



USMMA KP Alumni - Chapter Presidents Alliance, Inc.

Fortune Center, 42 Idlewild Street, Bel Air, MD 21014 Tel: 410-420-0080 E-mail: KPA-CPA@kpchesapeake.com

Web: <http://www.kpchesapeake.com/kpa-cpa.html>

USMMA KPA-CPA, Inc. - Fall Conference 2010 in Baltimore – Two Day Overview

“Chapter Presidents Alliance – Alumni Leadership Conference” Fri Sept 10, 2010 & Sat Sept 11, 2010

Maritime Institute of Technology and Graduate Studies - Conference Center, Linthicum Heights (Port of Baltimore), MD.

[Speaker] Captain Stephen M. Carmel (KP “79) – Senior Vice President - Maritime Services, Maersk Line Limited
“Maritime Industry Professional Leadership – Assessment of Kings Point Preparation of Graduates”

Kings Point Leadership Roundtable

Steve Carmel
Leadership Roundtable Remarks
10 Sept, 2010

Good morning Ladies and Gentlemen – thank you for inviting me to participate in what is certainly a very important discussion. In my opinion KP is truly at a critical juncture in its history, with its ability to remain relevant as a source of thinking, scholarship, and research on maritime issues debatable. Most importantly, the role of KP as a unique source of highly educated men and women ready to assume positions of leadership in a complex international, and I emphasize international, transportation system is increasingly an open question. It is important to remember that the maritime industry that serves US economic interests is international in nature, not US specific. Many of these shipping company’s are US based, with offices in NY or Stamford or Norfolk, and may have a US flag component like MLL. Frequently the US component, like MLL, is staffed completely by US citizens, a result of the government oriented part of our business. But that perspective can lead to a distorted view of the reality of the industry that serves the foreign commerce of the US. The overwhelming part of that fleet is international, with officers and management from international, not just US sources. These are officers whose cadet sea training was not done on 28 year old ships, the average age of a US flag ship in the food aid business. For example, a good friend of mine is a VP with a major cruise ship company down in Miami. Their ops and engineering staff sits in Miami and earns pay and benefits that are very good even by US standards, but they get that staff from where ever in the world they can find the most highly educated and talented people – it is a very international work force. When KP grads compete for slots in the international Maersk management training program, one of the best shipping management development programs in the world, they compete with people from about 165 countries. KP no longer has the luxury of using US oriented benchmarks for standards of excellence because the rest of the world uses international standards and the unfortunate current reality is that innovation in the maritime industry happens almost exclusively in an international, not US, setting.

When considering the question of how well prepared KP grads are to enter the industry, we must recognize that the industry is very different from the way many would like it to be, or remember it. So KP grads must be prepared to do two things. First, they must be prepared to work in an international industry and compete for positions with people trained all over the world, not just US academies, and second, once in the industry, they must be visionary enough, well educated enough, and motivated enough to fundamentally alter the course of the industry that serves US economic interests when they get the opportunity to do so, or if no opportunity presents itself, create it on their own. KP can not simply be producing grads competent enough to get a job in the industry as they find it. KP needs to be producing grads capable restoring the US maritime industry to its proper place in the maritime world but within the context of an international, globally oriented perspective. In the long run the survival of KP is tied to the existence of a viable, robust US maritime industry. But we do not want leaders prepared to try to take the US flag industry back to 1950, and attempts to do so will destroy what's left of it. We need leaders prepared, both intellectually and technically, to take the US flag to 2050, which requires a new understanding of international business, finance, global trade, international economics, and politics as well as an exceptional understanding of traditional technical subjects but updated for technology and operations both as they are today and expected to be in the future. That's a tall order which will require an education consisting of a different curriculum than is in place now. KP grads must be leaders trained as unique national resources, possessing knowledge, technical expertise, and a motivation to effect change, to alter the status quo rather than be a victim of it. KP grads need to be leaders that are not being produced anywhere else but Kings Point. When Gary poses the question "how well are grads prepared to enter the industry" the first order of business then is to define what we mean by industry – the industry as it is or what we want it to be. My view is that KP must prepare grads to take leadership roles in actively shaping the industry we want and need, not just the one we have.

In order to tell you what I see it is important to let you know where I sit. Vantage point means something in these discussions, and mine has 2 main lines of sight. First, I am the senior operating guy at the largest US flag deep sea shipping company in the country and a part of the largest shipping company in the world. We are the single largest commercial employer of maritime labor in the country, and have contracts, and solid positive relationships, with all three maritime officer unions. We are also the single largest source of commercial sea year training berths for cadets from all the schools and provided roughly 26,000 cadet training days for KP midshipmen over the last 5 years. Only the government itself, thru MSC, provides more. We therefore have a very real and robust understanding of what commercial shipping company needs are in the way of maritime academy grads. Given our size we have grads from every maritime academy working for us so we see what each brings to the table. We also are somewhat unique in that we are part of the APMM group which operates ships under multiple flags with officers of many nationalities who are products of a wide range of international training programs, including Maersk's own.

Therefore we not only understand where KP stands in relation to the other US maritime academies, but also in relation to officers who are themselves future industry leaders and who are graduates of international education systems. Again it is very important to remember that most KP grads that aspire to positions of leadership in the deep sea maritime industry will, due to the current realities of that industry, at some point in their career be competing with folks from international systems.

Leaders in the maritime industry work ashore in management structures as well as at sea, and in fact, it will be leaders ashore that will influence the direction of the industry in the future. In order to produce leaders who will shape our industry, KP must produce leaders who are capable of excelling ashore and motivated to want to remain in our industry and deal with the challenges we face. As a result of the management infrastructure we need, we are almost always on the lookout for management talent. That means we not only understand the needs of shore side employers, but also have a good window into what the qualifications and talent of the folks competing for those jobs are on an ongoing basis. We also of course work regularly with our shore side counterparts globally so we see the qualifications, and competence, of maritime leaders from a wide array of international sources, not just US. So we need to be thinking about how well prepared a Kings Point grad is to grow into executive management in years down the road. And remember, we are talking about grads now and where they will be in 20 years, not grads from 20 years ago when KP was arguably a very different place as was the industry KP was serving at the time. I would note as a leading indicator of what potential problems are things like the recently released US news survey on leading engineering school, where West Point, Annapolis, and Air Force all made the top 10, but KP was not even on the list. NavSea recently formed a partnership or consortium with I think 16 leading marine engineering schools to share knowledge and collaborate on problems of significance to the navy. My University back in Norfolk is part of that consortium. Kings Point is not. Lastly a point I made a moment ago which I think is worth repeating. The single largest provider of sea year training berths is not a commercial company, it is MSC, something that should be a cause for concern, at least it is to me.

So anyway, one line of sight for me is a very clear picture of both demand requirements and talent pool, US and international, available to satisfy those requirements.

My other line of sight is that of an academic. I have a very active academic life, my own research agenda and I am affiliated with a large research university. My thinking is therefore heavily influenced by what I believe to be the proper background for a university graduate vice a trade school graduate and the proper role of faculty.

The question I have been asked to comment on, given my vantage point, is how well KP grads are prepared to take up positions as leaders in the maritime industry. As you might gather from my earlier comments, I believe that this is the wrong question to ask since answering the easy version, which is how well are KP grads prepared, in the absolute sense, to take up positions in the industry as we find it, may well cause us to lapse in to complacency and not answer the question we should be asking, which is how are KP

grads uniquely qualified, better than other sources of officers, to be leaders capable of shaping the future and developing the industry we want and need. First - my direct and blunt answer to the question that was asked is that KP grads come prepared with an adequate tool kit such that with some OTJ, they are competent and can function effectively in the industry as we find it. As you might guess, I do not find that answer satisfactory.

First and foremost, that description applies to any number of sources of officers, not just Kings Point. But Kings Point is a federal Academy operating on tax payer dollars. The question we MUST be asking is how much better prepared is a KP grad than his or her peers from other maritime schools – what makes a KP grad different and better? KP can not just produce grads on par with other sources of officers, KP must be better. There must be something unique, something that no other institution can produce, about a Kings Pointer that provides the American tax payer a good return on the investment they make in a KP grads education. When budget hawks start looking for dollars to cut in the federal budget and demand that each dollar spent can withstand the scrutiny of a hard cost / benefit test, it will be those aspects of KP grads that make them unique national resources that can not be obtained elsewhere that will ensure KP survives the test.

It is my opinion that the way things are right now, we will have difficulty answering that critical question – what makes a KP grad unique? - and given what I see in trends from the academy, it will only get harder unless there is a serious rethinking of how KP goes about its business. KP is not supposed to be producing competent officers with an adequate tool kit. Community colleges and trade schools produce competent people with adequate tool kits. Institutions that purport to be leaders in the education of students in their particular field of endeavor, such as KP does in the maritime world, not only produce thinkers comfortable in complex ambiguous situations where there are no tool kits, these particular institutions produce leaders of thinkers, people of vision whose mastery of the topic allows them to see opportunity where others see chaos, whose willingness to challenge the status quo allows them to alter the course of an entire industry. KP can not accept as a benchmark of success grads with qualifications comparable to other US maritime schools hence able to compete for positions in the industry as we find it. KP must produce grads possessing unique qualifications such that they can contribute to the future of the industry, to take control of it and put it on a sustainable path for the future, in a way leaders from other sources are not prepared to do.

I know that one common refrain is that the burden of STCW requirements is a major problem. I have heard it blamed for everything from the decline in the role of humanities in the course of study (something of great concern to me from my academic background as humanities are essential to critical thinking) to the drastic reduction in the role of an effective regimental system in the development of KP grads. More importantly, the discriminators, the characteristics of the KP experience that makes a KP grad different from other maritime academy grads, are continually eroded. So KP slips against the US focused benchmark,

other maritime schools, while at the same time the overall US benchmark slips against international benchmarks, where elsewhere in the world they seem to be able to figure this out.

In thinking about the preparation of future leaders there are some immediate observations that come to mind. First, the newly instituted tug boat curriculum is a great example of a trade school course of study. The tug program, as it was explained to me anyway, is an effort to make sure KP kids can get a job, and apparently any job is ok by that criterion. In other words, a focus on the industry as we find it. But that's not our mission. There are any number of trade schools or union programs that produce excellent tug mates and engineers, but there is only one KP, and why KP would want to dilute its core mission by competing with them is beyond me. Instead a course of study, not just a course or 2, but a course of study, in maritime economics and trade; ship finance and accounting; or risk management and insurance would be more likely to produce leaders in the industry. I can tell you from much experience, KP grads do not come well prepared in these areas. A grad with a course of study in chartering, both ship and cargo, is of more interest to me than a deckie grad with a QMED endorsement, an endorsement which I can assure you counts for zero in our hiring decisions. Marine engineers who have in-depth qualifications as electronics engineers are increasingly essential in today's highly automated, computer driven maritime industry. We don't get those types of engineers from KP, although KP does produce excellent steam engineers.

Some thought in how content is delivered is also required. For example, all our ships are fitted with fleet broadband, opening up a wide array of possibilities in using e-learning as a way to make sea year more productive.

A tug program instituted to help grads get a job, any old job, in order to satisfy a service obligation points out where perhaps we should instead rethink the nature of the service obligation and how best to satisfy it. Rather than diluting the core mission of the academy so kids can get just any job in an effort to satisfy a service obligation that appears to be out of sync with KP's potential contribution to the national common good, perhaps the service obligation should be structured in such a way that the unique characteristics of a KP grad are highlighted and leveraged for the benefit of the country. On a practical level, The "job, any job" approach is also not likely to pass muster with deficit hawks looking thru a cost/benefit analysis lens.

While I'll not go too far down this path, it does highlight something I have said often and touched on earlier— in order to really "fix" Kings Point, we must "fix" the US flag part of the industry. Kids go to Annapolis because when they graduate they join the finest Navy in the world. I think the same can be said for the other service academies as well, except of course KP, where it would be a stretch, if not outright breach of the honor code, to say a KP grad joins the finest merchant marine in the world. Instead KP grads need to leave the school with a realistic appreciation for the state of the industry and a strong motivation to change it, in other words, grads need to be dedicated to a vision of what the industry could be, a passion for implementing radical change, and the proper educational and intellectual background to go out and bring

that vision to reality. If that does not happen the US maritime industry will continue its downward spiral, KP will be unable to attract the caliber of student we need, and eventually both the US industry and KP will slide into oblivion.

It is not possible to talk about KP grads without talking about those that educate them. When thinking about how well prepared a KP grad is to join the industry, the larger question is how well prepared is the faculty to teach them. A KP grad can not enter the work force with cutting edge knowledge, fully conversant with the current issues, challenges, and opportunities the international industry presents and motivated to effect change where it is needed if the faculty is not engaged, current in the industry, and itself deeply involved in research, publishing, and generally involved in advancing the body of knowledge. The NavSea led consortium I mentioned earlier is a great example of a missed opportunity for faculty and students to collaborate with other leading institution on cutting edge problems. I believe the academy has some work to do in encouraging, supporting, and insisting on, faculty being active in the research and engaged with their colleagues outside the academy. Likewise the administration must do significantly more to support and enable faculty in this regard. For example, a Research Foundation or similar organization in function is common at other leading universities. Such an organization exists to support faculty in getting research grants including course release funds, administrative work, and publicizing research and publishing activities of faculty, that sort of thing. KP has a Sailing Foundation to support the sailing team, but no research foundation to support faculty and academics. It is interesting that the Maritime Administration itself seems to overlook KP as a source of intellectual expertise, as for example when they produce research such as the recently released report on improving container terminal efficiency, which was done by a consultant. Thought should be given to making KP the center of excellence for MARAD's research and intellectual capital needs in an effort to generate critical mass in this area. If MARAD itself won't use KP, why would anyone else?

This is absolutely essential if faculty is not to succumb to burnout or become stale. When faculty does not engage in research, meaning they are not exploring the boundaries of knowledge in their field, they are not capable of leading their students to that frontier of knowledge. The frontier of knowledge is where we train future leaders with a clear vision of what is possible and the intellectual capacity to make the possible a reality. A curriculum that is not pushing that envelope, and faculty not engaged and excited to explore it with their students, are only equipping grads with a tool kit and little else, indistinguishable from graduates from any number of other schools. The list of topics ripe for thought leadership and serious research is long and are all areas where academics from other schools publish frequently. So there is ample opportunity for KP faculty to make an impact. While I hope I'm wrong, from what I can see wearing my academic hat, KP faculty simply does not engage in serious, solid, leading edge research nor does the administration really seem to push it. Nor am I aware of any program or plan to assist professional faculty, marine engineering and nautical science folks, to remain current with first hand experience on the types of

ships that their grads are really going to have to work on. This is one area amongst many where industry obviously could be of immediate help in shaping and executing such a program. While I am not aware of any that exist, I certainly hope the school has formed strategic partnerships with industry somewhere, as is a common practice at other universities. Such partnerships can be invaluable in assisting academic institutions in solving some of the types of problems KP faces. My impression however, is that KP is pretty disconnected from the industry it is intended to serve. If there is to be any hope of KP grads hitting the street armed with current, relevant, and leading edge knowledge, we need to do more to assist faculty in being prepared and capable of imparting it to them.

In summary – we had a Blue Ribbon Panel on physical plant at the Academy with lots of talk about a strategic plan- a recommendation of the panel. That is absolutely good and certainly needed, but that's not going to keep the school open. Our product, and what makes the academy relevant, is not buildings on campus grounds, it is the brains of the grads that walk thru the gate. What we need is a Blue Ribbon Panel on mission, academics and faculty and then a strategic plan to bring all three into line with mid 21st reality and the trajectory our industry is on. Without it I fear the future of the academy is grim. There are real and serious issues that speak directly to the continued relevancy and viability of Kings Point as an institution of higher learning that warrant vigorous, objective analysis and discussion. I very much want Kings Point to be a true center of excellence in maritime thinking, internationally recognized as a place where the future is shaped. I despair at the thought of KP as a fancy trade school and my assessment is that the institution will not survive developing such a reputation. In order to realize the vision of what KP can and should be, bold new thinking about what KP's mission is and how to go about achieving it is needed right now. In listening to Admiral Greene speak this morning I am very encouraged in that we certainly have the right man for that tough job at the helm.

Thank you.

Ref: KPA-CPA Leadership Roundtable Carmel Present 091010

<http://kpchesapeake.com/USMMAAF%20CPC/KPA-CPA%20Leadership%20Roundtable%20Carmel%20Present%20091010.pdf>