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

Ports of Indiana presentation for AAPA Commissioners Seminar
April 17, 2008

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
- Port of Indiana
- Jeffersonville
- Port of Indiana
- Mount Vernon

Central Office Indianapolis

3 ports > 2 waterways > 1 system
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
Great Lakes provide international ship access to Heartland.

Inland river system spans 12,000 miles & serves 38 states.

Connecting Two Waterways

Great Lakes

Mount Vernon

Jeffersonville

Burns Harbor

Connecting Two Waterways

Great Lakes provide international ship access to Heartland.

Inland river system spans 12,000 miles & serves 38 states.
Port of Indiana-Burns Harbor

$1.7 billion in steel shipments 2004-2007

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
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

- 1st appointed to commission in 1993
- Appointed 5 times by 3 governors – both Democrat & Republican
- 4th 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

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