

## CASE STUDY

# European Port Operator Improves Asset Utilization and Reduces Costs



<b>Aim</b>	Reduce procurement spending, administration complexity
<b>Status</b>	Project was successfully completed
<b>Client</b>	Large European port operator
<b>T.A. Cook</b>	Selected for asset management expertise

### Background

One of the world's largest port operators wanted to reduce procurement spending and administrative complexity across a number of containerized freight sites. The challenge was to minimize the time taken to turn ships around and the "cost per movement" while using unionized labor to run both automated and semi-automated loading and unloading systems.

The company approached T.A. Cook to identify critical areas for improvement and create a detailed project implementation plan.

### Approach

After an analysis into all procurement-related activities, a variety of critical issues were uncovered. Assets were not fully or even acceptably utilized. There was no sufficient must-have vs. nice-to-have analysis at the specification stage. Contracts for third-party workers were out of date, inappropriate or excessively high. There was also a perceived demand for plant goods and services that didn't match true requirements.

Although the capex decision-making process was well controlled, it was driven by poor operational data and faulty assumptions. Whole life costing wasn't fully applied (especially to foreign-sourced spares) and

energy was purchased on the spot market without sufficient attention paid to long-term trends and needs. This complicated matters even more.

The team determined that improved understanding of asset performance and expectations would yield significant cost reductions and better operational utilization. Plus, establishing procurement clarity at the early stage of engineering and technical specification could improve procurement efficiencies and lower spending.

### Achievements

By comparing work content, outcomes and best practice, with procurement-related spending influencing roles, an ideal procurement process was detailed from start to finish. After implementing day-to-day controls of plant and equipment planning, new asset utilization measures and maintenance policies reduced hourly-paid third-party operators by 10%. Implementing a tighter-run administration and cross-port interaction led to procurement savings.

By establishing procurement clarity at the beginning of engineering and technical specification, T.A. Cook realigned procurement roles and responsibilities, created a cross-port consolidation program, initiated must-have/nice-to-have analysis at specification stage, implemented consolidation and price optimization processes and updated planned and actual maintenance cost analysis to whole life.

### Benefits

- Future energy contracts set up with 15% like-for-like savings
- Clear risk tender rules classified and adopted, leading to immediate 7.5% savings
- Contractor hourly-pay reduced by 10%
- Capex reduced significantly
- Two-year advancement of plan established

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