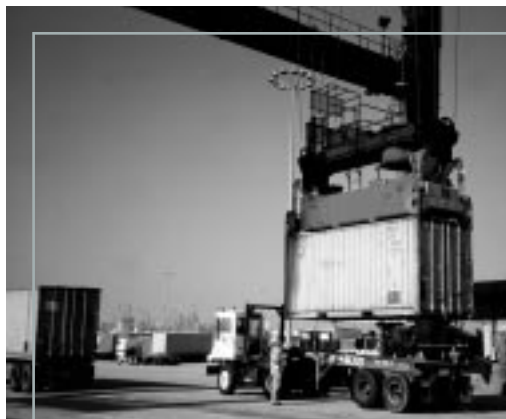


Sizing up the Competition in Global Trade: Measuring Waterfront Productivity

The West Coast's healthy economy depends on maintaining its competitive position in the global marketplace. Productivity, which can be defined as the rate or cost at which goods or services are produced, drives the West Coast ports' ability to remain competitive. Yet, what is the best

measure of productivity for the West Coast maritime industry? And, how can detailed productivity statistics help member companies analyze how they do business?

The Pacific Maritime Association (PMA) measures



Waterfront employees in Southern California receive crane training.

Photo: Ray Waters

The Rationale

In today's competitive market, every business looks for ways to reduce costs and improve productivity. In developing strategies, companies need detailed information on spending. By increasing the level of detail used when measuring productivity, the PMA will be able to provide

its member companies with information necessary for business planning.

When measuring productivity, one must factor in the cost of moving cargo, as well as the amount of cargo moved. The number of dock workers needed to achieve the recorded number of moves affects the overall productivity rate. Any additional dock workers with the same number of moves per hour means lower productivity. Therefore, examining the costs associated with the container moves per hour most accurately illustrates productivity, when examined within the context of cost.

To illustrate this point, imagine that employees at both Terminals X and Y handle 28 containers per hour with two cranes operating. However, at Terminal X, it takes 30 employees, paid a total of \$7,848 per eight-hour shift, and at Terminal Y, it takes 57 employees paid a total of \$15,947 per eight-hour shift. Although the number of containers moved appear to be identical at both terminals – 28 containers moved per hour with two cranes →

productivity by comparing the number of weighted tons to the total hours paid, allowing the ability to measure total tons moved per hour. In other words, what is the actual labor cost of moving a weighted ton?

Measuring Productivity Accurately: Cargo Moved and Cost

	<i>Terminal X</i>	<i>Terminal Y</i>
<i>Activity</i>		
Total Moves per Shift (In an eight-hour work day)	448	448
<i>Manning, Hours, Wages</i>		
Manning per Vessel	30	57
Total Hours Paid	261	514
Total Direct Wage Costs	\$7,848	\$15,947
<i>Productivity Measures</i>		
Moves per Hour Paid	1.72	0.87
Moves per Employee	14.90	7.86
Cost per Move	\$17.52	\$35.60

Source: The Pacific Maritime Association

June 25, 1999
Vol. 2, No. 12

PMA Today is a publication dedicated to highlighting West Coast port activities and developments as they relate to economic and international trade issues in the 21st century. We hope you enjoy PMA Today and find it to be a valuable informational resource. For more information about PMA, please visit our Web site at <http://www.pmanet.org>.