Preface

The management of shipping operations is a fundamental activity for shipowning, ship operating and third party ship management companies and represents an area where companies constantly seek and assign relevant responsibilities to qualified and knowledgeable personnel. It is an area that requires integrative knowledge that spans across disciplines and needs varied experiences. It requires shipping operations personnel to be well versed with aspects of management, economics, engineering, technology and law, including information and communication systems. It requires the ability to identify and neutralise threats and to manage risks and to make decisions that will optimise costs and contribute to performance improvements. Despite the above obvious needs, there is no book or edited volume that has attempted to reconcile and compile a comprehensive body of knowledge in a coherent, structured and systematic approach on the subject matter. This edited volume aims to address this fundamental gap in the extant literature and can be used as a reference point for maritime companies and organisations, and also serve as a teaching and reference textbook in both undergraduate and postgraduate maritime-related programmes of study.

Chapter 1 by Panayides provides a high-level overview of the fundamental principles of ship management, which entails the various activities and operations necessary to manage a ship, as well as a description of company organisation and structures, a review of ship management services and reference to contractual arrangements between ship managers and owners. Key topics in this context include ship registration and flagging, the regulatory environment and issues of environmental performance management, energy efficiency and slow steaming, as well as managing and measuring ship management performance through the use of key performance indicators.

In Chap. 2, Pastra, Gkliatis and Koufopoulos introduce concepts of organisational behavior in shipping, focusing on issues of organisational structure and placing particular emphasis on the top management and governance of maritime organisations. In the contemporary globalised and turbulent maritime industry environment, overseeing the operations and decision-making of top leaders of
shipping companies is critical, especially with the current and prolonged global financial crisis in place. It is therefore important to have a thorough understanding of organisational processes and routines that should be continuously reviewed, redesigned and improved. In this context, the discussion describes the challenges and complexities that company executives have to face when dealing with processes and routines. The basic processes and routines that can be found in a shipping company are presented in addition to how these processes can lead to organisational change. The chapter also advocates the need for shipping companies to change and transform over time, as a means of ensuring longevity and sustainability.

The success of a shipowning organisation depends on the ability of the business to identify, negotiate and execute successful chartering options. The effective hiring of the ship or space on the ship represents the main revenue-earning stream for the shipping company, and the successful negotiation of the hire terms and efficient performance of the fixture will lead to profitability and competitiveness. In Chap. 3, Assimenos discusses in practical terms and in detail the management of commercial operations, including the types of chartering arrangements that can be effected, the chartering negotiation process, issues of payment of freight and hire, laytime, demurrage and despatch, as well as voyage estimation for dry cargo and tanker ships. The chapter also addresses cargo and charter party claims, as well as bunkering operations rendering a comprehensive treatment of the main aspects pertaining to the profit and costs of ships.

Crew management is central to shipping operations, and in Chap. 4 Anastasiou provides a comprehensive and thorough review of crew management operations. The analysis identifies the intricacies and multidimensional nature of crew management operations, referring also to the interface with shipping operations. The chapter achieves the comprehensive understanding of crew management operations and at the same time provides a valuable review of best practices. Specific topics include the identification and recruitment of seagoing labour in the context of economic issues such as the achievement of economies of scale and the all-important issues of training and management of crew performance. In addition, the author provides a comprehensive discussion of the role of marine academies and their relationship with shipping companies.

Technical operations management is one of the most demanding and complex areas of ship management. These characteristics arise from the necessity to integrate ship, shore and other, external to the company, bodies and organisations while operating in the context of strict national and international laws and regulations. Furnival and Crispe in Chap. 5 provide a discussion of the organisational and managerial aspects of technical operations management. The topics include the organisational structure of the team needed to manage the fleet, the relationships with other departments within the organisation and the main areas of concern related to the actual management of the ships, including client relationships, running the ships, emergency response, maintenance and managing expenditure. The chapter concludes with some of the challenges expected to play a role within technical operations management in future years.
In Chap. 6, Doumbia-Henry examines the manner in which the Maritime Labour Convention 2006 (MLC 2006) addresses the legal jurisdiction of the State for foreign ships entering its ports (port State) or legal venue with respect to seafarers’ rights. The MLC 2006 is currently ratified by 82 member States of the ILO, representing 91% of the world gross tonnage of ships. The MLC 2006 came about from the consolidation of almost all maritime labour Conventions and Recommendations adopted by the ILO, provides shipowners and governments with a level-playing field and is regarded to be the fourth pillar of the international maritime regulatory regime. The MLC 2006 also further developed the concept of flag State inspection with a certification system to support labour compliance and significantly strengthened port State control procedures for compliance with working and living conditions. It is now an important instrument for international labour law that can ensure that seafarers’ rights are protected and that they can enjoy the decent work benefits provided for under the Convention. Still the author believes that the implementation of the Convention and its envisaged provisions need to be closely observed and monitored, and its effectiveness in ensuring the rights of seafarers still needs to be assessed taking into account the stance of judicial decisions.

The cyclical nature of the shipping industry and the volatility of freight rates due to the underlying market characteristics of the demand for commodities and the supply of ships have a direct effect on the asset value of ships. The purchase of ships requires very high capital investments, which also require considerable funding for management and operations. As a result of the industry’s cyclical and capital-intensive nature, it is fundamental for the industry’s participants and capital providers to determine if the timing is appropriate for investments in shipping. In Chap. 7, Kavussanos, Visvikis and Alexopoulos explain and analyse the different sources of shipping finance in the context of the challenges in the sector. They also explain the techniques and strategies that can be employed to manage business risks in shipping.

Maritime energy management is a multidimensional concept with several key stakeholders, be it shipowners and cargo traders, governments and regulators, as well as the general public. The management of ship-related energy consumption is of vital importance to shipping companies from several perspectives, not least as a means of reducing the cost of ship operation itself but also to comply with the increasingly stringent and varied international regulations set by the IMO and other bodies responsible for setting for national and international energy-related regulations. In Chap. 8, Ölc¸er, Baumler, Ballini and Kitada address a number of issues with respect to energy management, including key international regulations and their main requirements such as MARPOL and relevant regulations for sea and air emissions. In addition, the chapter addresses issues of energy-efficient ship operations highlighting examples of corporate policies, as well as port energy management, by discussing relevant plans.

It has been mentioned that shipping is a risky business, and a major risk that arises is associated with the physical risk on board ships due to substandard and unsafe practices and operations and also due to security reasons emanating from
external actions by third parties such as terrorists and pirates. In this context, Dalalikis in Chap. 9 notes that considerable strides have been made to improve safety and security on board ships, especially with the advent of technology and with the development of relevant international regulations such as the SOLAS convention. The author discusses the specific regulations and their provisions, focusing on the pivotal role of the SOLAS convention and indicating how they address the challenges in the context of the dangerous maritime environment within which ships operate. The author concludes that it is only with the continuous study and introduction of new and updated regulations that such risks will be effectively managed.

One of the great challenges of being in the shipping business that may also lead to high rewards is the inherent risk associated with operating in this business, particularly physical as well as economic risks. The manifestation of physical risk depends on many factors, like the condition, maintenance and safe navigation of the ship; the encounter of adverse weather conditions; the competency of the seafarers, as well as that of the onshore personnel; and the prevailing market conditions, which dictate the mode of operation and exploitation of the ship. Regardless of all efforts to reduce shipping-related risks, some risks will remain. The risk, which remains, can be transferred to another party, either by transferring the activity to a specialist (e.g., subcontracting) or by transferring the financial consequences. It is the last option, namely transfer of risk by insurance, that Theocharidis and Donner examine in Chap. 10 in the light of the shipowner’s unfettered right to elect registry for his ship. The analysis concludes that while there are situations where the law imposes a requirement to have insurance to cover certain liabilities, the choice of registry is not a direct criterion for obtaining insurance but may be, and probably would be, a criterion for assessing the risk and setting the premium. Marine insurance is a business, where decisions to request and offer insurance cover are business oriented and based, primarily, on business criteria and, only secondarily, on reputation criteria.

In Chap. 11, Hildebrand and Bellefontaine examine an area of maritime management that is of fundamental interest to all stakeholders of shipping operations, that of sustainability of the oceans. The key question addressed is whether the existing ocean governance and management laws, policies and institutions are sufficient to face the challenge of maintaining and indeed restoring the natural ocean capital. The authors discuss in detail the issues faced in ocean governance and sustainability and conclude that after several decades of concerted and cooperative effort by the international community, much knowledge has been generated, various issues have been addressed, promising governance and management frameworks and paradigms have been put forward and a plethora of best practices have been identified and disseminated. However, it is also acknowledged that the pace at which governance and management of the ocean is proceeding does not match the pace of degradation of the marine environment and its resources. Shipping will certainly remain a prominent component of the ocean economy, but it must continue to grow in and adapt to a more crowded and competitive ocean space, a worsening ocean environment with greatly diminished capacity to support multiple
and growing social and economic needs and a more integrated ocean governance regime with all of the legal, jurisdictional, social and ecological challenges this implies. The shipping sector needs to think beyond its sectoral focus and embrace its place in an evolving ocean space and cooperative ocean governance regime.

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