Management Considerations for Niche Ports

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John M. Mohr
Retired CEO Port of Everett
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I thought I would begin by providing some statistics from a just-completed economic impacts study of the U.S. port industry in 2006.

Specifically, the international and domestic cargo handled at the U.S. deep-water seaports created the following economic impacts in 2006:

- **8.4 million jobs** related to moving cargo through the ports. Of this, about 1.4 million jobs were a direct result of port activities, and an additional 7 million jobs were with exporters/importers and other users of the nation’s deep-water seaports. In total, these job holders were paid more than **$314 billion in wages and salaries**. This equated to an **annual average salary of nearly $50,000** for employees of port-related businesses.

- Marine cargo activity generated a total of **$1,980 billion of total economic activity**, or close to $2 trillion! This represents direct spending by firms that use ports and the value of the output to the national economy that was created due to the cargo moving via the deep-water ports.

- Additionally, businesses involved in marine activities in 2006 paid more than **$102 billion in taxes** to local, state and federal governments.

This study can be accessed from AAPA’s website. What it tells us that while this nation’s ports are generating jobs and business opportunities at a record pace, these effects of all these economic impacts is that the dependence upon our ports to operate efficiently has never been greater. Also, the needs of industry for safe, efficient and accessible port terminals means that ports are having to look for money everywhere they can find it to meet the demands of their customers and communities, and fulfill
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their public missions.
Three Lines of Business

1. Ownership and operation of international shipping terminals
2. Site acquisition for redevelopment and property management
3. Operation of a Public Marina
Seaport Overview

- Specializes in high and heavy cargoes for the manufacturing and construction industries
- Major trading partners: Japan, Russia, South Korea, China and South Pacific

<table>
<thead>
<tr>
<th>Major Imports</th>
<th>Major Exports</th>
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<tbody>
<tr>
<td>- Aerospace parts</td>
<td>- Energy cargoes</td>
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<td>- Forest Products</td>
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Spotlight on the Port of Everett

#1 of 75 Washington ports in export value
29% growth in one year

25 miles north of Seattle

7 shipping lines

Supports more than 34,000 jobs

- 41% in Everett/Mukilteo
- 41% in Snohomish County
- 13% in King, Island, and Skagit Counties
- 3% across Washington and U.S.

Our Facilities
- 5,000 TEU maximum
- 40 BBLW depths
- 8 shipping berths
- 250 TOY container capacity

Go Big. Go Everett.

Connections

WATER
- 2-5 day ships to China
- Shorter than California ports
- Deep-draft port
- Well-maintained federal navigation channel

RAIL
- 1,200 miles shorter than major U.S. cities
- Excellent rail connections to key markets

ROADS
- Excellent proximity and access to freeways and highways
- Network includes strong north-south and east-west interstates and freeways

Ready Now
- Existing infrastructure
- Excellent customer service
- Capacity for new cargos
- Skilled workforce
This year is also noteworthy for the first time for large quantities of
supersack cargo in breakbulk (ceramic proppant), and for a jump in the
number of log ships from 1 partial to 4 full ship loads. This made up for
the drop in project cargoes (loss of Fesco for several months, fewer
project ships in the area, and more difficulty for projects to make their
way here during during the I-90 construction season, preventing projects
including superloads from shipping in their entirety from Puget Sound
ports (lost to Vancouver WA usually)

Noteworthy customer names this year:
   Fila Energy, SOI

Noteworthy carriers: , EUKOR Car Carriers (new agreement aided in the
return of Fesco customers after several months away), and SASCO.
Noteworthy for their complete and total absence: BBC.

Import breakbulk is still very low. This is a sad loss due to its greater ease
of servicing by office staff, better utilization of labor, and higher profit
margins than export.
Port of Everett & Aerospace

The Port of Everett handles 100 percent of the oversized fuselage aerospace parts for the 747, 767 and 777 airplanes – soon to be 777X.
Strategic Vision & Direction

• New leadership challenged management to change the conversation on how Everett was positioned in the global marketplace

• What are the facts?
  – Home to The Boeing Company & Naval Station Everett
  – Smaller port, smaller Navy Base; **BUT** big strategic value
  – Not a tonnage port, but rather a value port
  – Everett is ranked first in the state in export value; and fourth on the West Coast
Know Your Commissioners

- Know what influences your commissioner’s view of the world
- From personal interaction with commissioners, find out what’s most important to them
- Understand how your commissioner sees success
Commission Management

- Always respect the office of the Port Commissioner
  - Respect to the person in the office
- Communication is key
  - Make sure they always have the information – NO SURPRISES
- Be able to predict how each commissioner will react or vote on a particular issue and get in front of it
  - Learn how to count
- Know how each commissioner wants to receive information and how each commissioner goes about gathering information
- Try to deliver a win for each commissioner on a goal or project that they hold dear
Team Building

- Common or shared vision
  - Create a team/port family
- Recognize that you are often one deep in positions
  - Keep clear focus on priorities
- Keep hiring at a Port staff level
  - Ability to work together is more important than qualifications
- Maintain communication at all levels
- Staff development
Community Relations

• Make sure the community knows who you are and what you do
  – Ensure your communication toolbox is diverse (i.e. tours, publications, social media, website, etc)

• Develop a media policy to ensure continuity of message
  – Training with staff on how to interact with the media (i.e. don’t say ‘no comment,’ but direct the media to your spokesperson)

• Community Events
  – Ensure the public has an opportunity to view and interact with the trade facilities
  – Celebrate your accomplishments and partnerships

• Be a resource
Politics

- All politics are local
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<td>• Develop relationships with business people who are recognized in the community</td>
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<td>- Civic Organizations</td>
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<td>- Charitable Organizations</td>
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<tr>
<td>- Business Organizations</td>
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<tr>
<td>• Sponsor/Port Informational &amp; Business Seminars</td>
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<tr>
<td>- Conferences/Events</td>
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<td>- Key Communicator Groups</td>
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<tr>
<td>• Media/Government Relations</td>
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<td>- Regular briefings to key opinion makers on critical port issues</td>
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<tr>
<td>- Develop a relationship with your local media, especially business and opinion writers</td>
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<tr>
<td>• But don’t rely on the media to carry forward your message</td>
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Marketing

- Brand Development & Management
  - Visual Collateral and ‘public face’
  - Digital/Print Strategy to promote brand
  - Social License to Operate
- Business Development & Challenges
  - Customer Development and Retention
    - Make the time to visit each major customer every 12-24 months
  - Challenges
    - Staying focused on what you do well – don’t boil the ocean
    - Budget reliability with project cargoes
Financial Viability

- Have clearly defined financial goals
- Track business activities in easy to use metrics to spot trends
  - Do monthly dashboards to keep commission, staff and the community aware of trends and progress
- Act early to address emerging issues
- Seek and follow professional outside financial counsel
Thank you!
Questions? Comments