NEW HORIZONS
CRUISE MANAGEMENT INTERNATIONAL AND CMI LEISURE MANAGEMENT
ISSUE 4
THERE’S A NEW DAY DAWNING IN SHIP MANAGEMENT.

And CMI is leading the way.
“Full Speed Ahead in 2018”

To all our Clients, Officers, Staff and Crew across our Fleet, the CMI Office Staff and Partners wish you a Safe, Happy, Healthy, and Prosperous New Year.

As we close out 2017 we look forward in moving full speed ahead in 2018 with our reorganization efforts, introduction of our new systems and initiatives to prepare for things to come. Your initial support and openness throughout my first eight months at CMI has allowed me to establish myself quickly, to better understand your requirements and provided me plenty of information to swiftly define a strategic plan. I am therefore grateful for your support as I continue to look forward to working with you in the same fashion throughout 2018.

I am excited to report that we launched our new website. Our intention was to create a new feel and look surrounding our services with updated vessel pictures and with a clear overall message, to be absolutely ‘Ship Management Focused’ and ‘Customer Service Oriented’, please visit; cmishipmanagement.com.

In the last edition I promised to announce our mission statement, I am happy to declare that we are looking forward:

“To be the Preferred Passenger Ship Management Company”

With this statement we would like to make it known we are dedicated towards ensuring our clients, prospective clients and crew feel that CMI manages their vessels with absolute regards to safety, the environment and operating expenses. We will focus on maintaining quality standards as they relate to overall vessel condition, passenger experience and crew morale.

I look forward to living our mission statement and values, towards working together in meeting these objectives and to indeed become the passenger ship manager of choice. The 2017 CMI Performance Questionnaire feedback from our clients and crew onboard, proved to be invaluable. It confirmed our outlined initiatives and earlier assessments on what we should be doing, are on the mark. Details of which you will find later in this edition. It also confirmed we still have a lot of work to do, and we must stay focused on enhancing our services across the fleet and across departments.

We therefore moved into our next phase of our implementation process and will be rolling out our new ship management software, called InfoSHIP® EVO by IB USA, a member of the RINA Group and an established provider of ship management software solutions to the cruise industry. We identified InfoSHIP® EVO as the most comprehensive software solution to handle all CMI’s needs under one platform, including, Procurement, Logistics, Planned Maintenance, Event Reporting, Auditing and Inspections, Ships Certificates and Dry-Dock/Special Project Management. We are excited about this as it will create the efficiencies we need as a Ship Management Company.

At our annual Board Meeting in December we presented our “Year in Review”. We outlined our achievements in 2017, but we also defined our ongoing challenges, our strengths, weaknesses and offered solutions to handle present and future growth. Our strategic plan, “2018 and Beyond” was well received by our Board as they have been phenomenal in their support of our plans, approving our new 2018 organization and budget proposal.

2017, certainly was a year of transition, while completing the largest number of projects undertaken on multiple ships, in a single year. The office team despite the many changes, challenges and initiatives, remained focused on getting it done. A special ‘thank you’ goes out to the team for believing in the mission and for supporting the reorganization efforts. I look forward to your support in our ‘Full Speed Ahead’ campaign.

I remain available to all of you for any questions, suggestions and or any discussion you would like to have about our approach, our business, the future or just the weather …

Sincerely

Jim Barreiro de Leon
CMI TO ROLL OUT NEW SHIP MANAGEMENT SOFTWARE

DECEMBER 2017

Through 2018 CMI continues to focus on enhancing its service offerings to its clients and improving efficiencies across its fleet. The next step was to identify a total ship management software solution. CMI Ship Management and IB USA Inc. have therefore signed an agreement to implement the InfoSHIP® EVO ship management software on CMI’s managed fleet and which will be rolled out during 2018.

“Through investments in people, training, systems and automation we are continuously enhancing our performances” says Jim Barreiro de León, President & CEO of CMI Ship Management. He continues: “By joining forces with IB - we are committed to strengthening our position in the market as a Customer Services oriented ship manager and are preparing ourselves for our scheduled expansion”.

IB’s software - InfoSHIP® EVO - has been identified as the most comprehensive software solution to handle all of CMI’s needs under one platform, including, Procurement, Logistics, Planned Maintenance, Event Reporting, Auditing and Inspections, Ship Certificates and Dry-Dock/Special Project Management.

IB USA, a member of the RINA Group, is a provider of ship management software solutions to the cruise industry. IB, today part of RINA Group, is a highly regarded Asset Management software-house, active since 1983.

“We are honored - is the comment from Alessandro Canepa, President & CEO of IB USA - to welcome CMI within our customer base and to play a part in their growth process. We strongly believe that InfoSHIP® EVO is the platform that can perfectly meet the needs of a modern and dynamic company like CMI. A system designed to make a significant step up in the technical management of a fleet”.

FOLLOW-UP ON NEW BUDGETING PROCEDURES

As described in our previous issue of New Horizons, much of 2017 was spent developing and rolling out new budgeting procedures for the vessels in the CMI fleet.

The objective of this new budgeting approach was, and is, to increase the involvement of the shipboard management teams (SBMs) in the planning and budgeting for their respective vessels, in order to produce budgets with detailed (and documented) action plans for each vessel. This will not only improve our ability to produce useful budget variance analysis in our monthly reporting going forward, but, more importantly, will ensure higher cost efficiency through improved planning.

To kick off the implementation of these new budget procedures, our consultant, Jens Hoybye, and I met with most of the SBMs in person aboard their respective vessels over the summer. Following these vessel visits, we finalized and distributed version 1 of our new budget template and budget instructions early in October, after which conference calls were held with each individual SBM to discuss their specific plans and needs. Over the course of October and November, the new action plans were received from the SBMs, reviewed, priced out, discussed, and revised in close cooperation with the SBMs, and we have already seen how these discussions have led to an improved understanding of key challenges and objectives between SBMs and our shore-side team, as well as a new level of comparability (benchmarking) between vessels.

It was a great pleasure to see the amount of work and dedication put into this project aboard each vessel, and the 2018 budgeting process was indeed a great first step toward better operational planning and budgeting; however, it was by no means a smooth and efficient process.

In addition to the budgeting process being kicked off much too late in the year, mainly due to the many fleet refurbishment projects taking place in 2017, we identified several steps in the process, which made it more complicated than necessary, and therefore inefficient. We have discussed in detail our learnings from this first implementation phase, and have made changes for the 2019 budgeting process accordingly. These changes include detailed reviews of onboard inventories and vessel condition reports already in the spring, to enable earlier and more informed planning.

Additionally, Jens and I will be making another tour to each of the vessels in the early summer to meet with the SBMs again. During these meetings, we will discuss current financial performance, as well as learnings from the 2018 budgeting process, and we will work on the detailed budget proposals for 2019 together with the SBMs.

To our SBMs: Thank you again for all your hard work and dedication. I look forward to seeing you all again and continuing our work together.

— CHRISTIAN LUND | VP Finance
CMI KEY PERFORMANCE INDICATOR REPORTING

In this issue of NEW HORIZONS, we will be reporting on a sampling of the year end KPI results from 2017, covering the CMI’s core business processes, as well as the QSE and Crewing support business processes and performance indicators:

1. Executive Core Process

KPI: GROWTH OF THE MANAGED FLEET - This performance indicator is intended to measure the growth of CMI’s managed fleet, with our goal to add (2) new vessels under Technical Management per year. CMI has consistently met this goal since the inception of the Company in 2015, when the managed fleet comprised of 10 vessels. By the end of 2017, CMI’s managed fleet grew to 12 vessels with the additions of the VICTORY I and SEA DISCOVERER, handed over to CMI management in January and October of 2016, respectively. At the end of 2017, the companies managed fleet grew to 14 vessels, with the additions of the WORLD ODYSSEY in September 2017 and the MV GEMINI in December 2017. CMI welcomed the GEMINI back into management following the re-delivery of the vessel back to the owners after a long term bareboat charter of the vessel to Celestyal Cruises.

2. Technical / Marine Operations Core Process

KPI: NUMBER OF PORT STATE CONTROL DETENTIONS - The goal of this performance indicator, obviously is to have zero PSC detentions. Unfortunately, in 2017, one CMI managed vessel was detained by Port State Control. The OCEAN NOVA was detained on 01 MAY 2017 at 1630 hrs in Portsmouth by the UK Maritime and Coastguard Authority (MCA). The vessel was released on 02 MAY 2017.

KPI: Number of Unplanned Off-Hire Time – “Off-hire” days are calculated as days where a ship has no revenue due to the fact that the vessel could not operate for unplanned reasons. It has long been the Company goal of not having more off-hire days in a calendar year than we have managed ships. Therefore, the goal of this performance indicator is to have less than (1) day of unplanned off-hire time per managed vessel, for a total of less than 14 days total aggregate unplanned off-hire time per year across the managed fleet in 2017. The aggregate total number of “off hire/delay” days through the end of 2017 totaled 3.6 days – SEA SPIRIT: 2.6 days delay in redelivering to the Charterer due to refit works not completed as scheduled, and OCEAN NOVA: 1 day detention in Portsmouth due to non-operational WTDs.

Although the individual vessel target of less than one day “off hire/delay” per ship per year was not met for two of our managed vessels, the overall aggregate goal of less than 14 days total unplanned off-hire time per year across the managed fleet, was achieved at 74.3% under the target level.

3. Safety, Quality & Environmental Support Process

PORT STATE / FLAG STATE DEFIENCIES – This KPI is measured based on the BIMCO standard reporting guidelines for “PORT STATE CONTROL Deficiency Ratios”. This KPI expresses the company’s ability to avoid deficiencies issued during Port State Control and Flag Inspections, and represents a ratio between the numbers of reported deficiencies relative to the number of Port State Control Inspections, as such the average number of deficiencies per inspection. By defining the KPI as a ratio, benchmarking is feasible even between ships being subject to an uneven number of Port State Control Inspections. GOAL: PSC KPI Rating > 75, which is equivalent to < 2 deficiencies per inspection.

— CHRIS DLUGOKECKI | VP Safety & Quality

See below a graphical representation of the type/categorization of PSC Deficiencies reported for our managed fleet during 2017.