



# **Defining and Pursuing Competitive Advantage in the Ports and Logistics World**

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# Quick information about the **Global Project Logistics Network (GPLN)**

The **Global Project Logistics Network (GPLN)** is the premier non-exclusive professional projects logistics network of independent companies specializing in international projects movements by air, sea and land as well as specialized lifts and the special handling of oversized, out-of-gauge and heavy lift cargo.

All GPLN member companies are scrutinized so that we have the right people in the right places doing the right jobs and not simply just flags on the map.

All of our members are the top of the project logistics field in their regions because we take the same care in choosing our partners that the GPLN members do in handling special cargo.

And because of this careful scrutiny, GPLN is made up of the world's finest projects specialists locally and regionally in every major area of the globe.

GPLN members are able to boast that their clients are some of the world's best known multi-national industrial corporations.



# What is competitive advantage?

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Competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors. These attributes can include access to natural resources, inexpensive power, or access to highly trained and skilled personnel human resources. New technologies such as robotics and information technology either to be included as a part of the product, or to assist making it.



## Where economies go wrong in focusing on the wrong comparative advantages

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Comparative advantage can lead countries to specialize in exporting primary goods and raw materials, generally relying on cheap labor and an unskilled workforce, that trap countries in low-wage economies due to terms of trade.



## How this can be corrected using competitive advantage theory

Competitive advantage attempts to correct for this issue by stressing maximizing scale economies in goods and services that garner premium prices. This is mainly due to the fact that competitive advantage theory suggests that states and businesses should pursue policies that create high-quality goods and services to sell at high prices in the market.

Competitive advantage is a key determinant of superior performance and it will ensure survival and prominent placing in the market. Superior performance being the ultimate desired goal of a firm, competitive advantage becomes the foundation highlighting the significant importance to develop same.



## Factors affecting a port's competitive advantage: Political

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- Supra-National Legislation
- Environmental Legislation
- Incentives & Support
- Security



## Factors affecting a port's competitive advantage: Entry Barriers

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- Physical Constraints (Land Availability, Deep-Sea Access...)
- Dedicated Terminals
- Over Capacity



# Factors affecting a port's competitive advantage: Economic Status

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- Growth Asia
- New EU Member States



## **Factors affecting a port's competitive advantage: Suppliers / Vendors**

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- Energy Costs
- Low Cost Financing
- Tendering
- Outsourcing
- Service Level Agreements



## Factors affecting a port's competitive advantage: Competition / Industry Rivalry

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- Internal – External Competition
- Captive – Non-Captive Markets
- Strategic Alliances
- PPP (Purchasing Power Parity)



# Factors affecting a port's competitive advantage: Competition / Other Transport Modes

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- Rail Transport
- Barge Transport
- Pipelines



# Factors affecting a port's competitive advantage:

## Customers

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- alliances
- increasing bargaining power
- growing vessel size
- forward integration
- globalization
- clustering



# Factors affecting a port's competitive advantage:

## Social Issue

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- sustainability - environmental restrictions
- safety
- employment



# Factors affecting a port's competitive advantage:

## Technology

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- port community systems
- track & trace – RFID



# Where opportunities can be found

As ports are geographically land-locked they are by consequence tied to their own specific market opportunities. Ports do not only host stevedoring activities for various types of cargo but are in many cases home to industrial activities such as the oil and chemical industry. Growth will vary by cargo type and opportunities will differ among the different cargo flows: containers, dry bulk, liquid bulk, ro-ro, passengers, etc.

So we can see that normally opportunities are closely related to their specific market place.

By consequence, *a profound knowledge of the market place is key to innovation and market advantage.*

**“There is no security on this earth; there is only opportunity.”**

*General Douglas MacArthur (1880 - 1964)*



# Strategic Cost Advantages – The difficult task of resource allocation

The port and shipping industry is one of the most capital intensive sectors requiring tough capital allocation decisions. The strategic investment decision (SID) evaluates the trade-off between resources expended now and the expected benefits, financial and non-financial, obtained in the longterm future. While managers evaluate their investment opportunities they are confronted with:

- numerous needs, limited resources
- competing objectives
- differences in need and effectiveness
- dispersed information
- multiple stakeholders, differing opinions
- timing, staging complexities
- risk and uncertainty
- inconsistency of project with strategy
- over-emphasis on direct gains
- low pay-off sure things against high pay-off gambles



# Determining where your advantage lies

Some recommended steps to evaluating a port's competitive position and redefining itself toward more of a competitive advantage:

- In the first phase, the operational characteristics of the port were analyzed. The geo-technical, maritime, technological and operational performances were assessed and the key issues were established.
- In phase two, the relationship Best for Singapore - Best for port was determined. The Government of Singapore wished to set up a port industry structure which would both optimize the port's operations and the long term competitive position of Singapore.
- The competitive position of the port of Singapore was analyzed in a global perspective in the third phase.
- A financial analysis was made in the last phase of the study to highlight financial factors that would have an impact on the privatization.



# Networking opportunities

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Partnerships are part of the ports and shipping industry. Working together offers potential to grow and create win-win positions. Maximizing opportunities requires exploring alternative forms of collaborations, including alliances and joint ventures, as well as mergers and acquisitions. Durable collaborative relationships offer new opportunities to grow in new geographic markets, diversify and spread risks, as well as build and transfer developed capabilities.



# Strategic alliances

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Strategic alliances offer a unique potential to grow and improve the competitive position. We assist port authorities to evaluate strategic partnerships with other port authorities (horizontal integration), local port operating companies (vertical integration) as well as to develop a network on the land-leg working together with river terminals, railway companies, etc.



# Continual Entrepreneurship

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Entrepreneurship is about identifying and seizing lucrative opportunities at an early stage. While managers are occupied by running their day-to-day business, they still need to remain alert and identify new opportunities which offer a potential source for the creation of sustainable value for the stakeholders.



## Opportunity analysis and strategy formulation

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Every port needs a comprehensive plan for the future defining its long-term objectives. Our experts can review your strategic plan or they can help in developing a fresh strategic plan which clearly articulates the course for the future given the opportunities which lie in the environment and available resources.



## Monitoring external developments

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Information is power! As strategic advisors, we encourage the port management to track changes in the external environment. Our experts keep the port management informed on future trends with regard to developments in the sea-leg, land-leg, legislation, macro-economic and politic situation, transport and logistics technology, competitive range, new industries, and many other port management topics. Our experts inform the port management how they can anticipate these external changes to generate new competitive advantages and formulate the appropriate strategic responses.



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***Thank you very much for your attention!***