

OpEx Control Activities

TCM Approach, December 2017

OpEx Reporting

Decreasing trend in vessel OpEx during the previous years (*TCM data as well as Market reports*).

- Does the above prove the effectiveness of the company's cost controlling activities?
- Are Micro parameters (vessel employment days, changes in crew line-up / nationalities) and Macro parameters (e.g. \$/€ rate effect, oil price, global inflation etc.) being considered?

Good Practices

- Assignment of responsibility and accountability
- Complete, Timely & Accurate recording of OpEx in the applicable expense accounts
- Regular Budget vs. Actual reporting to Management
- Process optimization (flexibility vs. Management Control)

If it cannot be measured, it cannot be controlled...

Cost Control Initiatives

Benchmarking

- Average daily cost/vessel type, drilling down in Sister vessels' expenses (maintenance, DD)

Synergies

- e.g. Alliances between shipping companies to increase bargaining power

Contract management

- Renewals, market research for healthy competition

Negotiations with Suppliers


- Continuous efforts to achieve better discounts and favorable payment terms

Outsourcing Activities

- (e.g. catering, safety equipment, DAs' checking) to achieve fixed charges, reduce the office workload, mitigate associated risks

Project Management

Adopt a structured approach for each cost control initiative:

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- Identify Area(s) for cost reduction
 - Perform **Risk Assessment**
 - Define the action plan / key employees / target dates
 - Monitor the implementation
 - Assess the results
 - Follow-up and fine tune regularly

Investment *leading* to Cost Saving

Human Capital (Onboard & Ashore)

**Proactive
maintenance
of machinery**

**Energy
Efficiency
(e.g. Hull
cleaning &
Propeller
polishing
plan)**

**Planning and
executing
bulk orders
(sister vessels,
DDs)**

**Intranet, ERP,
tools for data
interpretation
& decision
making**



HSQEE Principles always prevail

Thank you