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TMSA warmly received in Athens

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Woolly, confusing, stressful, but ultimately a tool to get shipowners out of a rut and improve their businesses - some of the verdicts on TMSA reached at Tanker Operator's Athens conference

BODY

The attitude of Greek tanker operators to the Tanker Management Self Assessment (TMSA) scheme varies from lukewarm to very warm, but also highly stressed and very confused, if the atmosphere at Tanker Operator's recent Athens conference about TMSA (Jan 31) can be taken as is a benchmark.

Many tanker operators still misunderstand TMSA, it seems, seeing it the same way as they saw all the other initiatives (ISM, ISPS, ISO), with more procedures and forms to complete, more inspections and proving things have been done, while the ships are operated similarly to before.

The truth is that tanker operators do not have to reach any specific standard by any specific date, or do anything specific. They have to go through endless cycles of looking for risks and working out to reduce them. It seems that only a very small number of tanker operators are expected to reach the higher stages (3 and 4).

No specific deadline has been set for providing TMSA numbers, although different oil majors have set deadlines of end of 2005 to mid 2006. Apparently some oil majors are asking for submissions although they haven't set deadlines.

TMSA should create a market reward for tanker operators which do more to address seafarer competence, vessel maintenance and the shipboard working environment, something which is too often missing in the current market dynamic of regulation and vetting.

But it will ultimately be up to the market to decide how much investment in higher TMSA scores lead to more charters or better charter rates, and ultimately up to tanker operators to read the market and assess how much to spend on it.

Greek tanker operators are generally considered the best in the world at reading the markets, and their general assessment already seems to be that it is worthwhile putting a lot of effort into TMSA. Other tanker operators around the world take note.

"TMSA is a great tool - it gets us all out of a rut," said Alan Johnson of Tsakos Trading and Shipping. It's a wonderful system for the industry to use. When it comes to the charters, if they see you do what you say you do, you have more chance of getting the business."

Some tanker operators already say they have observed vetting inspections getting tougher when the market is weak. Oil majors are very likely to charter vessels with higher credible TMSA scores if they have a choice.

There were warnings that the success of the scheme would depend on the spirit in which it was accepted by tanker operators, with a risk that it could be reduced to yet another paper exercise, like ISM was in certain companies.

But TMSA is very different to ISM, because it is something companies assess themselves against, not something other people assess the company against.

Tanker Operator readers may be tired by now of reading about problems with public perception of the industry but TMSA does appear to be the closest anyone has found yet to a solution.

The general public may not be interested in ship maintenance, but the regulators who act on their behalf, and who are under pressure to improve the industry accident rate, will certainly be pleased to see oil majors managing to improve the standards in the vessels that they charter, and managing to avoid bad operators more accurately than they have done in the past.

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Approaches to TMSA

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Every shipping company must make their own private assessment about how much budget to allocate and which areas to go for first, and how you set about doing it - but some shipowners had some advice.

Alan Johnson from Tsakos revealed figures from one oil major, that according to its assessments of 285 tanker operators in the "white fleet" who seek to charter with OCIMF, 35 per cent of tanker operators do not reach level 1 of TMSA, and level one is higher than what is commonly considered ISM, or regulatory level. 50 per cent were at stage 1, 13 per cent stage 2, 4 per cent stage 3, and 1 per cent stage 4.

ISM level, or regulatory level, is commonly considered equivalent to TMSA level 0.5.

One oil major said that 50 per cent of tanker operators either did not reach an acceptable level, or embellished their responses.

Many tanker operators more familiar with oil majors said they did not believe that the original intention was to force a majority of tanker operators into stage 4, but to provide a means for stage 4 operators to be differentiated.

"After 15 years time, I think the spread between the levels will be the same," said Dimitris Lyras of Lyras Shipping (conference chairman). "I don't think oil companies want us to be distributed equally on a flat scale. Everybody will be round about the bottom, with a few stars at the top."

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Honesty and transparency

Several speakers said they believed that being open and transparent to both oil majors and inspectors pays off in the long run, improving trust. "Don't try to cover yourself. Do it right, simple, have your ships arrive in port on time and avoid detention," said Mike Reppas from Seaworld.

"You should be open with your customers and oil majors," he said "Building trust is vital. Definitely things should be reported, if something goes wrong with your ship and also your cargo."

There are tricky questions. "Suppose you have established a risk, for example a low flow alarm not working," Mr Lyras asked the panel. "Should you report these problems?"

For Kostas Polydakis, technical manager, Athenian Sea Carriers, the answer was certainly yes. He gave an example of a vessel approaching US waters with a malfunctioning oil content monitor of the oily water separator.

"We reported the problem to the Flag Administration, the Class Society and the Coast Guard and a relevant entry was made in the oil record book as soon as the problem was discovered. We provided a risk assessment and a plan to solve it, with an authorised service engineer attending upon arrival. If you're open about your problems, the response from authorities and inspectors is always very positive as they can see that there are proper processes in place and you're not trying to hide something," he said. Any piece of equipment may fail at some time. What distinguishes a quality operator is the way these defect are handled!"

Even the best tanker operators struggle with being ruthlessly honest, it seems. "In many cases the inside perspective may be misleading. Sometimes we think we are complying with certain requirements," said Mr Polydakis from Athenian. "But if you have the oil majors assessing you, and not just doing it yourselves, it may look very different."

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Particular challenges

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Risk management, safety culture, training, seafarer retention, and planned maintenance - some of the particular challenges of TMSA

Risk management is one of the most complex areas of TMSA. Whilst experienced tanker operators have a very clear idea about what their risks are, there is confusion about how risk management should be made in an organised process.

One company with a methodical approach to risk management is OSG Shipmanagement; Capt. Panos Hatzikyriakos, safety and security manager, explained how his company has set up a senior risk management team, operating out of Greece, Newcastle and New York, with the role of assessing the risk and distilling information for the company decision makers, so they can decide how much money should be spent on the different areas.

"Our main objective is to mitigate the risk and reduce it to reasonable levels," he said.

Capt Hatzikyriakos said that the structured risk assessment process at OSG makes the starting assumptions that all equipment is fit for intended purpose and procedures are followed.

Then there is a methodical process of looking at possible deviations from this and seeing what could happen, particularly if two deviations happened at the same time.

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Safety culture

A safe working culture is one where seafarers follow procedures but feel comfortable alerting colleagues and management attention to areas where they feel procedures could be improved.

A safe working culture is one where seafarers work and help each other, not one where they bark orders at each other and expect them to be followed unquestioningly.

The engineering minds in the shipping industry often find it hard to address issues of their shipboard working culture; but some shipping companies have successfully addressed it and improved it.

"It is evident that skilled and well trained seafarers sometimes deviate from procedures due to lack of safety culture. □ This is something we have to improve." said Capt. Michael Reppas, HSE Director, Seaworld Management and Trading, a company which has vessels out on time charter to reputable charterers.

One place you can start, Mr Reppas said, was on shore, because a shore based culture of continuous improvement would soon be reflected on the ship.

TMSA encourages management teams to work together and build consensus, and work out what the best practises are, as opposed to the autocratic working schemes of the past.

Mr Reppas said that based on experience, an effective approach is the company to set project teams including people from both shipboard and shore based management. "People should work together if you want to achieve companywide understanding and support. When seafarers who worked as members of a team ashore go onboard, it is certain that they will be leaders in implementing company system and enhance the safety

culture onboard. It has been verified that this way you gain commitment and improve performance," he said.

"Any individual is resistant to change," said Mr Polydakis from Athenian. "This is the most difficult thing. People in the office are often more resistant."

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Training and attitude

Spyros Malandreniotis, training manager of OSG, explained how OSG went about getting a better picture of its seafarer competence. "We decided to enhance our methods of getting to know the people we employed better," he said.

"One should start by explaining how competence is defined. Competence is not knowledge. Attitude is difficult to measure. You have to go through a process of re-evaluating," he said.

"People are very much willing to buy into any training product," he said. "But you just can't put someone in front of a screen and make a test based on a computer evaluation. The computer will never tell you how this person thinks and how he will make use of the information."

"We developed a lengthy assessment process. The request put for every deck officer was to put together a passage plan using charts - assess how well the people could make use of information available to him. We could find out if the individual was practising parallel indexing. We make a feedback which was quite telling about the competence of seafarers. The results were quite revealing.

"After we had this extensive data we had a clear pattern of their strengths and weaknesses.

"We have been discussing people's reactions to taking up changes and taking up the concept of change," he said.

"People did not react - so positively in the beginning. Then they realised they would not be thrown overboard. They realised it was something that they could do more and more."

Mr Malandreniotis warned that these kinds of processes need to be carried out consistently and thoroughly or they lose credibility.

"Unless this process was carried throughout the company, seafarers would not feel confident enough and not feel comfortable with newcomers, who they might have to leave on the bridge," he said.

"This was not an easy process. This was not done overnight. It took us many years, many efforts, but it has started payback."

Mr Malandreniotis was asked by Steve Blair, head of management systems at ABS, why OSG feels that it has to make its own assessments of seafarers, rather than relying on the government certification system, as most shipping companies do.

"The certification issue you raise is quite serious," he replied. "A certificate is only good for the time it is issued."

"Say you go through records of a chief mate and compare it with another chief mate. They both have the same sea service and were employed on 2 sister ships. This does not tell you anything. If one ship is at an anchorage - in the Persian Gulf doing ship to ship transfers. A sister ship is in the Far East going through the Malacca Straits every 10 days. What do you learn about the navigation competence of seafarers doing ship to ship transfers in the Persian Gulf?"

Kostas Polydakis, technical manager, Athenian Sea Carriers, said that many oil major auditors may not trust shipping company in-house training, seeing it as "just printing certificates," suggesting that companies should also use 3rd party training houses.

"The time people spend in the office before they go onboard is increasing," he said. "Onboard, they have a mixture of computer based training and face to face training".

Mr Polydakis suggested that providing training was one opportunity TMSA created for vendors to the tanker industry.

Captain Gabriel Andreou, director of shipping company Enesel, warned that tanker operators should be wary about putting too much emphasis on training.

"Sitting on a simulator is very different to actually sitting on the bridge. A lot of people do very well in practise - the assessment should be made on the battlefield," he said.

"I have heard a lot today about training. But it doesn't solve all the problem," he said.

This view was echoed by ABS's Steve Blair. "You can train and train people - but if the attitude is not there, it means nothing to them," he said.

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Seafarer retention

Steve Blair, head of management systems with ABS, suggested that a root cause of the problem of lack of seafarer loyalty to their employers, and poor shipboard working culture, was the fact that the vast majority of shipping companies only employed seafarers by the voyage, rather than putting them on longer term contracts.

"Surely we should be looking at fully partnering with seafarers and ensuring they are competent by putting them on a service contract?" he asked.

Dimitris Lyras, conference chairman, noted that although many shipping companies employ staff on a voyage basis, that does not mean that their retention ratios are low, quoting Antonios E Vrontassis, quality manager and DPA, Andriaki Shipping, who claimed a 98 per cent seafarer retention ratio at his company, despite everyone being on voyage

contracts. "Seafarers do want to work for the same company," he said. "It's natural."

Spyros Malandreniotis, training manager of OSG, said that OSG tries not to employ anyone on a single voyage basis. However he admitted that retention is a complex issue for OSG. "The better training we give them, the better the CV they can take to another company," he said. "There is no answer. We just train them and train them."

"It comes down to the management to put together incentive schemes to attract seafarers and retain them," he said. "There is an understanding your manning are a very valuable asset to the company."

Mr Lyras pointed out that it is not necessarily bad if seafarers move around from different companies, because they can easily carry ideas about best practise from one company to another. "We've had a lot of value from seafarers trying other companies and seeing what they do," he said.

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Planned maintenance

Athenian's Costas Polydakis picked up the requirements for a planned maintenance system (PMS) as one area where tanker operators may find they are not as far ahead as they think.

"I'm sure a few managers after reading TMSA nodded to themselves and said "yes we have a PMS," he said.

"There must be a formal system in place for reporting defects. There must be a way to prioritise defects. Maintenance and defect reporting automatically reports to the staff.

"You can try and do all this without a computer system - I'm sure it's not worth mentioning or discussing."

"The PMS system must cover all deck systems. It must be vessel specific. Even deep fat fryers have planned maintenance tasks."

"If we cover all of the above, we can say, yes, we have a PMS," he said.

"We need to invest time and money. We must train the users. Training is the most neglected part of a PMS. If people onboard do not utilise their investment its potential goes down the drain."

"Developing a PMS system is a full time job," he said. "I believe you should have dedicated personnel, at least one person as a dedicated project manager."

Athenian's sophisticated maintenance management system proved very helpful during vetting inspections, he said, because the inspectors could immediately have a transparent, clear view of the status of the ship's maintenance.

"They like to see it on one screen, because this is real," he said.
"Having a wealth of defects to show them, generates confidence that the system is really in use."

"Transparency is very important - it's not just compliance. How it is verified onboard that these jobs have been done. The more information you have here, the more trusted you are."

"The main value is being able to prove the way you handle your defects is the way it should be. Start proving that you are correcting your problems."

Mr Polydakis was asked by George Hoyt of Newslink Services how much seafarers get involved in developing the maintenance system, and if they are considered part of the technical team.

"70 per cent of revisions come from proposals from chief engineers," he replied. "The main driving force are to the seafarers themselves - expecting after 1-2 years of using the system. The feedback we're getting is definitely very valuable."

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Other views

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Lloyds' Register, International Business Consultants, International Shipmanagers Association, Ulysses Systems and Danaos were invited to give their views about TMSA and how shipowners should set about it

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Lloyds' Register

Ioannis Iakovou, TMSA product manager and Piraeus client training manager, Lloyd's Register Piraeus, said that Lloyd's Register believes TMSA is quite a good thing. "TMSA is a tool for shipping companies to use and a framework for improvement," he said. "A tool for oil majors to choose who to give business to."

"They are good practises," he said. "It gives you a road to go along, it provides guidance," he said. "You can compare yourselves with other companies."

"TMSA itself won't reduce risk," he said. "But the policies and practises it preaches will reduce risk. Risk assessment appears in numerous places. In the end, we should have benefits."

Mr Iakovou stressed the importance of taking on the spirit of TMSA. "Don't make it a paper exercise," he said. "ISM was not intended as a paper exercise."

Mr Iakovou said he believed that shipowners should make money out of TMSA, not spend it. "I've seen quotes that it costs \$70,000 per year per ship," he said.

"There is an outlay now- but in the long term it should save money."

Lloyd's Register's services include sitting down with shipowners and reviewing their system, or providing external confirmation that tanker operators have reached the level in TMSA that they think they have. Lloyd's Register can also provide guidance, training and suggest areas for improvement.

Mr Iakovou stressed the risk of companies just developing lots of procedures which no-one understands for things like "risk management" and "change management", rather than actually improving things.

A lot of the TMSA requirements are quite complex, including being able to prove that you will improve, and measuring processes, doing incident and near miss investigation, comparing with other shipowners. Other difficult areas are risk assessment, change management, critical equipment, data collection and benchmarking.

Mr Iakovou stressed that shipowners should not see this as something they should comply with (eg prove that they can do) but use it as internal tools to improve their effectiveness.

One of the trickiest areas is the shore personnel, because it is hard to get high scores without a company personnel department, which many shipping companies don't have, he said.

Many small companies are struggling to find other companies to benchmark against he said, and there are private companies offering benchmarking services.

Another tricky area is the one about rotating shipboard staff through office positions, which shipping companies need a certain scale of operation to achieve.

Providing company seminars is also a hard thing for small companies to do.

Other problems shipping companies are facing is when there are people in the company, who do not believe in TMSA, or disagree with specific aspects of it, such as the part which suggests shipping companies should use electronic charts. "Companies say, this is not my policy, I'm not going to do it," he said.

Mr Iakovou stressed that tanker operators do not have to follow all the requirements to the letter, but should instead look at the spirit of it, working out where their worst performing areas are and improving them, and using the risk management process to prioritise which areas to address. "It takes commitment and time," he said.

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InterManager

Stephen Chapman, general secretary of InterManager (International Shipmanager's Association) was invited by Tanker Operator to talk about InterManager's initiative to develop a standard set of KPIs (key performance indicators), and talk about how this dovetails with TMSA.

There are of course differences between what a shipmanager wants to demonstrate to its client the shipowner, and what shipowners want to demonstrate to charterers.

Shipmanagers want to demonstrate to shipowners, among other things, their competence in managing costs, and that they can manage vessels more economically than shipowners' in house teams, something that a charterer is not particularly interested in.

Mr Chapman criticised TMSA for not stating specifically enough what was required. "Only 2 items are measurable in an analytical sense," he said.

InterManager is aiming to develop a limited number of KPIs which are "objective and easily measured and accepted as legitimate by the industry," he said.

The Society of Independent Gas Tanker and Terminal Operators (SIGTTO), the Chemical Distribution Institute (CDI), Germanischer Lloyd (GL) and the UK Hydrographic Office (UKHO) have agreed to collaborate with the project, he said.

The KPI initiative certainly fits in with the aspects of TMSA, in that it helps companies to monitor their own safety and crew competence, and compare it with other companies.

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Ulysses Systems

Panteleimon Pantelis, services director of software company Ulysses Systems, talked about the software angle of TMSA, in particular the various sections which ask shipowners to collect and evaluate data, and improve transparency.

Shipping companies can use software to monitor all of their risks and be able to demonstrate this.

They can use software to get information to seafarers and shore staff at the specific time when they need it.

With the number of manuals that seafarers are expected to be familiar with increasing enormously, charterers will shortly start asking shipowners questions about how they know seafarers are aware of the contents of the manuals.

This information is easier to answer if the software puts the relevant information in front of the seafarer when they are doing the task.

Mr Pantelis warned that KPIs can create a false picture. For example, a shipowner might publish a KPI about how often superintendents visit the ship, but what they really want to know is how long he stays there and what he does when he is onboard.

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IBS

Apostolos Belokas, managing director, of TMSA consultancy IBS, said he believed the two hardest areas of TMSA were change management and risk assessment.

On the topic of change management, he said that the biggest contributor to change was management support, and the biggest reason for resistance to change was lack of employee awareness. "Employees want to hear messages from the top," he said.

Many shipowners do not realise what a large change TMSA is bringing about. "People say - we will comply by updating the safety management system," he said. "We see a lack of resource allocation to many critical TMSA elements."

Some of the mistakes some tanker operators are making are seeing TMSA as a project, rather than an ongoing thing. Some tanker operators still mistakenly see it as something to "comply" with. Many companies believe they are already at stage 4.

IBS is undertaking a survey of industry opinion about TMSA; of the 180 results received so far, the main findings are that TMSA is considered positive by the majority of tanker operators. Cultural change is very important, and many tanker operators overestimate their status, he said.

On the downside, many tanker operators believe they could have received more guidance from OCIMF, and see it as a cost with no benefits, and say it does not differentiate between small and large companies, which operate their vessels in different ways. Many operators believe that there will shortly be a revised version.

Many operators believe that TMSA could have been more comprehensive on how to reduce crew fatigue; instead TMSA asks tanker operators to make risk assessments and reduce them, expecting them to reach the conclusion unprompted that putting more staff onboard so that seafarers are less fatigued will reduce risks.

"You have to mobilise a lot of resources at one time," he said. "Seafarers have to be taken into account."