

Keppel Shipyard (1968 – 1982) Those Early Days ! (Part 2)

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Author: **Tham Yeng Fai**, was from the first batch of graduates in 1961 to graduate with the Diploma in Marine Engineering from the Singapore Polytechnic. He went to sea, clocked the sea time needed for his ticket but decided to come ashore to play his part in the localisation of Keppel Shipyard.

Commercial Department

During my attachment to the Billing Office in 1968, I discovered that the bills were on average issued only 6 months after the vessels' departure from the shipyard. This was not acceptable as negotiations for settlement would prove to be difficult as both parties may not be able to recall the details. Besides, final payment would also be considerably delayed. Another practice was to simply charge the client based on a "cost plus" on labour, materials & chargeable expenses; plus a margin for profit. This was also not acceptable as we would not be charging the customer the market price for the work. Under this system, the more efficient we were, the less we would bill.

Near the end of my attachment, I submitted my report with these observations, and recommendations for improvements, to the Commercial Manager, Mr. Gregory, who in turn passed it to the Managing Director. As it turned out, Mr. Douglas Philips' contract was due to expire in a few months. The Managing Director, on the recommendation of the Commercial Manager did not renew Mr. Philips' contract and I was appointed Acting Chief Billing Officer on 6 months' probation. The above mentioned short-comings were rectified in the main within 6 months.

In 1970, I was appointed Assistant Commercial Manager, with direct responsibility for the Billing Office and the development of the Estimating Office. Previously, under the PSA, Ship owners who requested for a quotation for their vessels' intended dry-docking and repairs would be told that it we were unable to prepare and submit one. As a result, many opportunities to attract new business were missed. Mr. Clark was at that time the Chief Estimator; however we decided to source for a new Chief Estimator from the UK as our local trainees were not yet ready to take over. We had about 8 estimators in various phases of training. The new Chief Estimator, Mr. J.D.

Thomson's priority was to get the estimating office fully functional and to groom the person to take over from him within 2 years. Mr. Wong Ah Weng took over as Chief Estimator in 1973. We had by then trained sufficient estimators in Hull, Mechanical & Electrical, and were able to process and submit quotations requested by ship owners and managers. The steelworks renewal rate per vessel was stuck at 2 to 3 tons per day although our 2 in-house contractors were competent. We were price competitive, but we were not time competitive for steel renewals of any size. The method of pricing and determining what our 2 main steelwork contractors would be paid was based on a fixed price per lb. (we had not gone metric yet) of steel renewed or repaired.

This was a very low rate and the sub-contractors' workers were paid a low hourly rate by their employers. There was therefore no incentive for the workers to work speedily or for the sub-contractor bosses to pay for overtime. I recommended to management and changed the system to competitive and variable piece-work rates. This meant that the contractor boss could pass on these rates to their workers who were organized into groups, each with a leader. Likewise, we could negotiate with the sub-contractor boss and pay a slightly higher rate if we needed to complete a steelwork job faster. This system changed our competitiveness overnight. We were now able to compete with UK and European shipyards not only on price but also in the number of days required to complete a similar size of steel renewal.

The use of sub-contractors increased dramatically from 1971. By the end of 1972, the sub-contractors cost was over one-third of the total chargeable cost. A sub-contract section was started with 2 staff from the Estimating Department to track and manage the sub-contractors bills. Tracking of all sub-contractors with the submission of time sheets by the all sub-contractors was introduced, followed by formal registration and periodic review and assessment. All invoices submitted by the contractors were checked and verified by the Foremen & SRMs for work content, quality and timely completion before being assessed by the Sub-contract Section for fair value, and subsequent negotiation and settlement with the sub-contractor prior to it being passed for payment.

Russian (Sudoimport) Contracts

In 1972, many Russian ships were being drydocked and repaired outside the USSR and in Hong Kong. Our Managing Director, Mr. Watson had met the Russian Trade Representative for Singapore, Mr. Mandrakin. This was quickly followed up by a visit to Mr. Mandrakin's office.

All drydockings and repairs had to be done through the Russian organization "Sudoimport". Arrangements were made for Sudoimport officials to come to Singapore to commence negotiations on an Agreement for drydocking and repairing the Russian whaling and fish factory ships. An Agreement was concluded within 6 months and the Sudoimport Vice-President, Mr. V.D. Kaminsky, came to Singapore and signed the Agreement in Keppel Shipyard's Board Room, witnessed by USSR's Ambassador, Mr. Bezrukavnikov, Trade Representative, Mr. Mandrakin and Keppel's Chairman, Mr. George Bogaars. This was the start of a lasting and lucrative business of repairing Russian ships which was especially helpful during the periods of downturn in other commercial work.

The process of repairing the Russian ships was very unique and interesting. Sudoimport placed a permanent representative in Singapore and we were to bear the cost of his living expenses here. It was rumoured that these representatives were KGB operatives. All work orders, prices and invoices had to be approved by this permanent Sudoimport representative otherwise there would be no payment. The currency used for the transactions was the US\$. Initially, there were many problems involving these new processes, however, our staff were able to adapt quickly to these conditions and requirements, and to turn it to our advantage over a short period of time.

The first 2 ships to be repaired were the whaling factory ships "Vladivostok" and "Dalnyvostok". They were the crown jewels of the fleet. During the fishing season, these ships would carry about 1,000 crew members for the factory and the whaling operations. The Masters of these ships were therefore very senior in rank in the company. However during the drydocking they carried only a skeleton crew – that is only those who would be involved in the ship's operations and repairs to the ship and its factory. It was customary for the Master to hold dinner parties on board ship and to invite the shipyard's managers involved in the repairs as well as the senior shipyard management to the parties. The parties were generally very boisterous and lively, and much vodka and cognac was consumed. Many friendships were sealed in this way and this helped to ensure that the vessels' staff and management would want to return to Keppel Shipyard for their next drydocking and repair.

Marine Department

In 1973, I was appointed Marine Manager. What effectively took place was that I swapped jobs with Mr. Khor Teik Lin, who took over from me as Commercial Manager. This was intended to be part of a management development initiative to expose us to the experience of heading the other operational divisions. Safety was given top priority.

Mr. Michael Aloysius, who was No.2 in the PSA Fire Brigade, was appointed the Chief Safety & Fire Officer. His job was to improve on the safety regulations then in force, and to enforce their implementation. The issues paramount at that time were checking and certification of gas-free for entry and hot-work, wearing of helmets & safety shoes, use of safety harness at heights, testing of staging equipment and planks, fire-watch and fire prevention, emergency response, and use of specially constructed gangways and towers for boarding and exiting of vessels under repair. This attention to providing adequate and quick entry and exit for personnel working on vessels was to prove effective in saving many lives in subsequent emergencies which occurred.

King's & Queen's drydocks were the main revenue earners. In order to grow revenue, we had to target high revenue jobs in relation to the drydocking time required. King's & Queen's drydocks had to accommodate as many of such "high revenue" vessels as possible. Thus turnaround time and accurate drydock scheduling became critical as this would determine the number of vessels we could take. A shift work system was introduced comprising of a main day shift, a supporting afternoon shift, and a critical night shift, which was used mainly for drydocking work to shorten the vessels' time in the drydocks. The implementation of the shift system was made possible by the skilful handling and negotiation with the Union by Mr. Lawrence Mah.

With the rapid increase in the volume of work came the problem of providing adequate supervision and skilled labour. The training centre ramped up its intake of apprentices to over 200 per annum. On completion of the 3 year program, the cream of the crop was picked to become technicians under a scheme that would allow them to upgrade themselves with further training and education.

Sub-contractors also played a critical role in providing the shipyard with a flexible labour force which could be increased or reduced according to the workload. Consequently, they were recognized as an integral "partner" to the shipyard's permanent workforce. In order that we

could have better control over the quality and availability, Keppel bought a controlling share in the largest sub-contractor, Gee Fook Ying, and placed its Chief Accountant Mr. Goh Hock Chai as General Manager to manage and develop the company.

Works Department

In 1974, when Mr. Loh Wing Siew was promoted to General Manager, I was moved to cover the position of Works Manager vacated by him. I had wanted to stay on as Marine Manager but management felt that I was best for the job of Works Manager as I had good administrative skills.

As a result, I became Works Manager and my Assistant Marine Manager, Mr. Kung Yew Hock, was promoted to Marine Manager. Maintenance of facilities and equipment became critical as the high level of activity increased the wear and tear, but down time for maintenance and overhaul was limited as a result of the high level of activity.

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