

Enhancing capabilities and keeping spirits up despite choppy waters



The article was written by Captain Mike Meade, CEO of M3 Marine Group

Few in the industry would argue that the maritime and offshore industry is experiencing one of its most challenging periods yet. Not only have oil prices fallen by more than 70 per cent since mid-2014, the market segment is facing the problem of an oversupply of ships, which is further exacerbated by slowing economic growth rates around the world.

Latest estimates released in September by the World Trade Organization (WTO) showed that global trade will grow by just 1.7 per cent in 2016, down from its initial forecast of 2.8 per cent growth in April. This marks the slowest pace of trade and output growth since the 2009 financial crisis.

Despite this, the industry is here for the long-haul, and many maritime and offshore players are using this period wisely to improve efficiencies. They are closely scrutinising what investments they need to make for the long-term, and this has maybe also provided momentum towards much needed overhaul and change in the industry.

Among the key changes is consolidating and scaling back fleets. In recent months, the industry has seen an increase in scrapping plans in a bid to end the capacity surplus of ships.

For the first time, 450,000 teu of containership capacity is expected to be scrapped by the end of 2016 – a figure much higher than the annual total of 444,000 teu scrapped in 2013. However, the removal of this 450,000

teu of capacity accounts for only two per cent of the current 20-million-teu-strong global fleet of containerships. This means that despite increased scrapping, ship owners will still have to face the costs associated with an oversupply of ships.

As a result, a number of businesses are now taking further aggressive approaches to downsize and reorganise their workforces, making sure they have the right sized workforces and skills on board to keep afloat today and to capitalise on opportunities in the long-term.

Maintaining momentum

For many in the industry, retrenching staff is unavoidable as they are forced to cut costs quickly. However, one of the biggest risks to companies during downsizing is employee morale. Low spirits can quickly erode productivity and lead to a company losing steam.

People in your teams must also remain driven in their current role to keep the business moving – understanding that every dollar they make today will be much harder to earn tomorrow. This attitude is also important for keeping momentum across the industry.

Regular and open two-way communication between employees and management is vital to maintaining morale.

At M3 Marine, holding regular company bonding sessions is also vital in keeping engagement levels high among our people. These sessions give our team the opportunity to have fun with colleagues outside of working hours, and reinforce their importance to our business.

Opportunities await

Amidst restructure also comes the opportunity for companies to gain efficiencies by restructuring roles, and for employees to upskill. This is important to maintain the momentum of the company for when there is an upturn in market conditions and to future-proof yourself as an employee.

To do this, companies need to take a long-term view both internally to see where they can improve workforce efficiencies, and externally to identify future skill gaps.

With the industry on the verge of major innovation in the future, particularly in smart shipping, the current lull is really an ideal time to re-train employees.

With smart shipping, there will be increased demand for talent with non-traditional skill sets such as systems and data engineers. At the same time, these talents will need to be able to identify and embrace disruptive technologies such as throughput satellite communications and data analytics.

For companies, skills development plan is key. Upskilling can be done through either technical or training investment, or simply increasing versatility by giving employees the chance to learn a new area.

Collaboration with other industry leaders and academic institutions such as the polytechnics and Institutes of Technical Education (ITEs) is also helpful in getting companies to better understand the current workforce profile and potential roles that will be in great demand when the industry recovers.

More importantly, industry partnerships with the academia through the sponsor of scholarships and job placements are great ways to instil confidence within the younger generation that the industry still has much to offer - even during tough times. This can help avoid a brain drain situation when the market recovers.

Building a stronger industry

While staff retrenchments can offer the industry some respite in terms of costs in today's recession, offshore and maritime players need to

also caution themselves against further slashing of jobs and resources. Businesses need to ensure that they are still well-placed to operate on the upside.

Even with the current lull, there are still many prospects and developments that the industry can look forward to in times to come – especially with the rapid evolution of technology and new emerging markets.

The return of Sea Asia 2017 in April next year is a key platform that will be looking into the future of the industry and the various opportunities awaiting it such as smart shipping.

Bringing together industry leaders from across the globe, Sea Asia 2017 will look at, debate and discuss the different opportunities and issues facing the industry in hopes of developing effective solutions to bring the industry forward.

I look forward to being part of Sea Asia 2017 and the various discussions that will take place.



M3 Marine Group is a sponsor of Sea Asia 2017.