



# The Crow's Nest

## EDITORIAL



Welcome to the summer edition of The Crow's Nest.

Our previous edition did, amongst others, already touch the topic of present crewing challenges that a shipping organization has to face these days. Solutions will require an even closer interaction of the personnel at sea with the shore based office and we are more than happy to report that the first Reederei Thomas Schulte Senior Fleet Officers meeting in April has proven to be a huge success.

And whilst the mentioned crew related challenges can be attributed to the most part to the shipping boom cycle of the last 5 years, the tremendous rise of the price for lubricants and fuels has been caused by the unconstrained world wide demand for fossil fuels. Both cost factors have caused serious headaches to shipping companies world wide, also as there is no immediate relief in sight and a reversal can only be expected in the medium term. As a consequence some liner companies decided to slow steam vessels but we believe this to be only a short term solution. Due to steady cargo growth, the continuous and rather insatiable appetite for modern and fast container vessels prevails.

With more than 90 percent of all goods being transported via sea routes, shipping will have to sharpen its environmental image somewhat but it will require a broad regulatory and international effort of a rather fragmented industry to find a adaptable solution. And whilst the world is still in the middle of an ongoing discussion regarding the climate changes ahead, this edition of The Crow's Nest will take us a little closer to the perils at sea today and our corporate pre-emptive measures.

As always we hope that The Crow's Nest will be interesting reading.

Sincerely,  
Alexander Schulte

## First Senior Fleet Officer Meeting in Hamburg.

The first SFOM was held on April 17th and 18th, 2007 in the premises of the Thomas Schulte Group headquarters in Hamburg.

Eight Masters and four Chief Engineers participated in the two-day event.

**After the opening address** by Mr. Schulte the guests were introduced to the colleagues in the office. For many it was a welcome opportunity to meet their counterparts of previous email and telephone conversations, although quite a few knew each other already from the initial briefing visits in the office and shipboard inspections as well as audits on board.

**The first round table** dealt with quality, safety, security and environmental matters under the chairmanship of the Designated Person Ashore/Company Security Officer Mr. Kautz. He presented the company's key performance indicators for the last year and outlined the objectives for 2007 and beyond. Masters and Chief Engineers gave detailed reports of the implementation of the company's policies on board.

The round table was followed by OSM's Designated Safety Advisor Mr. Utzenrath, who took the opportunity to explain recent changes to the International Maritime Dangerous Goods (IMDG) Code and other ship safety issues from the point of view of the German authorities.

The afternoon round table was chaired by OSM's Mr. Paninka and was dedicated to technical management and purchasing issues with a special focus on the technical implementation of the MARPOL Annex VI requirements for the reduction of air pollution. In addition Mrs. Doescher, heading the companies procurement team, presented further explanations on the purchasing process ashore, in order to address frequently occurring questions by shipboard staff.

**Special attention** was also given to problems regarding claiming, filing and rectifying stevedore's damages and damaged respectively lost lashing material.

**The second day started with a round table on commercial matters**, headed by

Mrs. Gerth of Reederei Thomas Schulte. One of the key issues was the proper and timely communication, and in particular the role of the Charterers various organizations ashore.

**This was followed by the crewing round table** chaired by Mr. Spiewok of Nautilus Crew Management and attended by Mr. Trommler and Mrs. Hartmann of Hanseatic Shipping (Deutschland). The meeting covered new legal developments, labour market and crew retention issues, shipboard work force planning, leave planning, proper crew change execution, training, career development, drug and alcohol policy enforcement, disciplinary procedures and crew welfare matters.

Finally Mr. Murkett, Director of Claims at the Britannia Steam Ship Insurance Association Limited, gave an illustrative presentation on P&I insurance cover; how to prevent P&I claims and how to handle them

once they occurred. Mr. Phidia and Mr. Charalambous of HSBC Insurance Brokers, Cyprus who teamed up with Mr. Murkett in answering questions also attended the meeting.

**The discussions of the meetings** carried on to the lunches and dinners where there was additional opportunity to get to know each other better and to exchange opinions on specific subjects in smaller groups.

All participants considered the first SFOM a successful event and it is planned to hold such meetings twice a year, with the next SFOM scheduled for November 2007.

**Nautilus Crew Management** would like to take the opportunity to express its sincere appreciation to all participants once again for their valuable time, efforts and support of the first Senior Fleet Officer Meeting of the Thomas Schulte Group.



# Benchmarking running costs by third parties – worth the while?

The shipping industry as such has been confronted with substantial increases in vessels operational cost over the period of the last 5 years.

This article does not intend to analyse the reasons for the increases but rather analyse the recent humble attempts by third parties to find common ground for operational cost benchmarking. Benchmarking exercises by third parties have not been common in the shipping industry and as such it has to be assumed that they have been set up on the back of the recent increases in the operational cost. Whilst it may be helpful for the industry and the multitude of interests that surround it, to have benchmarking figures at hand, it has to be ascertained that said figures can actually serve its purpose as they

will otherwise only lead to misrepresentation and thereby creating false conclusions.

All Benchmarking exercises have taken upon them to analyse the entire shipping world, thereby including the various Tanker, Bulker and Container segments. An admirably task, but certainly not making it much easier considering the bulk of information.

Every prudent organisation such as Owners, Managers or Liner companies that does operate vessels under its own in-house management system has drawn up annual budgets for each individual vessel, taking into account the vessels age, trading

area, procurement possibilities, docking prospects and other important factors.

It has to be mentioned, that considering the running costs, each vessel has to be treated individually (even sister vessels) as there can be substantial differences. Therefore the vast amount of years of experiences in managing each individual vessel does also contribute to such a budget – to an extent that can be considerable.

In brief, providing budgets is a necessary annual exercise by a number of departments that requires in depth information and forecasts.

Not to mention the fact that every orga-

nisation, owner or manager has different standard of operating vessels.

Without all of the information mentioned above we do believe that actual benchmarking is not feasible.

The fact that all benchmarking reports that we have come across, decided to allocate certain ship segments into groups, for example 1000TEU – 2000TEU cannot lead to figures that have the faintest chance of serving as benchmarking figures.

The only party that is in a position to provide adequate figures is the owner or manager of a vessel and only after a complete breakdown of all aspects a figure will derive that might serve for such a benchmarking exercise. This figure might even vary among sister vessels, which basically questions the reliability of any benchmarking exercise.

It is probably safe to say, that the best guidance with respect to running expenses that can possibly come close to any form of benchmarking, is the average figure of several sister vessels under the same management.

As a result of this and judging from today's available benchmarking reports we cannot come to the conclusion that they have been drawn up with all due diligence that we would expect from a report that is made available to the public.



## THE THOMAS SCHULTE GROUP

With each edition of The CROW'S NEST we will take a closer look at one of the Thomas Schulte Group of companies and its various core activities.

### **ocean** Shipmanagement GmbH

OCEAN Shipmanagement GmbH is the technical manager within the Thomas Schulte Group. The core assignment is the nautical and technical inspection of the vessels managed by Reederei Thomas Schulte GmbH & Co. KG as well as vessels of other clients. The continuous assistance of the crew with regard to technical and day-to-day operations ensures that the vessels are kept in a good shape. This includes:

- procurement & service arrangement
- planned maintenance

- monitoring of ship's condition and reporting to owners
- quality management
- newbuilding and drydock supervision
- insurance and guarantee claim handling
- emergency management
- class society affairs

By a pro-active approach OCEAN Shipmanagement GmbH is guaranteeing highest standards in terms of safety, quality and environmental performance, which

has been reflected by the ISO 9001/14001 certification. The use of modern technology is keeping the vessels condition and operation in line with latest industry standards and newest international regulations – optimizing efficiency and minimizing environmental impacts. The Team of OCEAN Shipmanagement GmbH is forming an integral part within the Thomas Schulte Group providing an efficient fleet management and paving the way for future structural growth.



## New Training Initiatives by the Thomas Schulte Group

The Thomas Schulte Group has signed an agreement with Seagull Norway this June to outfit all vessels with stations for computer based training (CBT). In a 30-month on-board training scheme all crew members will pass through selected CBT modules individually and in accordance with their rank and responsibilities on board. Each module contains a self-assessment part to ensure that the subject was properly understood, and the records follow each seafarer from ship to ship by means of satellite data communication with the Seagull server in Norway.

The Seagull system will be further expanded at a later stage to become a complete competence management system matching company set competence requirements for each rank against the integrated training records of each seafarer. Thus a seafarer can easily develop and implement

his own personal training plan that matches his career ambitions. It will also be appreciated that more training can be shifted this way from shore to ship thus taking place in a live environment to immediately apply new knowledge and saving precious time at home for family and friends.

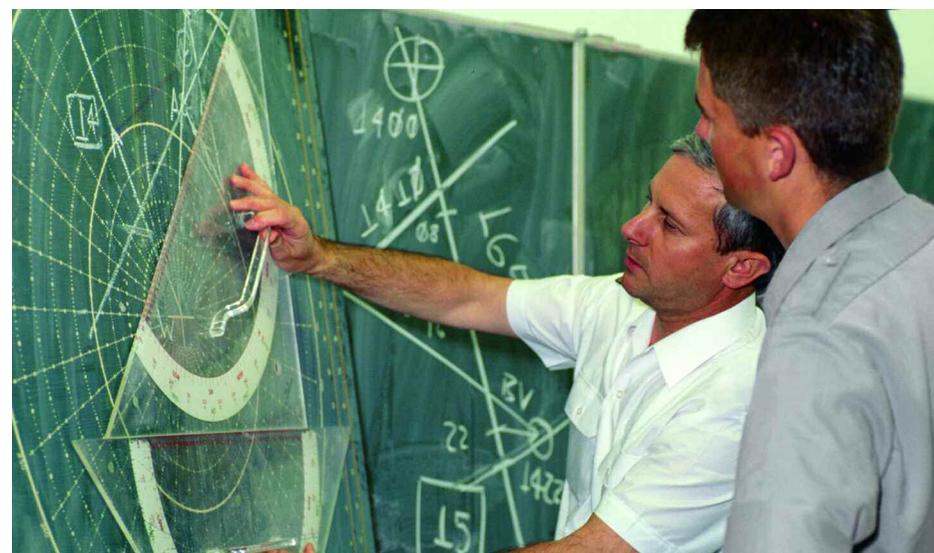
In addition the Thomas Schulte Group recently launched the Command training scheme in close cooperation with the Nautical Institute based in U.K. which prepares suitable Chief Mates in a detailed self-study programme for a future assignment as Ship's Masters. Currently there are several participants who will also contribute with their Command diploma essays to review and further develop specific sections of the company's management system.

In order to increase the number of officers promoted within the fleet the

company will focus in the coming months on the development of a junior officer training programme in close liaison with the crew managers and the senior officers on board who always play an important

role as assessors and tutors in best maritime tradition.

All these training efforts will be vital for the successful implementation of the future growth plans of the company.



## Perils at Sea

Spurred by the unrelenting drive for greater economies of scale in a competitive market, the move to ever-larger and more powerful containerhips has presented increased technical challenges to Liner companies, Owners, Class societies and many others.

Issues such as torsional stiffness and bending strength requirements are being discussed – also in public. The idea that any of these behemoths might ever encounter a distress situation at sea seems far fetched.

But the modern shipping industry has to cope with the most powerful force known to mankind – the forces of nature. Even a 13.000 TEU container ship will be merely a punching ball when caught by a severe storm. Due to continuous improvement in ship's design and the implementation of high safety standards total losses of vessels have significantly decreased – despite the enormous growth in seaborne transportation.

It is a fact though, that especially container vessels are suffering from cargo losses and water damages resulting from heavy weather. The freeboard together with the containers stowed up to eight tiers height on deck are giving the wind a large surface to act on. The stacking height on deck and the wide hatch covers can lead to dynamic stresses during swell, which can cause torsion and movement within the plies. In some cases this may lead to a loosening of the lashings and cause the complete stack to incline. Even experts are having difficul-

ties to judge how many containers are lost during heavy weather every year. The reinsurer "Münchner Rück" estimates that 2.500 up to 10.000 boxes are going overboard every single year.

During heavy weather with waves slamming against the container stacks, mainly the lower layers are endangered. Often the waves are having such an impact that the whole container is dented. These dents may lead to such a weakening of the stability that the container is not anymore able to bear up the stack weight on top. In addition, insufficient secured cargo within the containers may start to slip during heavy swell, carrying along whole container stacks.

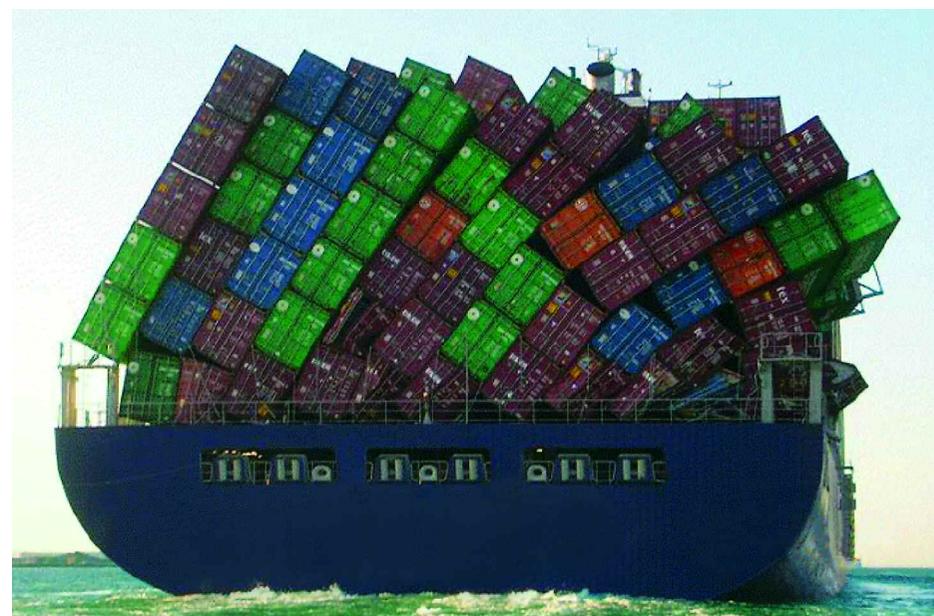
Changing course to avoid bad weather is one way of dealing with such a situation, but it is not always that easy. Contrary to the North Atlantic, where the weather situation is somewhat more predictable, the ships on the transpacific routes often encounter a sudden change of the weather condition. Facing gale winds of about 7-8 beaufort and swell of about 6 meters, the crew will clear the vessel for heavy weather. All lashings have to be rechecked loose and moveable equipment secured and all openings, doors and hatches closed.

Every vessel has a ship specific cargo securing manual approved by the flag state, which gives instructions how containers and other cargo have to be stowed and secured. The adherence to these instructions is closely monitored by the officer on deck. When planning the voyage, seasonal and actual weather conditions have to be considered. Also during the ongoing voyage, the master is continuously monitoring the weather and sea conditions by means of onboard equipment and

information received from various institutions.

All of the pre-emptive measures of our safety management and the continuous training with our experienced crews have contributed to a impeccable claims record of the fleet managed by the Thomas Schulte Group.

At a time when insurance cost are on the rise, this has come in handy and has led to significant savings. Caution always pays off!



## Crewing Challenges Ahead (Part II)

The German maritime industry employs around 300,000 people in shipping companies, ports, shipyards, vessels and a large variety of supply and support industries. It has an annual turnover of abt. 40 billion Euro. Therefore it is not surprising that the German government seeks the dialogue on how to turn the current boom into a long term prospect.

Germany's 5th National Maritime Conference in Hamburg took place 4th December 2006 and was attended by around 1000 delegates representing business, politics, administration and unions.

Reederei Thomas Schulte is an active member of the VDR. The VDR spends currently 50% of its membership fees for sponsoring maritime education in Germany. It pays e.g. 10,000 Euro in support for each ship's mechanic or officer cadet training place in Germany and committed one million Euro for the removal of capacity shortages at German maritime academies in the four northern German states over the next 3 years.

After years of slow decline German academies are currently so overcrowded that restrictive entry exams had to be introduced by some of them in order to cope

with the new oversupply of cadets. The city state of Hamburg, previously criticized for closing its local maritime academy, has committed new resources to increase the number of students in a joint venture with Schleswig-Holstein. It also considers the launch of a distant study programme to provide even further nautical training capacity.

Nevertheless the training of ship's engineers and future technical superintendents remains a problem since the number of interested and suitable high school graduates is as limited as are the training facilities which require to have an expensive range of workshops, simulators and laboratories available to ensure that the necessary theoretical knowledge is accompanied by realistic practical exercises.

A further challenge is the current re-organization of the European third tier education into the academic Bachelor and Master degree system which shall facilitate the mutual recognition of complete courses or even course elements between E.U. training institutes. Further to the shortening of the necessary preentry sea experience in the past, students will be able in future to obtain their certificates

It is with deep regret and sorrow that we have to announce the sudden and unexpected death of Second Mate

**Leonid Rymkevic**

We offer our condolences to his immediate family, friends and colleagues.

of competency already after only 3 years of study.

Many students may decide not to continue with an academic Master degree since that is not required for STCW certification. Hence there will be a higher demand for company operated competence management systems to ensure that employees at sea and ashore are accompanied by further education programmes throughout their career. Some argue that this may even be a better way in order to deliver knowledge just in time when the seafarer or office employee needs it and is interested in the subject.

To be continued.

## CREW'S NEST

### Congratulations!

Captain Alexey Fedotov and Chief Engineer Kazimir Rusak received a Commendation Certificate and a Reederei Thomas Schulte watch for more than 10 years of

company service from Alexander Schulte during the Senior Fleet Officer Meeting in Hamburg on 17. April 2007.

Electrical Engineer Alexey Kruming was congratulated on board m/v „Clara Schulte“ during her call on 15. May 2007 in Hamburg.



f. l. t. r.: Captain Alexey Fedotov, Alexander Schulte and Chief Engineer Kazimir Rusak



f. l. t. r.: Captain Valeriy Kyrnychansky, Electrical Engineer Alexey Kruming and Alexander Spiewok

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