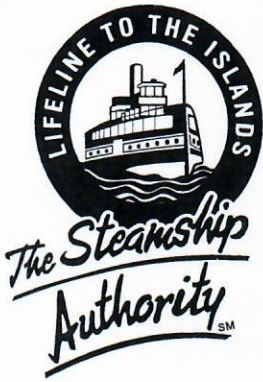


STAFF SUMMARY

Date: January 15, 2019

File # GM-709



TO:		FOR:		FROM:
	General Manager	X	Vote	Dept.: General Manager
				Author: Robert B. Davis
X	Board Members		Information	Subject: Initial Thoughts About the Final Recommendations and Implementation Plans from HMS Consulting Comprehensive Review

PURPOSE:

To provide the Members with information and my thoughts for the purpose of assisting them in their initial discussion of the Final Recommendations and Implementation Plans set forth in HMS Consulting's Comprehensive Review of the SSA's Operations, and to ask for authorization to create and fill three new management positions to begin the implementation of those recommendations.

BACKGROUND:

Based upon its independent and comprehensive review of the SSA's operations, HMS Consulting ("HMS") concluded that the SSA "accomplishes an extraordinary amount with the resources [we] have," that it is comprised of a "group of hard-working and committed employees," and that it "does not get credit for the things it does really well." But HMS also identified numerous areas of potential improvement in the SSA's operations and provided final recommendations for attaining those improvements with implementation plans for each of its final recommendations. Those final recommendations are aligned with four key categories:

1. Implement Process-based Management
2. Establish a Vision
3. Change Organizational Structure
4. Change Management Recruitment and Performance Evaluation

I. HMS's Recommendation to Implement Process-based Management.

HMS's first recommends that the SSA implement a process-based approach to management, and makes three specific recommendations to put the SSA on that path :

Recommendation i: That the SSA utilize the ISM Code as guidance to develop and implement an externally audited safety management system (SMS) across the fleet;

Recommendation ii: That the SSA develop and implement a quality management system (QMS) across the entire organization, preferably in concert with an SMS; and

Recommendation iii: That the SSA source a Learning Management System (LMS) and implement it first with vessel crews. Based on successes and lessons learned, it can then be expanded to other departments.

Although HMS has stated that the SSA's implementation of this set of recommendations would have a very high impact, perhaps the highest of all of its recommendations, it cautions that these recommendations are the most difficult to implement properly, that they have a high initial investment cost, and that they involve considerable challenges. Therefore, HMS also observes that the SSA is not in a position to implement these recommendations without external guidance and considerable commitment from leadership. In addition, HMS identifies three prerequisites for this set of recommendations:

1. The recruitment and hiring of a Director of Health, Safety, Quality and Environmental Protection (HSQE Director) to oversee the development of process-based continuous improvement programs (SMS and QMS) as detailed in HMS's report, manage their ongoing implementation, and fulfill the duties of the Designated Person.¹ (Recommendation vii).
2. The SSA leadership's adoption of a mission statement and supporting performance objectives, the communication of that mission statement and supporting performance objectives to the SSA's employees and the general public, and the identification of the necessary metrics to measure progress against the performance objectives. (Recommendation iv).
3. The commencement of a strategic planning process to include all aspects of the SSA's organization. (Recommendation v).

I agree that the SSA should implement a process-based approach to management, including the development and implementation of an SMS across the fleet (using the ISM Code as guidance, although not necessarily adopting it wholesale), a QMS across the entire organization, preferably in concert with an SMS, and a LMS. I also agree that, in order to do so, the SSA should recruit and hire a Health, Safety, Quality and Environmental Protection Director (HSQE Director) with relevant experience, and that the new HSQE Director have the authority to enforce those management systems and be outside the direct operational chain of command in order to avoid being conflicted with competing business interests.

II. HMS's Recommendation to Establish a Vision.

I also agree with HMS's recommendations iv and v that the SSA should:

- adopt a mission statement and supporting performance objectives;
- communicate them to the SSA's employees and the general public;

¹ The role of the Designated Person is to facilitate communications between employees and management (a crucial element of the SMS), verify and monitor the system as it strives for continuous improvement, and coordinate and prepare for external audits.

- identify the necessary metrics to measure progress against the performance objectives; and
- begin a strategic planning process to include all aspects of the organization.

Ironically, the SSA previously attempted to adopt a mission statement and develop a strategic business plan in the 1990s. In August 1997, then-General Manager Armand L. Tiberio asked the Board to endorse a Strategic Business Plan that the management staff had developed over the prior four months. But the Board declined to formally endorse that plan, and voted instead “to support the overall direction embodied in the management staff’s proposed Strategic Business Plan ... with the understanding that certain items need further discussion.” (Minutes of the SSA Board’s August 20, 1997 Meeting, at p. 5). There was then another 16-month wait until the Board voted on seventeen long-term objectives contained in the plan. (Minutes of the SSA Board’s December 17, 1998 Meeting, at pp. 3-21).

Although HMS believes that developing a mission statement is “[a]rguably one of the easiest recommendations of the group to implement,” I doubt that it can be accomplished within HMS’s suggested two-month schedule. For example, the Board may want to consider deferring the development of a mission statement until it has a full complement of Members to ensure that the views of all of its constituent communities are considered. Even then, the Board may want to consider what public notice and input might be appropriate before adopting a mission statement and developing supporting performance objectives and metrics.

The development and subsequent implementation of a strategic plan poses even more challenges. As HMS points out, “planning is never static. Circumstances change, and the plan must be adjusted and updated. The maintenance of a strategic plan is ongoing, year after year.” HMS also recommends that “the SSA seek external guidance in the initial strategic planning effort, maintain momentum and keep the workload for in-house resources manageable.” Further, HMS estimates the cost for those external sources to develop and implement a strategic plan to be \$125,000 and notes that thereafter, “even with external resources, the strategic planning process requires constant involvement from the organization’s leadership.”

It is for these reasons that I think the Board should consider, instead of spending \$125,000 to engage an outside consultant to help the SSA develop and implement a strategic plan, whether there would be better value in recruiting and hiring a Planner who would be responsible for working with the Board and the management staff not only to develop a mission statement and strategic plan but also to ensure that the strategic plan is continuously updated and implemented for the foreseeable future. The Planner could also be an additional resource for studying numerous other projects and issues that have consumed or otherwise would consume the time of management staff, such as the feasibility of providing freight service from New Bedford and barging municipal solid waste from Martha’s Vineyard, while also identifying and pursuing potential sources of federal and state funding for the SSA’s operations and capital projects and working with the planning departments and commissions of the SSA’s constituent communities.

III. HMS's Recommendation to Change Organizational Structure.

HMS also has recommended that the SSA change its organizational structure as follows:

- Adding a second Port Engineer, a second Assistant Port Engineer and a Project Engineer (Recommendation vi);
- Adding a HSQE Director whose position would be outside the direct operational chain of command (Recommendation vii);
- Adding a Director of Marine Operations who would be responsible for all of the vessel employees (including the Chief Engineers) and to whom the Port Captain would report (while also eliminating the Assistant Port Captain position) (Recommendation xiii); and
- Adding a Chief Operating Officer, to whom the Director of Marine Operations, the Director of Engineering & Maintenance and the Operations Manager would report (also part of Recommendation xiii).

As previously discussed, I agree that the SSA should recruit and hire a HSQE Director (see Part I, above, at p. 3). I also agree that the SSA should recruit and hire a Director of Marine Operations (as well as a new Port Captain) for the reasons stated by HMS, namely, because:

- Vessel personnel will then have only one chain of command, allowing the Engineering and Maintenance Department to serve as a staff function instead of a line function;
- Having a Director of Marine Operations at the senior staff level will ensure that the interests and priorities of the SSA's prime function (vessel operations) are properly represented in the decision-making process by someone with maritime operating experience; and
- The new position will also reduce the burden that the Operations Manager currently has of managing both the SSA's marine operations and its shore operations.

I question whether it is also necessary to create a Chief Operating Officer position to accomplish these objectives. Accordingly, I offer three alternative potential organization charts for consideration by the Board in addition to HMS's recommended organization chart:

Alternative #1:

- Adds a Director of Marine Operations, as recommended by HMS, but not a Chief Operating Officer. Coordination between marine and shore operations would be managed by the directors of those departments and, in the case of a conflict, resolved by the General Manager.
- Adds a Health, Safety, Quality and Environmental Director (HSQE Director), as recommended by HMS, but has that position become part of the General Counsel's office as another compliance responsibility. In that office, it would still be independent of the chain of command.
- Also moves the Director of Security to the General Counsel's office, as that position is responsible for MTSA compliance and incident investigations. (This position has both

marine and shoreside security responsibilities, so it should not report to the director of just one of those departments.)

Alternative #2:

- Same as Alternative #1, but adds a Planner position.

Alternative #3:

- Revises Alternative #2 so that vessel maintenance and construction fall within the jurisdiction of the Director of Marine Operations and facility maintenance and construction fall within the jurisdiction of the Director of Shore Operations. Currently most of the management positions in the Engineering and Maintenance Department are either marine-focused (*e.g.*, Port Engineer, Vessel Maintenance Manager) or shore-focused (*e.g.*, Facilities Maintenance Manager, Vehicle Maintenance Supervisor, Woods Hole Terminal Reconstruction Project Manager).
- An open issue would be where to place the current Maximo Planner position. It could be included in IT as a support function, particularly if it is reimagined as part of the development and implementation of new process-based management systems.
- Also an open issue is the coordination of Maintenance Department employee assignments, although they should be able to be managed by the directors of those departments and, in the case of a conflict, resolved by the General Manager.

I am also proposing that, after revising the upper grade levels of the organization chart and filling whatever new positions the Board approves at those grade levels, the SSA can then consider how to reorganize and/or add positions in the Engineering and Maintenance Department, ideally with the input of the new Director of Marine Operations, the new HSQE Director and the new Port Captain, each of whom will have strong knowledge of HSQE programs, including ISO/ISM and best practices.

But I do not believe that the SSA should eliminate the position of Assistant Port Captain, as there is great value in keeping it as a liaison between our fleet personnel and the incoming Port Captain and Director of Marine Operations. In addition, the elimination of that position would ironically result in no increase in human resources in the Vessel Operations Department, merely a net increase in grade and responsibilities of the two current positions in that department, despite the significant additional workload that those managers will have in transitioning to a process-based approach to management. Maintaining the Assistant Port Captain position will help ensure that the new Port Captain and Director of Marine Operations will be able to dedicate a sufficient amount of their time and effort to successfully implement the remainder of HMS's recommendations, and it seems penny-wise and pound-foolish to eliminate it.

IV. HMS's Recommendation to Change Management Recruitment and Performance Evaluation.

HMS also has recommended that the SSA carefully weigh the advantages and disadvantages of promoting from within and that it increase its efforts to recruit from outside the organization. (Recommendation ix). HMS observes that, if the SSA were to hire individuals from outside the organization with experience in process-based management systems (SMS, QMS and LMS), those new hires will help the SSA in its transition to a process-based management. HMS also notes that, after that transition is accomplished, there may be more value in promoting from within.

I agree that the SSA should recruit and hire external candidates for the new Director of Marine Operations and HSQE Director positions, as well as currently vacant Port Captain position, and that those individuals should have strong knowledge of process-based management systems. In addition, if the Board were to approve the creation of a Planner position, that position similarly should also be filled with an external candidate who has relevant experience. I already have begun outside searches for candidates to fill the Port Captain position, as well as the other currently vacant Treasurer/Comptroller and Director of Human Resources positions and, if the Board approves the creation of the Director of Marine Operations, HSQE Director and/or Planner, I will conduct external searches for candidates for those positions as well.


Finally, HMS recommends that, after the SSA adopts a mission statement and develops a strategic plan, it also develop performance metrics for key managers based upon the performance objectives in the strategic plan and hold them accountable for progress achieved against them. (Recommendation x). I agree and propose that the SSA implement this recommendation as described by HMS (using the SMART goals framework) as part of the SSA's implementation of its strategic plan.

RECOMMENDATION:

I ask the Board to embrace both the substance and the spirit of HMS's ten recommendations, even though we may not completely agree on every aspect of each one, and that we move towards a process-based approach to management. In my opinion, the first step in doing so is for us to recruit and hire the appropriate individuals from outside the organization with the necessary experience. Accordingly, I ask that the Board vote to create the following positions and to authorize me to recruit and hire individuals from outside the organization to fill those positions:

- Director of Marine Operations at Grade Level 16 (the same grade level as the SSA's Director of Information Technologies, Director of Engineering and Maintenance, and Operations Manager).
- Director of Health, Safety, Quality and Environmental Protection (HSQE Director) at Grade Level 14 (the same grade level as the SSA's Director of Security, Facilities Maintenance Manager and Vessel Maintenance Manager).
- Planner, also at Grade Level 14 (which is also the grade level of the SSA's Director of Marketing and Assistant Treasurer).

HMS has provided us with the attached job descriptions for the Director of Marine Operations and HSQE Director positions, as well as for the other positions they recommend we create and fill from the outside.² A draft of a job description for the Planner position, which we have prepared ourselves, is also attached. As recognized by HMS, the SSA first needs to have these individuals onboard (or to engage external resources to assist and guide us in developing a strategic plan) in order to successfully implement the remainder of HMS's recommendations.



Robert B. Davis
General Manager

² If the Board also decides to create a Chief Operating Officer position, as recommended by HMS, I would propose that this additional position be at Grade Level 17, the same grade level as the SSA's Treasurer/Comptroller and General Counsel.

Current Organization Chart
As of January 8, 2019

