OF INDIANA
JEFFERSONVILLE
Steel Campus
Transportation Corridor
Rail/Heavy Haul

RIVER RIDGE COMMERCE CENTER
6,000 ACRES

NEW INTERCHANGE

HEAVY HAUL ROAD

PORT OF INDIANA JEFFERSONVILLE

OHIO RIVER

EAST END BRIDGE

UTICA

PORT ROAD

STATE ROAD 62

CSX RAILROAD

LIRC RR

IMPROVED INTERCHANGE

SR 265
PORT OF INDIANA
MOUNT VERNON
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
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