



Quality ship agents

the cost of providing value

For centuries, as parties have sought to buy or sell goods that require a ship for transportation, ship agents have been employed to provide professional services to promote and protect the interests of these different parties in ports of loading and discharge, writes *Arthur Savage of A. R. Savage & Son, LLC*. These parties vary from the most fundamental form of ship charterer, who hires the ships, to the ship owner, who agrees to carry the cargo. Many other parties are needed to facilitate and support these shipments such as: ship brokers, who bring the parties together to form the charter; ship operators, who charter in tonnage to again charter out to third party charterers; ship managers, who support the crewing and technical managements of ships; and bunker brokers, who arrange for the fuel to propel the vessels, to name a few. Once the charter is formed or 'fixed' and a vessel starts to perform the voyage, at which point even more parties are employed in the ports such as the pilots, tug boats, line handlers, terminals, stevedores, surveyors, ship chandlers, security firms, repair firms, doctors, dentists and the like. Who can provide the invaluable service to pull this all together to insure that this particular phase of the voyage is carried out in the most timely and cost effective manner? The ship agent.

The different phases of a shipment can be broken down into pre-fixture, post-fixture (loading and discharging) and settlement. The charterer is the party that drives this process from their initial contemplation of satisfying their cargo needs to supply their factory, stores or that of their customers. Once their inventory needs are determined, their next step is to charter a vessel to pick up and deliver their goods. This process is begun

by accessing the vessel markets through their ship broker, who sends inquiries to the different owners and operators suitable to bid on the business. Further inquiries are then made to the load and discharge ports to assess the myriad items such as port costs, dimensions of the port and terminal, terminal load and discharge rates and so on to add to the other voyage costs in order to form a bid for the charterer. Who is contacted to provide timely and accurate information used for their bids to the charterer? The ship agent.

Which ship agent is contacted to provide the information needed? Depending on the type of charter party used, the charterer may 'nominate' the ship agent or the ship owners may have this right. The ship owner typically will have the right to 'appoint' the nominated ship agent to confirm his agreement to use the nominated agent. Of greatest importance, which ship agent has the most experience with the type of cargo, terminals and vessel? Will they provide an honest and accurate picture of the port, congestion and costs or will they paint a rosy picture by underestimating costs to win my business? This is why the parties should be committed to identifying a quality ship agent.

A principal should select a ship agent who is committed to providing information accurately and in a timely manner, with the experience and commitment to execute the port call efficiently. As with any product or service, it is important to identify differentiators to aid in your decision making. Look for a quality ship agency by starting with the fundamentals. Ownership, are the owners committed and capable to run their business? Do the company's owners and their managers show leadership in their industry by promoting it while remaining current on all of

the rules, regulations and customs? Does the company have depth in personnel and are they committed to hiring the best people? Does the company support its employees by providing them with training and equipping them with the best tools to enable them to provide great service to their principals? Is the company fiscally responsible by exercising its fiduciary responsibility for its principal's advanced funds by employing proper accounting practices? Is it prepared to protect its risk and yours with proper insurance coverage, licences and permits? Of these differentiators, which company is willing and able to attain the highest standard in the industry by gaining the prestigious title of the Association of Ship Brokers and Agents (ASBA) Certified Quality Agent which is recognized by the Federation of National Associations of Ship Brokers & Agents (FONASBA) who awards ASBA agent members their Quality Standard? The ASBA website gives details of the standards that must be met annually to earn this qualification. Why risk your valuable ship and cargo to anyone who is unable or unwilling to meet these standards?

Throughout the different phases of a shipment, the ship agent is involved from beginning to end. In our office, through periodic testing, we have determined our average involvement from pre-fixture inquiries to final settlement of a disbursement account averages around 90 days on foreign flag ships (30 days pre-fixture/arrival, four days in port, three weeks to collect bills and send final D/A and 30 days to collect). This involves many man hours at all levels of the organization, 24/7. Let's also not forget that the ship agent's actions frequently result in time savings for the principal (time to make vessel arrangements, identifying the quality vendors at the most reasonable prices, track down missing invoices, consolidating all invoices into one agent invoice,

issuing payments to the vendors, etc). The ship agent's documents are also used by the ship brokers for the final freight settlement and well into the future if needed to settle disputes.

To be prepared for all scenarios of a port call, a quality ship agency must invest heavily in personnel, information technology and training to provide significant value to its principals. Through the actions or inactions of a ship agent, the cost of a port call can be highly affected, positively or negatively. Port expenses per port call in Tampa Bay, our headquarters, can average between \$30–50,000 depending on the number of berths called, days in port, delays due to berth congestion, cargo delays and weather. Who knows the port well enough to work with the different parties to establish the best arrival, docking, loading/discharge scenarios? Who is looking for the cost effective port based service providers? In today's low freight markets, a single day of dockage or savings gained by using one tug versus two can be the equivalent of a full days' charter hire. Have you selected the ship agent with knowledge who continually works to secure these savings for you?

Having invested in your cargo, ship and port expenses and vetted them all, make sure you equally vet and invest in a quality ship agent for your port calls.

ABOUT THE AUTHOR

Arthur Savage is the President of A. R. Savage & Son, LLC, an ASBA Certified Ship Agent, in Tampa Florida who has been involved in Trade and Ocean Shipping throughout his life. He is a fifth-generation Tampa Native whose family sailed into Tampa in 1845, established regular shipping operations and has been continually involved in the development of the port and community. He currently serves as 2nd Vice President of ASBA.