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# EMPOWERING TIMES



## THINKING ALOUD

A Glimpse Into A Lesser  
Known Sector  
Jay

## PODIUM

Salil Raghavan  
Head-HR, The Great  
Eastern Shipping Company



## WE RECOMMEND

The Metail Economy  
Joel Bines

Dear Reader,

The shipping industry goes through the peaks and troughs of business cycles and is an important enabler for commerce, travel and tourism. 2022 has already seen a number of emerging shipping trends such as - digitized and agile supply chains, load balancing, and outsourcing fulfilment. In recent times, port delays, labor shortages, inflation, and global conflicts have had a significant impact on the shipping industry and various think tanks predict this will continue into 2023.

Sustainable shipping is the new buzz in town which is expected to reduce the length of supply chains with the use of more energy-efficient modes of transportation. While significant market volatility will continue to disrupt the shipping industry well into 2023, we will continue to see efforts towards diversification of supply chain sourcing and partnerships with third-party logistics.

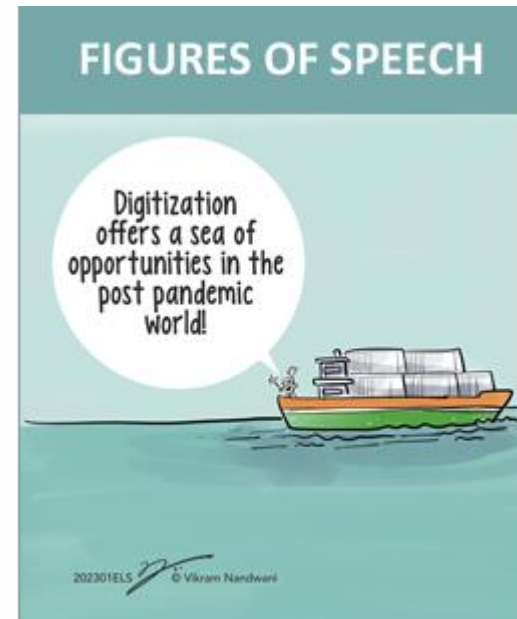
This month, ET looks at '**The Shipping Industry in the Post Pandemic World.**'

In the **Thinking Aloud** section, **Jay** highlights the importance of the unique human resources challenges of the industry. On the **Podium**, **Salil Raghavan - Head HR**, The Great Eastern Shipping, shares his thoughts on the market developments in the Indian shipping sector. In the **We Recommend** section, we review **The Metail Economy** by **Joel Bines** who offers innovative methods for connecting with the Me-centric consumer.

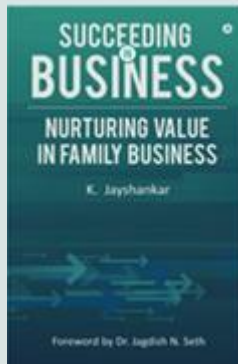
In **Figures of Speech**, may **Vikram's** toon sail through the sea of digitization!

Please also [Click Here](#) to check out our Special issue of ET, which is a collation of selected themes that were featured over the years highlighting the changing landscape of the business world. This special edition has been well received and can be [Downloaded Here](#) for easy reading and is a collector's item.

As always, we value your opinion, so do let us know how you liked this issue. To read our previous issues, do visit the Resources section on the website or simply [Click Here](#). You can also follow us on [Facebook](#), [Twitter](#) & [LinkedIn](#) - where you can join our community to continue the dialogue with us!



## Succeeding in Business: Nurturing Value in Family Business



*What makes some family businesses grow from strength to strength? How do you ensure that value is created and not destroyed when a business passes hands from one generation to the next in the Indian context? How can old families incorporate new ideas to revitalize themselves? Is there a role for professional management in Indian family business?*

*This book offers answers to the vexatious issues that families face in their growth journey. The pointers provided can be used as a guide for nurturing the business and to leverage the traditional strengths that family businesses possess. As a counsellor and trusted advisor, the author, **K. Jayshankar (Jay)**, has had a ring-side view of how family businesses have functioned. The practical insights drawn from his experience of four decades has been combined with conceptual elements to become a valuable primer for a family that wishes to succeed in the competitive marketplace that is India.*

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## THINKING ALOUD

### A Glimpse Into A Lesser Known Sector

Jay

The events of the last week of March 2021 was a nightmarish sight for the global shipping industry. The containership, Ever Given, at 400 metres longer than the Empire State Building, became the focal point of attention, and provided distraction from the Covid battles being fought around the world. Stranded in the middle of the Suez Canal, it choked the trade lanes and provided fodder for memes galore to a curious world who just couldn't understand how a ship could get stuck. Finally when the ship was re-floated on March 28th after an agonizing six days of having run aground in the Suez Canal, the world of logistics heaved with relief. From the front page, the story was now shifted to the back pages and finally of course, it now remains an expensive lesson in maritime mishaps.

Expensive not just because of the near billion dollar demand on the ship's operators and owners (which was reportedly settled for less, though many claims remain still), but also because the disruption caused to global trade is said to have been immense with over USD 10 billion value of goods being blocked every day the canal was shut; after all, the Suez Canal is used by 30% of the global container traffic. Take the Ever Given as an example. Reportedly the ship carried goods worth over £ 650 million - perishables (food, lemon, tofu, bamboo, etc.), high value capital goods (aircraft parts, mobile phones, laptops, etc.), as well as household items (Ikea furnishing, camping gear, barbecues sets, etc.).

Let's leave aside the economic costs for the amount, humongous though they are. Consider instead other dimensions: the ship is owned by a Japanese company, but operated by a Taiwanese firm, is registered in Panama, and the technical management is with a German ship management firm. Further, the crew of 25 on board the Ever Given were Indian, and commanded by an Indian Captain. Of course, the headline capturing the incident happened in Egypt when the ship had two Egyptian Pilots navigating the vessel through the waters. If there was ever any doubt of how much global shipping is multinational in nature, Ever Given's story is a poster child for it.

The human resources challenges of the industry is indeed unique. UNCTAD information shows that Asia is central to the global shipping industry, not just because China is still the factory to the world, supplying goods to businesses

and homes across the globe. It is Asian labour that actually runs the ships, even if the ownership is primarily in western hands. The Philippines supplies the largest number of manpower to the shipping industry (both sea farers and officers), followed by Indonesia, China and India. Thus when Covid disrupted global commerce, many sea farers from these nations were stranded at sea far beyond their contractual time, an immense human tragedy which did not make headlines anywhere.

Given the fact that the maritime story is as old as history itself, the remarkable nature and flavour of the industry cannot be easily appreciated by those who are used to standard images of business. While not a factory process, it still has its shades as many of the engineering or manufacturing skills are necessary to run ship, and while not being a services firm, it still has to bring a service orientation as the business is all about managing logistics to reduce turnaround time for their customers. Let's not forget that the bottlenecks in the shipping trade choked economies of many nations in the aftermath of the pandemic.

Managing a business which contains a workforce with key categories of contracted labour (be it highly qualified and well-trained marine officers or regular non-ranking seafarers) presents unique challenges. The benefits of modern technology, particularly telecommunications, has been harnessed well by the industry for business purposes. However, any conversation with a Master mariner will reveal that the leadership asks have grown tremendously. No longer is the sea a romantic getaway where the captain at the bridge commanded everything. Today he is under pressure from those managing the commercial side of the business who push harder to minimize delays at ports, fulfil ever increasing compliance demands of national and international regulators, as well as the attrition issues of crew manning.

From the functional perspective of human resources, the challenge of employee retention in the face of rising compensation expectation, coupled with training the crew to keep them up abreast of the latest technology or certification needs, is an on-going one, especially as career planning has never been easy with contracted staff. The passive path in these circumstances is to take a laissez-faire view of things, but the business issues relating to cost management means that innovative ideas are also called for. Digital transformation has to be meaningfully introduced across the firm, be it to bring communication alignment or for employee engagement, learning and development or for performance management.

With barely 2% women in the global maritime industry (94% of whom belong to the leisure or cruise industry), diversity conversations are barely a whisper now, though in some nations, this has begun. Taking inspiration from Captain Radhika Menon (India's first female Master mariner, who also commanded an Oil Tanker and has won recognition for her bravery from the International Maritime Organization, the first woman to do so) one can expect more women to join the sector. In this context, the creation in 2017 of International Women Seafarers Foundation (IWSF) by Menon, Suneeti Bala (India's first woman chief engineer aboard a marine ship) and Sharvani Mishra (first

lady engineer on an Indian flag ship) is a special step to break boundaries in a nation where marine activities are growing (both inland and sea-going).

Keep in mind that India is on a rapid growth path with a target of USD 5 trillion GDP by 2025 in its ambitious sights. This translates to a projected total cargo traffic of over 2,500 million tonnes, by some estimates. The infrastructure push across the nation has meant that Ports across both coasts are getting revamped to handle sizeable cargo loads. Clearly, there is much excitement in store in the sector and deserves our attention for the right reason - and not just when tragedy unfolds bringing it to the headlines.

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## Podium

Salil Raghavan

Head-HR, The Great Eastern Shipping Company



*Salil is an Industrial Engineer and MBA from XLRI. He started his career with Ballarpur Industries and then had the opportunity to be associated with multiple companies like TVS, BPL Mobile and Marico. He is currently the Head-Human Resources for The Great Eastern Shipping Company, one of the largest private sector Shipping Companies in India and has been with them for close to a decade.*

*Salil's career journey has largely been in Talent Management, Learning and Development, Compensations & Benefits and OD interventions. He is certified in multiple Psychometric instruments like MBTI, Firo B, Saville, Workplace Big 5, Hogan, etc.*

*He has been instrumental in rolling out various OD and change management interventions using LSIP, Appreciative Inquiry and Broadbanding. He is a huge believer of new experiences which has helped him bring in varied projects to the workplace ranging from 360 degree feedback processes & employee engagement initiatives to corporate branding projects. His fraternity and colleagues draw upon his rich collection of books. He is an avid quizzer and also passionate about sports and plays tennis regularly.*

*He has always believed in balancing business goals without losing sight of the humane side. Human process Lab experiences, his professional mentor network and activities through Buddhist groups have helped him in bringing in this holistic approach.*

**ET:** It is said that Indian shipping industry is going through a revival, beginning with the revamping of the Ports across the country. As a leading firm in this sector, could you please throw some light on the recent market developments in the Indian shipping sector?

**SR:** India has a coastline of around 7,500 kms and several major and minor ports. An optimal mix of road, rail, inland water transport, and coastal shipping will provide an efficient transport infrastructure with mobility,

flexibility, energy and cost efficiency. Road transport has an edge over rail or water transport because most of the production and consumption centres are landlocked. Also, it provides door-to-door movement. Over the years, there has been substantial investments in road infrastructure. Coastal shipping, on the other hand, involves double-handling costs. India has 12 major and 200 non-major/intermediate ports (under state government administration). India is one of the world's top 5 ship recycling countries and holds 30% share in the global ship recycling market. Approximately 95% of the country's trade by volume and 68% by value is moved through maritime transport.

The overall installed capacity of the major ports in India has increased over 76% to reach 1,561 MTPA in March 2021, vis-a-vis 872 MTPA in March 2014. Moreover, the total traffic handled by these major ports has reached 672 MT during 2020-21. During the same time, non-major ports in India handled a total cargo throughput of around 580 MT, taking the total cargo handled by all Indian ports to over 1,250 MT. Under the Sagarmala projects, it is estimated to go up by 4 times in another 25 years.

Coastal shipping is environment-friendly and much safer. Fuel consumption for every ton-kilometer of freight carried is only 15% of that by road and 54% of that by rail. The emissions (except SO<sub>2</sub>) also are much lower than in rail or road transport. Coastal shipping is also more suited to handling bulky consignments. Coast-to-coast carriage of goods by coastal shipping costs 21% that by road and 42% that by rail. Hence, the rationale to improve shipping is truly justified. However, certain bottlenecks are to be removed for enabling the potential to be realized. They are archaic customs laws, lack of easy finance availability, bunker prices, ship yard efficiencies, taxation, etc.

**ET: The Covid period saw global disruption in supply chains and also massive pile ups in certain ports. Was there an impact on your firm, and if yes, how did you manage to tide over this difficult period?**

**SR:** Covid was truly a black swan event of the century, and it threw up multi-dimensional challenges for the shipping sector. At the same time, the market provided many opportunities as well. From an HR perspective, crewing was very difficult to manage because of restrictions, logistics, testing and quarantine requirements, a limited number of ports for crew change, a lower supply of crew, etc. Relieving the crew on time was a mission impossible. Chartered flights became the norm though prohibitively expensive. Dry Docking, a major ship overhaul project had to be managed remotely. The situation improved once vaccines became available and we ran a very focused campaign for almost 9 months to get all the crew vaccinated by having all-India tie-ups with hospitals. While oil prices nosedived, freight rates for tankers soared as traders used ships as storage. We connected our ships with VSAT and used MS Teams extensively for communication with the staff. Our Managing Director addressed both shore and ship staff regularly to keep them optimistic. Technology helped us to manage operations remotely- projects, audits, training, etc. Employee well-being and resilience were the key themes during this phase. To sum up, it was care, communication and focus which paid off.



**ET: What are the unique aspects of managing Human Resources in the Shipping sector and how different is it from other sectors?**

**SR:** There are two kinds of staff in shipping - Seagoing and shore staff. HR practices for shore staff is not much different from other sectors; however for ship staff, they are quite different. The nature of contracting or engagement is very different. There are no specific work hours - employees are paid consolidated wages including leave wages. Attracting the best young talent is very difficult currently. Merchant navy used to attract very good talent previously as it was one of the most lucrative careers with global exposure. Shipping is competing with many other sectors which offer attractive compensations. Families are reluctant to permit kids to take up sailing careers.

For Indian companies, it has always been difficult to retain good talent - taxation of salary is an impediment to retention - achieving NRI status by sailing 183 days in global waters is a big challenge given the unpredictability of trade patterns. Companies can't afford to gross up wages to neutralize as it will be unviable to operate. People sail in Indian companies to earn the experience and then change over to foreign companies. They return to get promotions as in foreign companies, promotion is very slow - but go back to foreign firms after gaining experience in higher ranks. Hence cadre building is very challenging for shipping firms in India. This cycle keeps repeating and we are trying to break it.

The industry is highly regulated, as Indian ship owners cannot employ a foreign employee. That makes the talent shortage more acute. This resulted in us building a world-class institute to train cadets - a backward integration strategy that has paid off well.

While we are based in India, we trade globally and are required to meet global customer requirements - i.e., the standards set by oil majors like BP, Shell, Exxon Mobil, Total, etc. The standards are quite stringent - we joke among ourselves that oil majors themselves were not able to meet those standards, which is why they hived off their shipping business! The framework is known as TMSA (Tanker Management Self Assurance) which specifies some of the best HR practices based on global benchmarks for sea and shore-based HR.

**ET: In the post-pandemic era, what are your thoughts on using technology to enhance HR performance and improve employee engagement at all levels in the shipping industry?**

**SR:** I strongly believe that technology cannot replace human touch and that is the critical differentiator of the HR function. Dashboards are useful but they can't inspire or fire up passion. Having said that, technology is an enabler and supplement HR initiatives. Technology enabled us to work almost seamlessly during Covid with apps such as Zoom, Teams, G Meet, etc. We moved our training online during Covid by having tie ups with LinkedIn learning, Nomadic, Harappa, etc. Cycle time for hiring came down due to the use of technology. Our employee engagement scores went up by almost 10 points during Covid - I think people expressed their gratitude for providing secure

jobs with no pay cuts. I think the stature of HR improved because of the care we extended to the employees more than anything else.

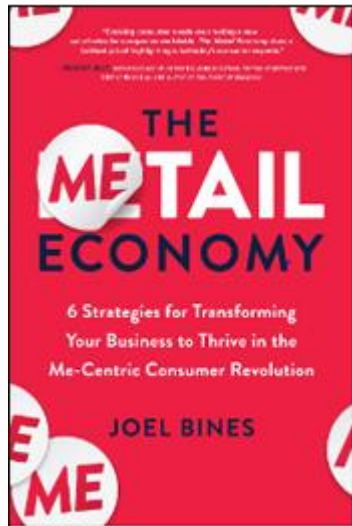
**ET: Please tell us what makes your company, Great Eastern Shipping, a special and unique force in the Indian Shipping industry. What changes have you brought into your firm post-pandemic?**

**SR:** Post pandemic, we moved to a hybrid structure which I believe enables work life balance. We went an extra mile by having tie ups with WeWork having suburban hubs to cut down on commute time. We re-designed our in-house magazine Ocean Wave to strengthen employee communication. L&D initiatives are on both modes - physical and online. We are celebrating 75 years of our existence in 2023 and as memorabilia, brought out a coffee table book to mark the occasion. We will soon be re-launching our physical employee town halls which will strengthen the bond further. We are also considering allowing employees from anywhere for limited roles as a pilot. This will help us to attract the best talent.

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## We Recommend

### The Metail Economy Joel Bines



The pandemic had a significant impact on the retail industry, wherein consumers who were forced to stay at home relied heavily on e-commerce which eventually paved the way for direct-to-consumer (DTC) brands, many of which were already growing rapidly before the pandemic. The need of the hour was for DTC brands to be responsive to meet the changing needs of consumers. Brands that were able to quickly transform their operations and offerings have been able to thrive, while others have struggled to adapt. The importance of data and personalized experiences, along with safe and convenient shopping experience stood out quite distinctly. Overall, **The Metail Economy** highlights the impact of the COVID-19 pandemic on the retail industry and the future of e-commerce.

Joel Bines, an expert in the retail industry speaks eloquently about the rising trend of DTC brands and offers insights and analysis in his book 'The Metail Economy'. The book illustrates example of various DTC brands to help readers understand the power of technology and offers a fresh perspective on the challenges and opportunities in

the retail industry.

Brands today are moving towards more subscription-based services and personalisation through mobile phones and social commerce. Voice commerce, AR, and VR to enhance customer experience and bring products to life are other innovative ways. Going beyond these are some brands that make use of AI and ML to personalize experiences, automate processes, and improve the accuracy of product recommendations.

The Metail economy provides a deeper look at these trends and their impact on the retail industry. For example, Allbirds, a footwear company that uses sustainable materials to create comfortable, eco-friendly shoes sells its products through a combination of online and physical showroom locations to give customers a hands-on experience with its products. Meanwhile, Away, a travel brand offers luggage and travel accessories directly to consumers; the company uses high-quality materials and smart design features to differentiate its products

through storytelling and social media. Brooklinen, a bedding and home goods company uses data and customer feedback to continuously improve its products and offerings.

The Metail economy is a good read as it is simple to understand, providing real-world examples and case studies to garner insights. Overall, the book is a useful guide for businesses looking to stay competitive in today's fast-paced digitally driven retail sector.

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## THROUGH THE LENS



Nature photographer, **Rupesh Balsara** captures a picture of a Merlin, which is a small and fierce falcon that feeds mainly on birds captured in flight. The Merlin is a lesser known species of falcons found in India, and only visits the country during the winter season. The Merlin falcon bird is seen in the Kutch district, Gujarat, and are migratory, wintering in warmer regions of the world.

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