

Drydocks unit confident despite mishaps

By Vincent Wee – October 1, 2008 Business Times

It plans to tap on parent's systems, processes, and set up training school.

Despite some drawbacks, Drydocks World-SE Asia remains confident that it will emerge more competitive once better work processes are in place.

Speaking to media in the wake of several recent accidents at its Tuas yard, chief executive Denis Welch said that while the sheer scale of the group has created more complexity, leveraging on size becomes available.

Drydocks World last year paid US\$2.2 billion for Pan-United Marine and Labroy Marine to gain ships and Asian shipbuilding sites as it expands outside the Middle East.

'There is an opportunity to share best practices so that we can learn from each other in terms of our skill base,' Mr Welch said. This includes being able to learn from the parent company's operations in Dubai, which won a Shipyard of the Year award last year and has a good production and safety record.

'We need to tap into the systems and processes that have been developed there because, to release the synergistic opportunities, we have to have the same operating systems and measures to compare ourselves against.'

But putting together a range of shipbuilding, offshore rig construction and ship-repair operations, including a shipping operation and four existing shipyards located in Singapore and on Batam, is a huge task, especially when Labroy and Pan-United used to be competitors.

There is a need to standardise all the activities within the group, from sales and marketing to production processes, Mr Welch emphasised. In response to the recent accidents, Mr Welch said: 'We put safety at the heart of the business and we don't confuse safe working with profitable working, they're the same thing.'

'The disappointing thing for us is that despite our efforts, we've experienced a number of accidents at the Tuas shipyard; we're working very closely with the Ministry of Manpower to ensure that we understand the root causes of these accidents,' he said, adding that a stop-work order has not affected the group much.

Mr Welch has commissioned an independent audit by Dupont Safety Resources, which is undertaking a comprehensive review of safety planning and operations at Drydocks World's Tuas yard. The group has also just completed a survey of its workforce and the feedback will be fed into a review of operations and planning when work restarts. 'I'm absolutely determined that this is going to be a companywide approach, which is understood and embraced by the whole workforce,' said Mr Welch.

Other measures include setting up a \$5 million training school in Batam, which will be operational by year-end, and reducing reliance on subcontractors. The target is to make around 80 per cent of its workforce its own employees.

Future plans for Drydocks World-SE Asia's business include continuing to invest in the fleet of support vessels for the offshore industry that it has taken over from Labroy. And while Mr Welch is concerned about the ongoing credit crisis, he said that the group has so far not felt any fallout from it yet.