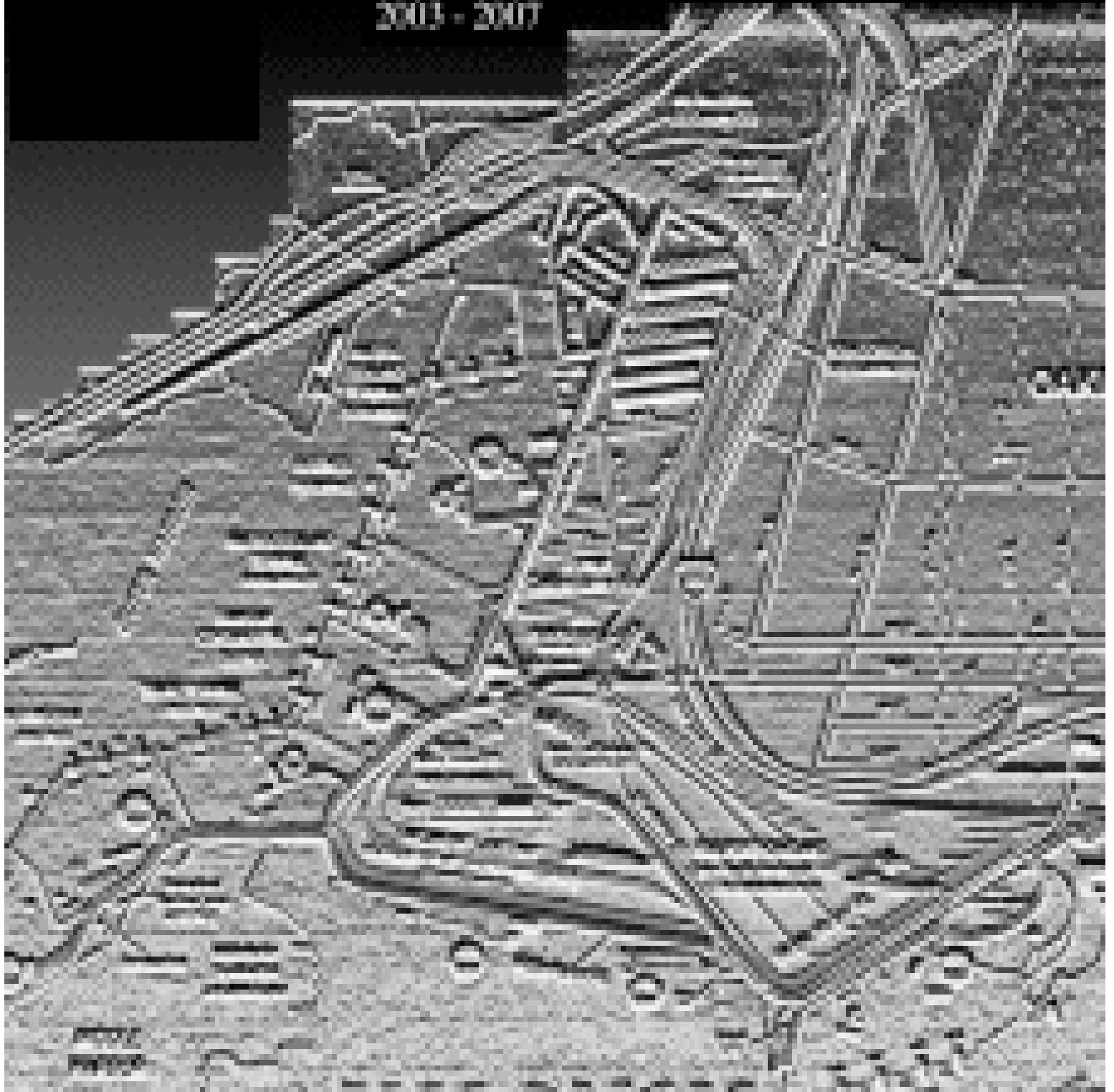


Port Authority of ABC

Maritime Division

Strategic Marketing Plan

2003 - 2007



Port Authority of ABC

Strategic Marketing Plan

2003 - 2007

March 17, 2003

Strategic Marketing Plan

Introduction

The objective of the Maritime Division of the Port Authority of ABC is to be recognized by all our constituencies as the world's premier seaport. We will achieve this distinction by being the industry leader in providing value added port services to importers/exporters, ocean carriers, railroads, and other transportation users or providers.

We have developed a team of highly motivated, experienced, and talented associates, which is the strength of our division. Our capital investments include upgraded terminal facilities, state-of-the-art lift technology, and improved access to surface transportation; we are exploring exciting new information technology and integrated processes, all of which, we believe, will deliver a superior value to our customers.

We have invested years earning a reputation for service, quality, and innovation. The Maritime Division is now prepared to move to the next level in establishing market leadership.

With this marketing plan we are launching a five-year, highly focused, strategic marketing effort that will advance us towards achieving our vision. Over the plan period we intend to achieve a share of 15% of the total west coast containerized cargo market and we intend to triple our intermodal volume. To accomplish this we will fine-tune the internal workings of our division to achieve maximum operational efficiency and we will develop a world-class sales and marketing function. Further, we will optimize our costs, and acquire the right mix of advanced technology and information systems expertise; we will increase the empowerment and impact of our people; and we will contribute to the wellbeing of our community and the environment.

It is our belief that the next five years are to be the most exciting and significant period in the Port's history.

Director

Maritime Division

Executive Summary

The Port Authority of ABC, Maritime Division has embarked upon an ambitious growth program. Revenue for FY 2002 was \$XXMM. Revenue for 2003 is projected to grow by more than xx percent to \$XXXMM. This growth rate is projected to continue for the plan period resulting in annual revenues of \$XXX MM by the end of FY 2005.

To meet these goals we have undertaken a strategic marketing effort designed to identify and focus our attention on the critical few areas that will have the highest payoff potential for us in the near term.

Our first phase in this effort was to conduct a formal inquiry into our operating environment and an analysis of our strengths weaknesses opportunities and threats. This analysis was successful in identifying several strategic issues that involved both external and internal factors. The full text of this analysis is contained in a report entitled "*Competitive Market Assessment of the West Coast Container Market and Recommended Strategy*" by XYZ Associates.

In summary, the report reveals that the Port Authority of ABC, while showing some modest year-to-year growth in volume, has steadily declined in market share, particularly in containerized traffic.

The Port is characterized as "regional port" dominated by locally originated export cargo, primarily agricultural. The external view of the Port is that it is geographically disadvantaged, has limited capacity, few carrier options, high costs and labor productivity issues.

The report cites significant opportunities among which include: marketing to retailers, increasing available rail, truck and terminal capacity, focusing on shippers/receivers of intermodal cargoes, collaborating with regional ports, improving customers' perceptions, and improved cooperation with ocean, rail and motor carriers.

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Strategic Marketing Plan

The implications of this work are clear; there are no “quick fixes” but solutions do exist. To succeed we must arrest the current shift of market share to other west coast ports. To exploit these opportunities and to reverse the trend will require a significant change in the “status quo.” Specifically, our marketing focus must penetrate beyond the traditional terminal operators and ocean carriers. We must target the “beneficial owners” of the cargo. We must understand their needs and create products that match with their supply chain processes.

We must re-energize our marketing efforts to attract new supply-chain partners, new customers and additional profitable volume, our vision and influence must extend beyond the physical boundaries of the Port Authority of ABC. We must create an awareness of the Port with the people and at the places where decisions on cargo routing are being made.

In the months ahead will undertake a new approach towards marketing; an approach based upon expanding the definition of “customer” and developing a deep understanding of our customers, our market, and our capabilities. It’s an approach characterized by precise market segmentation, creative product differentiation and the introduction of innovation in processes and technology, where such innovation will improve the overall customer experience with Port processes.

The most immediate and most visible element of this approach is the reconfiguration of the marketing department. We will transform our organization into one that is focused on opportunities with the highest-payoff potential. We will assign a “market manager” to each of the three fastest growing market segments (electronics, automotive and retail) that have been identified as important industries contributing to overall intermodal growth. We will assign a “market manager” responsible to support traditional customers in both the “general commodities” import and export markets. We will create a new position to support the marketing managers in the collection, analysis and dissemination of information. We will establish a “results-oriented” performance appraisal and review process and we will provide recognition and reward opportunities for superior performance in these functions.

In addition, we will aggressively seek to understand the needs and motivations of customers in our targeted market segments. We will commission research; we will develop rigorous customer identification, profiling, communication and satisfaction management processes; we will implement new technology where it has the potential to improve efficiency or provide added-value to our customers; we will explore non-traditional alliances, and support mutually beneficial investments with the rail carriers and truckers that serve the Port.

This approach will challenge conventional wisdom, will champion change and will demand the best of our people. This plan calls for an investment of \$xx.xMM over the five year plan period with approximately \$x.xMM required in year one. It will require diligence and persistence. It will also recognize excellence, reward superior performance and result in a significant contribution to our agency, our industry and our community.

Maritime Division

Situation Analysis – Study

One of the first steps in developing a Marketing Plan is to inventory the assets of the enterprise and array them against the challenges facing the organization. This is a self-assessment that asks the questions “Who are we? What are we good at, and not so good at?”

This process also demands that we examine both the possibilities for constructive use of the assets and the impediments to success that are likely to be encountered. “Where are the best uses for our assets? And “What might prevent us from succeeding?”

We call this process a Strengths, Weaknesses, Opportunities and Threats analysis or SWOT Review. It is a formal, critical examination of the internal and external environment.

In late 2002 the Port commissioned a study of the market in an effort to understand trends and opportunities. This work, performed by XYZ Associates, revealed the following:

- The west coast containerized cargo market has grown annually by x.x% since 1991
- The Ports of LA/LB have been the overwhelming beneficiary of this growth
- The Port Authority of ABC has experienced some resulting volume growth, but
- The Port Authority of ABC has experienced a significant share loss during this period
- The Port Authority of ABC has no significant share of containerized import cargo destined to interior points

The XYZ Study concluded that the Port Authority of ABC is a regional port characterized by a preponderance of containerized traffic moving to/from the port via truck compared to a majority of such traffic moving via rail at the ports of LA/LB and SEA/TAC.

An additional finding revealed that The Ports export cargo predominantly consists of regionally generated commodities including paper/wastepaper, fruits/nuts, meats (chilled/frozen), wine, vegetables and animal feed. Conversely the import commodities are less concentrated, but the following 5 commodities make up one-third of the total: auto parts, EDP machines, furniture, toys and miscellaneous general commodities.

The study identified key factors affecting the Port Authority of ABC’s perception among customers, carriers and terminal operators. Included in this assessment are:

- Non-competitive rail service (higher cost, limited departures, lack of equipment)
- Labor issues and concerns
- Geographic disadvantage (limited acreage, terminal capacity)
- Limited ocean carrier service (low market potential, last port of call)

Strategic Marketing Plan

Recommendations

The XYZ study concludes that since the Port “is a local port, a potentially effective strategy is to concentrate first on serving the regional market efficiently... – build on local population to attract more Distribution Centers to serve the area...”

- In addition the Port should focus on serving:
 - Intermodal customers along the UP Overland Route and Central Corridor in Utah as well as the Great Plains states.
 - Increase market presence in Tennessee and Ohio Valley.
- In cooperation with the ILWU immediately initiate a public relations campaign to reassure regional customers of dedication of both labor and the Port to provide high-quality cooperative service.
- Reach out to independent truckers who were hurt financially during (the) dock shutdown – explore ways to improve truck flows and turn times with the truckers.
- Assess feasibility of DC development with rail or barge service to the Port.
- Ensure that proposals to reduce traffic do not increase the costs of regional and local trucking and impact the Port’s competitive position.
- Explore development of value added services– increase market share in area between North and South.
- Investigate ways to increase the supply of food grade containers and chassis to agricultural exporters.
- Continue to market to “captive cargo”.
- Market Port to retailers emphasizing population base and *air freight capacity*:
- Work with ocean carriers to develop first port of call China service.
- Assess ways to expand terminal operating hours at an economical cost.
- Work with ILWU to mend fences particularly with meat and animal feed exporters
- Explore development of transloading facilities especially key for BN.
- Market in Ohio valley to Honda and work to increase intermodal business with Toyota and Nissan.
 - Initiate discussions with third party logistics for domestic retail auto part consolidations to use and backhaul
 - Develop discussions with Indiana Port Commission regarding intermodal rail hub in Indiana.
- Work with K-Line in marketing reefer train to animal feed exporters.
- Develop a formal marketing program directed at importers and exporters moving similar cargo and in geographic locations where the Port has some presence.
- Develop open dialog with railroads on rates, switching issues and to improve costs of operating a new terminal.
- Work with carriers/terminal operators in understanding the need for larger more cost effective terminals.

During the plan period the Maritime Division will evaluate and prioritize the above recommendations and prepare action plans to address each one.

Maritime Division

Vision

Like roadmaps, the most effective plans are those that lead to a destination. Accordingly, the Maritime Division has crafted the following vision to guide the selection of its opportunities, the prioritization of its efforts and the recognition of its accomplishments.

OUR VISION

We are recognized by all our constituencies as the world's premier seaport; measured by quality processes, customer satisfaction, operational efficiency, market size and share, innovation, and by contributions to our organization, our community and our environment.

Strategic Marketing Plan

Mission

The mission statement is an expression of organizational intentions and values. It serves to empower people, facilitate decision-making and provide clarity of purpose.

OUR MISSION

The mission of the Maritime Division of the Port Authority of ABC is to develop, promote and manage modern terminal facilities, services and programs that stimulate international business and trade; provide increased revenue to support the overall mission of the Port; and promote economic growth in the area.

Maritime Division

Strategic Marketing Thrusts

Segmentation, Differentiation and Innovation – the three key elements of our marketing strategy

Segmentation

One clear message resulting from the XYZ study is that customers of the Port are not all alike. In fact most of the Port's customers have differing requirements and many potential customers, who are not current users, share those same needs. To grow our share we need to address these customer groups, and their needs more specifically. This is the first major thrust of our marketing strategy.

Our approach to this task is to group our customers into clusters, or market segments, and selectively apply marketing resources towards identifying the prospects and determining their needs at some useful degree of specificity.

Once having determined the common needs among these customer groups, or segments we will then be prepared to assemble our resources and processes into "products" that can be efficiently produced and delivered and can be targeted to match the needs of these segments.

Our assessment of the available data suggests that among the number of ways to segment our market there are a few attractive options. Our intent is to capture an increasing share of the west coast containerized cargo market. To accomplish this it will be necessary for us to attract import cargoes moving through the Port to interior points in the U.S. This, in turn, requires that we generate additional ocean carrier "first port of call" service. While we are enjoying some success with cargo originating in China and Japan, we have yet to make inroads into the important volumes moving from other important Northeast Asia origins or Southeast Asia.

By identifying and focusing on products that move in these corridors we can create service/price options that will attract additional desirable volume through the Port. This approach will require some investment in time, as we organize, collect data, analyze options and assemble resources to target these potential customers.

Our strategy is to choose the segments that offer the highest payoff potential with the least degree of difficulty in converting from Southern California or Pacific Northwest service.

Differentiation

The second major thrust of our marketing effort is to create and promote distinct features and benefits to the targeted segments. This approach is commonly thought of as "product differentiation."

To create differentiated products it is necessary to understand not only our prospective customers needs, but their buying behaviors as well. Freight transportation, especially international containerized cargo, is a complex purchase involving many entities. The Port is only one of these entities and most often plays a "behind-the-scenes" role in the purchase process.

Strategic Marketing Plan

A key part of any strategy to increase market share is to increase the visibility of the Port and the important features and benefits available to transportation buyers.

To increase visibility to prospective customers it first necessary to “crystallize” the Ports product offerings. This requires us to “crisply” define our services in terms that are relevant to prospective users. The components of our products are the human and capital assets we possess and the processes we use to employ these assets productively. These resources need to be redefined and “mapped” to the processes of the customer. In this way the opportunities for the Port to demonstrate value will become apparent and thus become the basis for productive dialog with customers and intermediaries involved in the selection and purchase of international containerized cargo transportation.

It is important to note that differentiation need not be dramatic or compelling to be effective. Differentiation needs only to be apparent. Just distinct enough so that “with all else being equal” the purchase decision will be influenced in our favor. This is known as the “just noticeable difference” and is the type of differentiation that can be crafted into basic, or commodity-like products such as freight transportation.

We intend to begin work immediately to inventory our assets and processes, define our products, match them to our identified segments and market them aggressively to existing and prospective customers both directly, and through our sales channels (ocean carriers, railroads, terminal operators, 3PLs).

Innovation

The third leg of our “strategic stool” is innovation. It is clear that “business as usual” thus far has resulted in a steady erosion of market share and a downward spiral of declining rail service, fewer vessels calling Oakland first on the eastbound string, fewer companies distributing from the Bay Area, lower volumes, fewer trucks, higher rates, etc.

As we re-engineer the marketing effort it is clear that investments in innovation will be the catalyst for reversing this trend.

Information technology holds significant promise for creating innovation that has high payoff potential. Traditionally the Port has focused the application of information technology towards improving internal efficiency. We intend to extend this focus to identify and capitalize on opportunities for enhancing the capture and processing of customer-related information. We have already begun a limited implementation of the Synchronet solution which provides visibility of cargo to multiple users. We intend to expand the implementation of this tool in conjunction with our tenant terminals. We are also investigating opportunities to expand the application to include truck and rail carriers.

We are not limiting our definition of innovation to mean information technology alone. Innovation in process is often more easily achievable and more powerful.

During the plan period we intend to examine all of our processes that touch our customers either directly or indirectly. We will attempt to establish metrics and identify the operating ranges by which to measure each one. This data will become the source material for our process improvement effort. Likewise it will be “grist” for our “innovation mill.”

Maritime Division

Marketing Plan and Implementation

Planning is on going – the world changes and our perspective changes as events unfold and we gain new knowledge and insight.

The diagram to the right illustrates the relationship between the elements of a formal strategic planning system. Although the elements are depicted sequentially, their relationship is, in practice, iterative and not sequential. Moreover, the figure shows that strategy development and implementation must be considered concurrently (though not with equal weight) throughout the process.

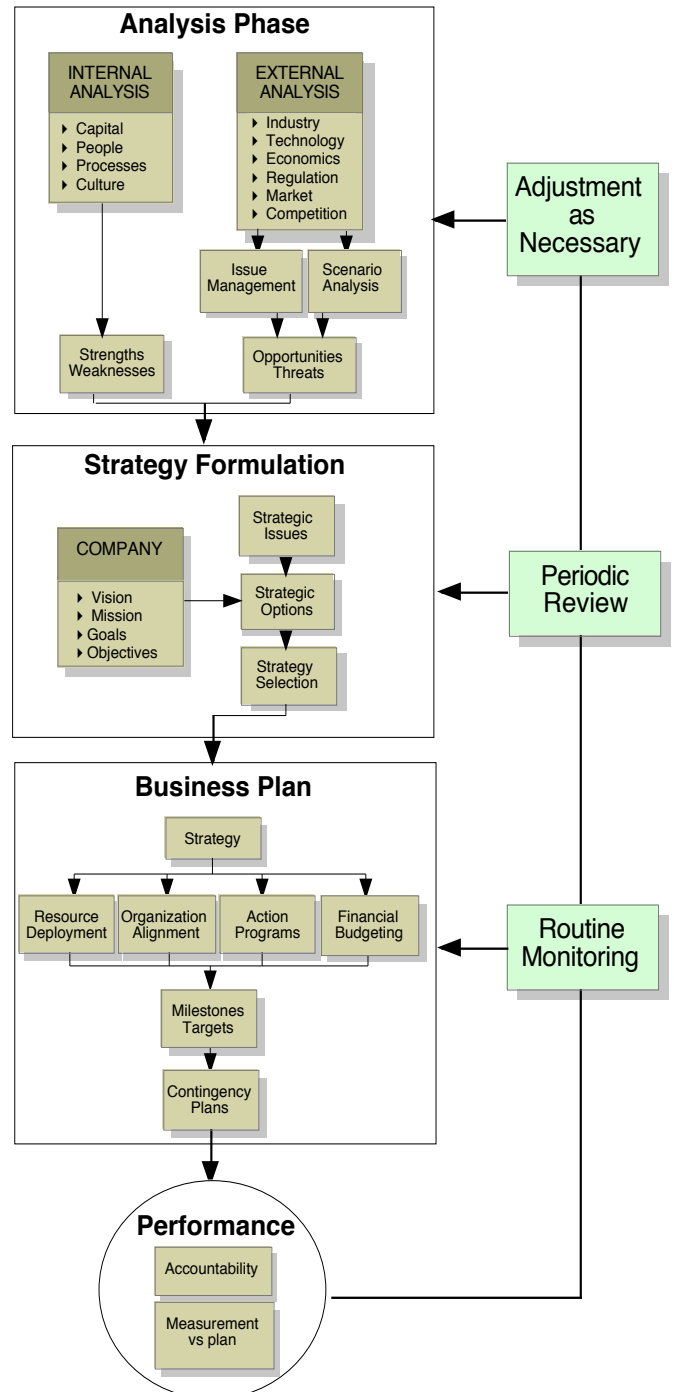
The marketing planning process we have undertaken closely follows the classical strategic planning model shown in this diagram.

The Elements - Analysis Phase

External Analysis

Strategy development begins with an analysis of the factors in the external environment that are likely to affect the organization. The principal components of an external analysis often include the following:

- Industry analysis (attractiveness, key success factors, size, structure, barriers to entry, cost structures distribution channels, trends, growth, and product life cycles)
- Environmental analysis (economic, technological, regulatory)
- Market analysis (segments and customer motivations and unmet needs)
- Competitive analysis (major competitors, their performance, objectives and strategies, strengths and weaknesses, and cost structure)



Strategic Marketing Plan

Opportunities and Threats

A thorough external analysis should lead to an understanding of the current and potential opportunities and threats associated with specific strategic responses.

Internal Analysis

An internal analysis attempts to understand the attributes that affect an organization's resources as well as norms, values, and beliefs.

Strengths and Weaknesses

An internal analysis will identify an organization's strategic strengths and weaknesses, those assets or distinctive competences that will enable the firm to develop a sustainable competitive advantage and those liabilities that must be mitigated or managed.

The Elements - Strategy Formulation Phase

Vision and Mission

Strategy is only a means to an end. The most creative strategy, superbly executed, is of little value unless it advances the organization toward the achievement of a clear vision defined by statement of mission.

A vision and mission statement, together create a broadly defined but enduring perspective of purpose that distinguishes one business unit from others. This expression identifies the scope of operations in product and market terms, its self-concept, and the image it seeks to project. And it reflects the values and priorities of its strategic decision makers. Specifically, the vision and mission serve the following purposes:

- To direct the formulation and implementation of strategy
- To articulate long-term intentions so goals can serve as a basis for planning and performance evaluation
- To provide a basis for orchestrating managerial action
- To establish a unified direction that transcends individual, parochial, and transitory needs
- To achieve a heightened sense of purpose, worth, and intent
- To consolidate values over time and shape a culture that will guide future action
- To promote a sense of shared expectations

Objectives and Strategies

Objectives represent tangible milestones on-the road to achieving goals and are often specific statements of results to be achieved - discrete, quantifiable measures of performance, most often stated in financial or economic terms.

For the near term we have identified 6 objectives that when achieved will have advanced us towards achieving our vision.

Maritime Division

Objectives

The Port Authority of ABC, Maritime Division has identified six objectives that when accomplished will result in revenue growth, improved profitability, streamlined processes and value for our customers.

Objectives limited to 6 for the initial plan year.

Objective 1 (see page 14)

Create a customer-focused organization characterized by customer intimacy, quick response, continuous improvement and value-added products and services by Q4/07

Objective 2 (see page 16)

Secure and maintain a 15% share of U.S. west coast containerized cargo markets by Q4/07

Objective 3 (see page 18)

Maximize the utilization of maritime facilities/terminals and other physical assets by Q4/07

Objective 4 (see page 20)

Achieve industry acknowledgement as a “world class” transportation solutions facilitator/provider by Q4/07

Objective 5 (see page 22)

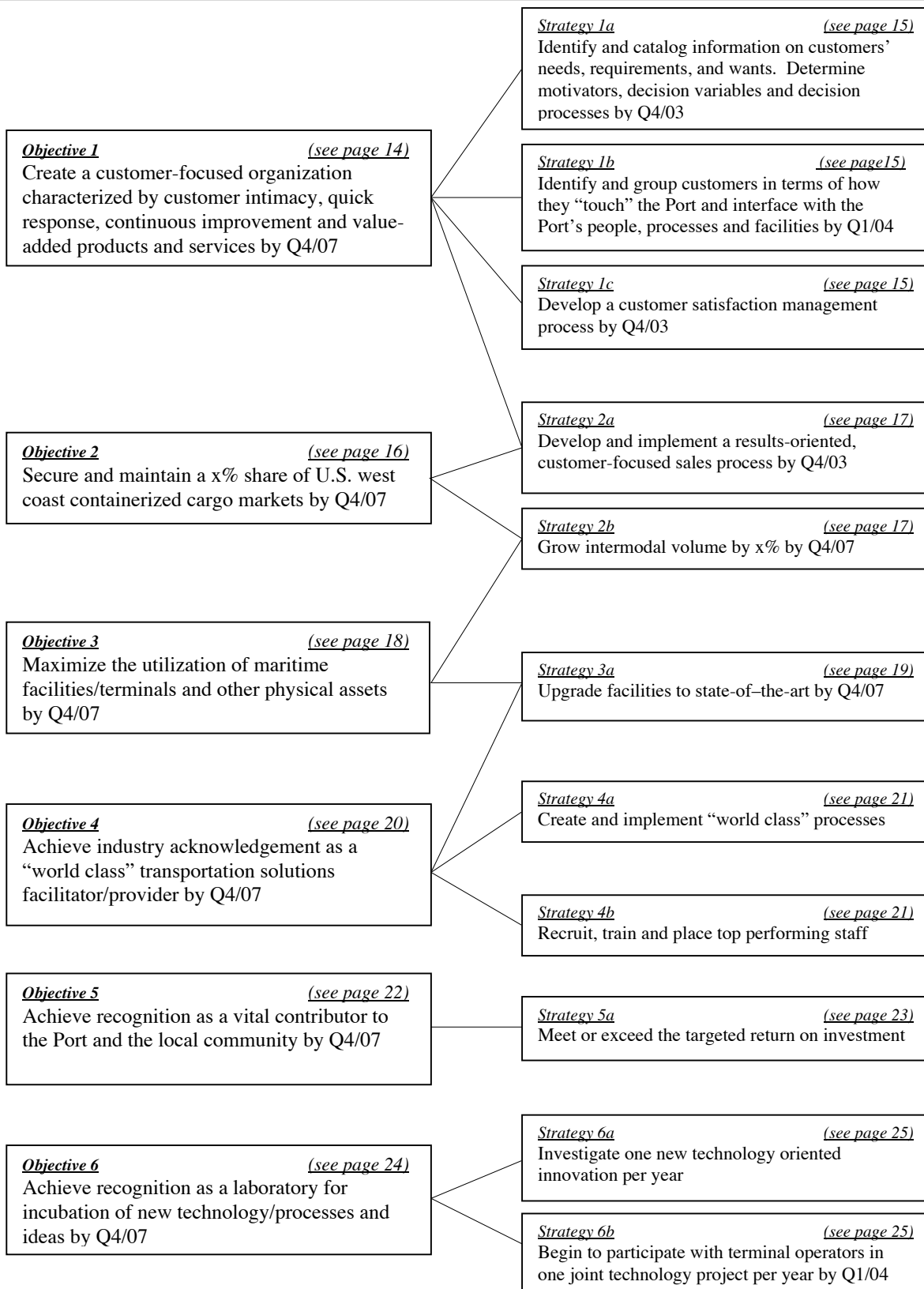
Achieve recognition as a vital contributor to the Port and the local community by Q4/07

Objective 6 (see page 24)

Achieve recognition as a laboratory for incubation of new technology/processes and ideas by Q4/07

Strategic Marketing Plan

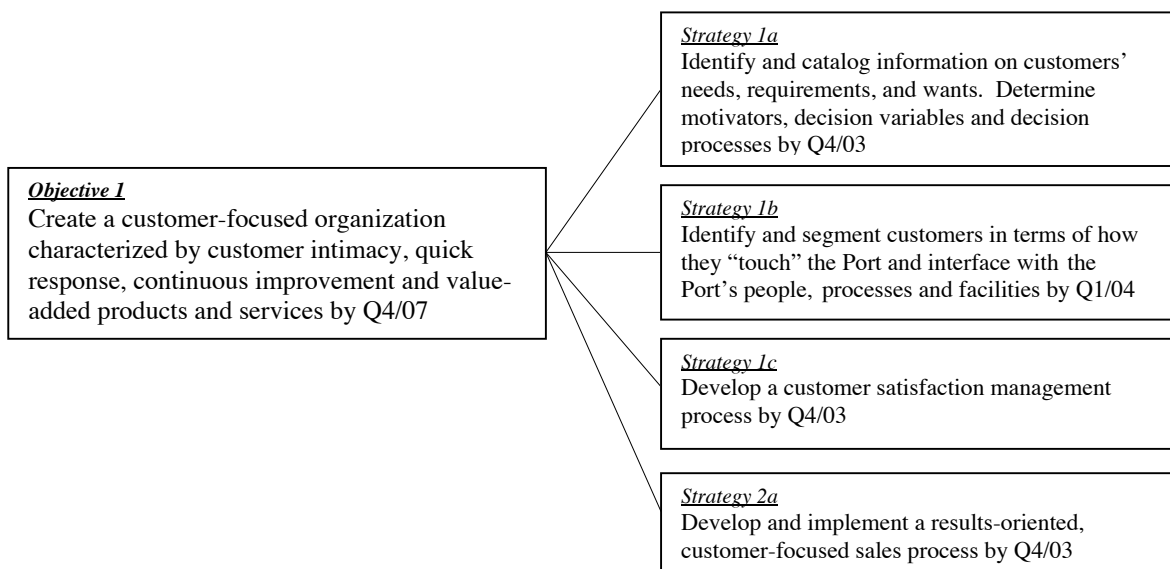
Each Objective has associated strategies



Maritime Division

Objective 1

Create a customer-focused organization characterized by customer intimacy, quick response, continuous improvement and value-added products and services by Q4/07



Customer responsiveness is the principal characteristic of our new organization and focus. It embraces the following concepts:

- Quick response/convenience
- Understanding of customer's needs and requirements – wants
 - survey (periodic) of customers needs – they change over time
 - survey of customer satisfaction with Port products and services
- Quality – “do it right the first time” becomes a cultural norm
- Definition of products/services offered by the Port (the value proposition)
- Proactive and anticipate problems – devise solutions

Strategic Marketing Plan

Strategies to Achieve Customer Focus

Strategy 1a

Identify and catalog information on customers' needs, requirements, and wants. Determine motivators, decision variables and decision processes by Q4/03.

Accurate and complete information on customer needs and buying processes are essential elements to every successful sales process. In 2003 we will undertake to create a formal, standardized, customer information repository as a firm foundation upon which to build an effective sales and marketing function

Strategy 1b

Identify and segment customers in terms of how they "touch" the Port and interface with the Port's people, processes and facilities by Q1/04.

We will define the customers of the Port in terms of their processes. We will map these processes to our human resources, physical assets and the processes that we employ. These comprise the fundamental components of our products. We will define and match these products to identified customer segments.

Strategy 1c

Develop a customer satisfaction management process by Q4/03

Customer satisfaction is essential to customer retention. In 2003 we will develop and implement a customer satisfaction management process to understand how well we are meeting our customers needs and where we need improvement.

Strategy 2a

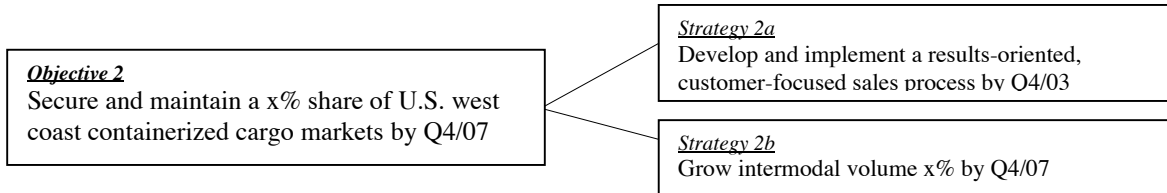
Develop and implement a results-oriented, customer-focused sales process by Q4/03

A formal sales process consisting of defined "territories", assigned accounts, account profiles, account categorization, customer needs analyses, opportunity assessments, sales call planners, sales call frequencies, specific call objectives, sales strategies, and sales performance appraisals will enable us to manage our marketing resources and serve our customers more effectively. This process will be implemented in 2003.

Maritime Division

Objective 2

Secure and maintain a x% share of U.S. west coast containerized cargo markets by Q4/07



Growth depends upon two factors:

1. Maintaining our current “book of business” with existing customers, and benefiting from the overall economic escalation (market growth).
2. Expanding our participation in specific segments by attracting cargo away from competing ports (share growth).

Our intention is to accomplish both. We will construct a sales process to ensure that we maintain our current customer base while focusing on understanding and meeting the needs of customers in the intermodal segment.

Selling intermodal cargo through a particular port is a complex sale. It has many decision variables and many influencers, the ocean carrier, the forwarder, the broker, the NVOCC, the customs house broker, the terminal operator, the rail carrier, the warehouseman, the drayage company and even the over-the-road trucker can, and do, influence these decisions.

Without a clear and convincing value proposition the decision most often reverts to “price.” And in many cases it’s not the port’s price that is the determining factor. Often it is the price of rail transport to the interior destinations that influences the decision.

By the fourth quarter 2003 we will develop and implement a sales process that recognizes, and attempts to influence the multiple decision-makers in the port selection process. This process will focus on the customer by identifying the buying decisions and decision-makers, identifying and cataloging their needs, determining which of these needs motivate them to make a purchase decision and crafting communication programs to gain awareness

Strategic Marketing Plan

Strategies to Grow Market Share

Strategy 2a

Develop and implement a results-oriented, customer-focused sales process by Q4/03

Market share improvements are dependent upon successful sales efforts. Our formal sales process consisting of defined “territories”, assigned accounts, account profiles, account categorization, customer needs analyses, opportunity assessments, sales call planners, sales call frequencies, specific call objectives, sales strategies, and sales performance appraisals will enable us to manage our marketing resources and serve our customers more effectively. This process will be implemented in 2003.

Strategy 2b

Grow intermodal volume x% by Q4/07

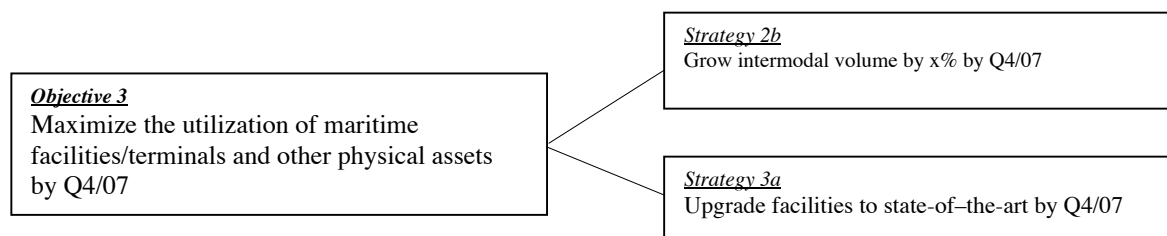
The single most important opportunity for the Port is to increase its penetration of the eastbound containerized intermodal market. This market has experienced a compounded annual growth rate of x% over the last decade and is forecast to continue that growth over the plan period. Many of the projects and programs contemplated in this plan will be directed at, or will support, this strategy.

This strategy calls for us to attract cargo away from competing ports. To do this we will need a collaborative effort among the rail carriers to provide superior transit service, adequate capacity and competitive pricing. We will encourage competition between the rail carriers by leveraging both “near-dock” rail-yards. We will need the cooperation of terminal operators and drayage companies to improve “driver turns” and minimize delays. We will also need innovative approaches to anticipating and meeting the customers’ needs.

Maritime Division

Objective 3

Maximize the utilization of maritime facilities/terminals and other physical assets by Q4/07



Improving utilization of facilities will require mutually beneficial interfaces among all parts of the organization.

Terminals

- Quantify existing capacity = teu's
- Project Port volume 5 years out at existing growth rate
- Determine impact on capacity of volume growth from market share gains

Railroads

- Quantify capacity = total existing capacity
- Projection = 5 yrs., 10 yrs.
- Determine impact on capacity of volume growth from market share gains

Distribution Centers

- Estimate/project requirement 5 yrs., 10 yrs.

Gate Operations

- Measure current capacity
- Project/estimate impact of new biz
- Contemplate new technology impact

Truck Supply -

- Quantify existing capacity
- Project Port volume 5 years out at existing growth rate
- Determine impact on capacity of volume growth from market share gains

Labor

- Estimate throughput given current agreements
- Forecast impact of new biz
- Evaluate impact of adaptability to new technology

Strategic Marketing Plan

Strategies to Improve Facilities Utilization

Strategy 2b

Grow intermodal volume by x% by Q4/07

The single most important opportunity for the Port is to increase its penetration of the eastbound containerized intermodal market. This market has experienced a compounded annual growth rate of 5.8% over the last decade and is forecast to continue that growth over the plan period. Many of the projects and programs contemplated in this plan will be directed at, or will support, this strategy.

This strategy calls for us to attract cargo away from competing ports. To do this we will need a collaborative effort among the rail carriers to provide superior transit service, adequate capacity and competitive pricing. We will encourage competition between the rail carriers by leveraging both “near-dock” rail-yards. We will need the cooperation of terminal operators and drayage companies to improve “driver turns” and minimize delays. We will also need innovative approaches to anticipating and meeting the customers’ needs.

Strategy 3a

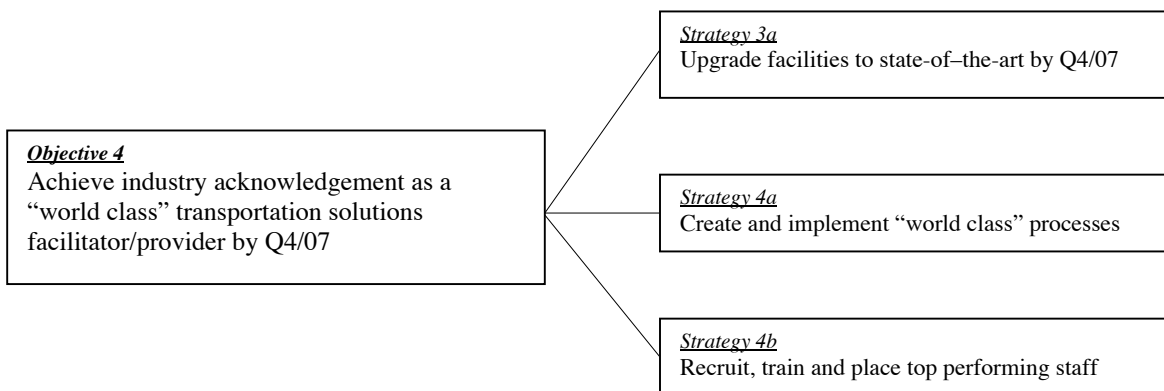
Upgrade facilities to state-of-the-art by Q4/07

Oakland has been competitively disadvantaged by facilities that are smaller and less modern than those in both areas. Over the plan period we will invest in upgrades in technology and infrastructure to the Port’s facilities and work with our tenants to support improvements that will have mutual benefits.

Maritime Division

Objective 4

Achieve industry acknowledgement as a “world class” transportation solutions facilitator/provider by Q4/07



“World class solutions provider” can mean many things. For us it means being ranked among the world’s premier seaports in the world in the areas of People, Processes and Facilities :

- People of the highest caliber and best trained
- Technology integrated across processes to speed cargo and information throughout the transportation system
- Internal processes are consistent and designed to constantly improve based on customer feedback and internal metrics
- State of the art port-provided equipment and facilities
- Recognized for sensitivity toward community, environmental and social equity issues
- Maintaining or improving a level of return on investment (ROI) for maritime activities sufficient to enable reinvestment by the financial markets
- Having a comprehensive supply chain knowledge base by market segment
- Being an added-value provider
- Being “inside the customer’s head” to enable us to anticipate problems and craft solutions
- Working with global logistics 3PLs and other supply chain “players” to become an integral part of solution

Strategic Marketing Plan

Strategies to Become “World Class”

Strategy 3a

Upgrade facilities to state-of-the-art by Q4/07

The Port has been competitively disadvantaged by facilities that are smaller and less modern than competing ports. Over the plan period we will invest in upgrades in technology and infrastructure to the Port's facilities and work with our tenants to support improvements that will have mutual benefits.

Strategy 4a

Create and implement “world class” processes

We will use the information gained from customers, suppliers and from benchmarking other well-regarded ports to redesign all processes to eliminate inefficiencies and conflicts and to improve effectiveness.

Strategy 4b

Recruit, train and place top performing staff

Our staff will be the best in the business. We will recruit, train, measure, recognize and reward our staff for superior performance.

Maritime Division

Objective 5

Achieve recognition as a vital contributor to the Port Authority of ABC and the local community by Q4/07

Objective 5

Achieve recognition as a vital contributor to the Port and the local community by Q4/07

Strategy 5a

Meet or exceed the targeted return on investment

While achieving its targeted return on investment will ultimately produce the most tangible and significant benefits to the community, the Maritime Division has identified a number of initiatives, some of which are already underway, to contribute to its community beyond the financial return of its investments in terminal acreage and facilities. Although not specifically marketing related, the initiatives listed below, will demonstrate the Port's commitment to social equity and environmental concern. This, in turn, will enhance the reputation of the Port and in doing so can advance the effort of creating a distinct and differentiated image in the minds of customers.

Initiatives

- ▶ West Area Renovation Movement
- ▶ Environmental Impact Mitigation and Innovation
- ▶ "Mack at Sea"
- ▶ Social Responsibility Department involvement on all Maritime Division projects
- ▶ Active communication of Maritime Division benefits to the community

Strategic Marketing Plan

Strategies to Maximize Overall Contribution

Strategy 5a

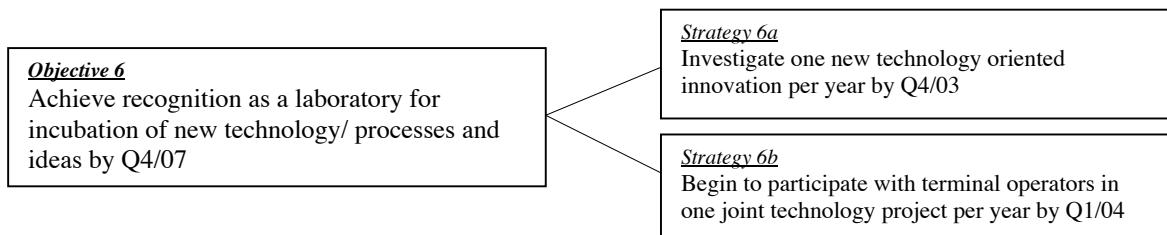
Meet or exceed the targeted return on investment

The investments in process improvement, facilities upgrades and staff development that are contemplated in this plan are intended to generate returns that will exceed the budgetary targets. We will carefully control our costs and ensure that expenditures are reasonable, prudent and clearly directed towards advancing our stated objectives.

Maritime Division

Objective 6

Achieve recognition as a laboratory for incubation of new technology/processes and ideas by Q4/07



1. Creation of Port-wide web portal
 - links to carriers terminals, operators, RRs, truckers, Synchronet, hazmat permitting, web cams, overweight/special cargo permitting, airport – air cargo.
2. Create on-line billing and payment system
3. Provide sailing schedules related to Port arrival/departure, gate cutoffs, rail schedules
4. Provide a test site for new security equipment and processes (e.g. X-ray interface with cranes)
5. Provide a test site for crane productivity enhancements using technology
6. Provide a test site for environmentally friendly equipment (e.g. solar powered cranes)
7. Develop a methodology to encourage new employment candidates to the port and industry

Strategic Marketing Plan

Strategies to Incubate New Technology/Processes/Ideas

Strategy 6a

Investigate one new technology oriented innovation per year by Q4/03

It is a fact that technology abounds. The challenge today is not to find opportunities to employ technology, but rather how to select from the many differing solutions that are offered in the marketplace. Our intent is to conduct an ongoing “technology scan” to identify the applications that are mature enough to be “industrial strength”, advanced enough to avoid early obsolescence, and with a large enough “installed base” to be applicable to our customers, suppliers and sales channel partners. We will identify one candidate technology for investigation and review each year over the plan period. We will invite vendors, customers and suppliers to nominate applications, and we will benchmark other ports to determine “best in class” applications.

Strategy 6b

Begin to participate with terminal operators in one joint technology project per year by Q1/04

We will actively participate with our tenant terminal operators to support the introduction of technology where such an implementation will have mutual benefits. We will be pro-active in identifying such technology and encouraging its adoption by the terminal operators. We will support the migration of successful technology among all users of Port facilities and acreage.

Maritime Division

The Marketing Strategy Formulation Framework

The following “centerfold” page contains a schematic view of the strategic marketing plan. Following the logic described in this chart developed the process of determining which projects and programs will be undertaken during the plan period. It is intended to display how the individual projects and programs are generated by the selected strategies, which are driven by the objectives, which are, in turn, are created to achieve the vision and mission.

This format follows the conceptual development from high-order to lower-order, proceeding left-to-right. That is to say that our Guiding Principles (Vision, Mission and The Seven Attributes) are the elements that give rise to the Objectives. The Objectives, are “what we intend to do” to accomplish our Mission and achieve our Vision. The Strategies then, describe “how we intend to do it.” And finally the Tactics are the specific action plans, projects and programs that enact the strategies. Lastly, Accountabilities are shown for each tactical project/program. The Appendix contains specific task plans and resource requirements for each tactical project/program.

This format is useful to insure that the marketing plan is congruent with other Maritime Division plans and the overall Port Authority of ABC Strategic Plan.

Strategic Marketing Plan

Project Summary

The department has budgeted \$2.0 Million in 2003 to accomplish its goals

This budget will enable the department to undertake the projects summarized on the following pages. It does not fund any new infrastructure or other equipment that may be necessitated by the implementation of the initiatives cited herein. As the benefits of these opportunities become apparent it can be expected that the department may submit for additional off-budget funding to complete the projects.

	FY 2003 <u>Projected</u>
Salaries	\$XXX,XXX
Total Payroll	<u>\$XXX,XXX</u>
- Other Administrative –	
Travel & Auto	XXX,XXX
Stationery and Supplies	XX,XXX
Technology and Communications	XX,XXX
Professional Services	XXX,XXX
Advertising and Promotion	XXX,XXX
Total Other Administrative	<u>\$XXX,XXX</u>
Total Expense	<u>\$X,XXX,XXX</u>
Contingency – 10%	\$XXX,XXX
Total	\$X,XXX,XXX

All dates are in the "calendar" year format

Guiding Principles

Vision

We are recognized by all our constituencies as the world's premier seaport; measured by quality processes, customer satisfaction, operational efficiency, market size and share, innovation, and by contributions to our organization, our community and our environment.

Mission

The mission of the Maritime Division is to develop, promote and manage modern terminal facilities, services and programs that stimulate international business and trade; provide increased revenue to support the overall mission of the Port; and promote economic growth in the Area.

- Seven Attributes**
- ▶ Customer Focus
 - ▶ Action-Level Decision-Making
 - ▶ Accountability
 - ▶ Teamwork
 - ▶ Information Sharing
 - ▶ Learning from Mistakes
 - ▶ Ongoing Change

Objectives

- Objective 1** (see page 14)
Create a customer-focused organization characterized by customer intimacy, quick response, continuous improvement and value-added products and services by Q4/07
- Objective 2** (see page 16)
Secure and maintain a [] share of U.S. west coast containerized cargo markets by Q4/07
- Objective 3** (see page 18)
Maximize the utilization of maritime facilities/terminals and other physical assets by Q4/07
- Objective 4** (see page 20)
Achieve industry acknowledgement as a "world class" transportation solutions facilitator/provider by Q4/07
- Objective 5** (see page 22)
Achieve recognition as a vital contributor to the Port of Oakland and the local community by Q4/07
- Objective 6** (see page 24)
Achieve recognition as a laboratory for incubation of new technology/processes and ideas by Q4/07

Strategies

- Strategy 1a** (see page 15)
Identify and catalog information on customers' needs, requirements, and wants. Determine motivators, decision variables and decision processes by Q4/03
- Strategy 1b** (see page 15)
Identify and group customers in terms of how they "touch" the Port and interface with the Port's people, processes and facilities by Q1/04
- Strategy 1c** (see page 15)
Develop a customer satisfaction management process by Q4/03
- Strategy 2a** (see page 17)
Develop and implement a results-oriented, customer-focused sales process by Q4/03
- Strategy 2b** (see page 17)
Grow intermodal volume by 300% by Q4/07
- Strategy 3a** (see page 19)
Upgrade facilities to state-of-the-art by Q4/07
- Strategy 4a** (see page 21)
Create and implement "world class" processes
- Strategy 4b** (see page 21)
Recruit, train and place top performing staff
- Strategy 5a** (see page 23)
Meet or exceed the targeted return on investment
- Strategy 6a** (see page 25)
Investigate one new technology oriented innovation per year
- Strategy 6b** (see page 25)
Begin to participate with terminal operators in one joint technology project per year by Q1/04

Tactics

- Program 1a1** (see page 28)
Survey customers to determine needs and importance by Q3/03
- Program 1a2** (see page 30)
Develop a standardized customer profiling process by Q4/03
- Program 1b1** (see page 31)
Create product definitions that map to customers needs by Q4/03
- Program 1b2** (see page 32)
Set goals and measures for customer related processes by Q4/03
- Program 1c1** (see page 34)
Develop a customer satisfaction survey by Q3/03
- Program 1c2** (see page 36)
Develop a customer communications process by Q4/03
- Program 2a1** (see page 38)
Reconfigure the sales force, focus on intermodal market by Q3/03
- Program 2b1** (see page 42)
Study feasibility of regional port collaboration by Q4/04
- Program 2b2** (see page 44)
Study feasibility of inland mini-port and micro-port by Q4/04
- Program 2b3** (see page 46)
Study feasibility of sea/air product by Q4/04
- Program 3a1** (see page 48)
Support Government Affairs to secure funding for dredging and CIRIS projects.
- Program 3a2** (see page 50)
Coordinate with Engineering to create a Maritime Development Plan
- Program 4a1** (see page 51)
Support ISO 9001 certification of all support divisions by Q3/05
- Program 4a2** (see page 52)
Benchmark "best in class" ports
- Program 4a3** (see page 53)
Collaborate with global logistics 3PLs and others
- Program 4b1** (see page 54)
Implement formal HR program including compensation program, and periodic performance reviews
- Program 5a1** (see page 55)
Meet or exceed annual revenue and expense goals
- Program 6a1** (see page 56)
Implement Web portal by Q1/04
- Program 6a2** (see page 57)
Implement on-line billing by Q4/04
- Program 6b1** (see page 58)
Expand Synchronet deployment by Q4/04

Accountabilities

- General Manager, Business Development
Program 1a1 Owner
Q3/03
Completion Date
- General Manager, Business Development
Program 1a2 Owner
Q4/03
Completion Date
- Maritime Director
Program 1b1 Owner
Q4/03
Completion Date
- General Manager, Business Development
Program 1b2 Owner
Q4/03
Completion Date
- General Manager, Business Development
Program 1c1 Owner
Q3/03
Completion Date
- General Manager, Business Development
Program 1c2 Owner
Q4/03
Completion Date
- Maritime Director
Program 2a1 Owner
Q3/03
Completion Date
- Maritime Director
Program 2b1 Owner
Q4/04
Completion Date
- Maritime Director
Program 2b2 Owner
Q4/04
Completion Date
- Maritime Director
Program 2b3 Owner
Q4/04
Completion Date
- Maritime Director
Program 3a1 Owner
Q4/07
Completion Date
- Maritime Director
Program 3a2 Owner
Q4/07
Completion Date
- Maritime Director
Program 4a1 Owner
July 2005
Completion Date
- Maritime Director
Program 4a2 Owner
Q3/03
Completion Date
- General Manager, Business Development
Program 4a3 Owner
Q3/03
Completion Date
- Maritime Director
Program 4b1 Owner
Q3/03
Completion Date
- Maritime Director
Program 5a1 Owner
Q3/03
Completion Date
- Maritime Director
Program 6a1 Owner
Q1/04
Completion Date
- Maritime Director
Program 6a2 Owner
Q4/04
Completion Date
- Maritime Director
Program 6b1 Owner
Q4/04
Completion Date

Appendices

Project/Program Details

Project 1a1 – Customer Survey.....	A2
Project 1a2 – Customer Profiling Process.....	A4
Project 1b1 – Product Definitions.....	A5
Project 1b2 – Process Goals and Measures.....	A6
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Project 2a1 – Reconfigure Sales Force.....	A12
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Project 2b3 – Sea/Air Product Development.....	A20
Project 3a1 – Facilities Upgrade.....	A22
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Project 4a1 – ISO Certification.....	A25
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Project 4a3 – Collaboration.....	A27
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Project 5a1 – Manage Net Contribution.....	A29
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Product Features

Ocean Carriers.....	A33
Terminal Operators.....	A34
Importers/Exporters.....	A35

Maritime Division

Project 1a1 - Customer Survey

Survey customers to determine needs and importance

Business case: necessary to create a baseline understanding of customer needs and buying behaviors

Expected return: sales leads in identified segments

Project Manager: General Manager, Business Development and Marketing

Start Date: Q3/03

Finish Date: on-going, bi-annual

Resources required: assistance from strategic planning group and outside contractor

People: 1 part time and contractor staff

Equipment: n/a

Systems: data base application software (ACT?)

Budget: \$xxxxk over 5 years

Completion criteria: survey results report

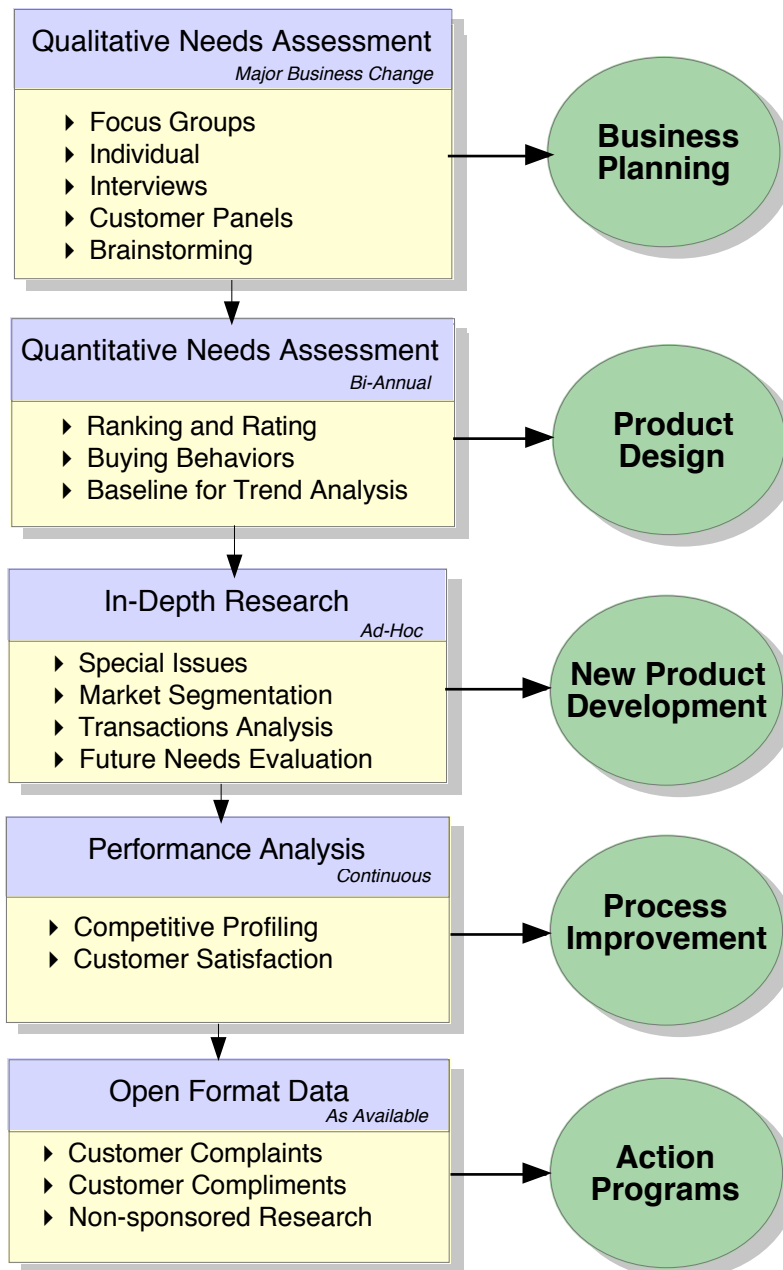
Task list:

1. select contractor
2. identify prospective customers, decision makers and decision process
3. cluster and classify by commodity group
4. select population and sample
5. develop and pre-test questionnaire
6. determine delivery mechanism(s)
7. develop report formats
8. conduct survey
9. analyze results
10. distribute reports

Strategic Marketing Plan

Information is essential to success.

Getting reliable information often requires special expertise. Knowing what kind of information is useful and how to get it is the first step. Knowing how to use it once we have it is the key. The diagram below describes the kinds of research we expect to undertake to enable us to achieve actionable results.



Maritime Division

Project 1a2 - Customer Profiling Process

Develop a standardized customer profiling process by Q1/03

Business case: create a common repository of relevant customer related data for sales analysis and action planning

Expected return: account management, sales management tool, improved resource allocation

Project Manager: Manager, Marketing Administration

Start Date: Q2/03

Finish Date: on-going, annual review

Resources required: each sales rep to populate, admin staff to monitor and update

People: part of sales and admin function

Equipment: laptop computers, wireless modems, cellular phones

Systems: data base application software (ACT?)

Budget: \$xx for equipment

Completion criteria: customer profile form

Task list:

1. catalog info currently on file
2. determine additional information necessary
3. evaluate existing formats
4. scan competitors and suppliers for alternatives
5. create preliminary format
6. populate profiles with existing information
7. integrate into sales process and performance review

Strategic Marketing Plan

Project 1b1 - Product Definitions

Create product definitions that map to customers needs by Q2/03

Business case: necessary to create differentiation, a business fundamental

Expected return: increased revenue and margin

Project Manager: Maritime Director

Start Date: Q1/03

Finish Date: Q2/03

Resources required: Maritime Director and G.M. Business Development and Marketing

People: department staff

Equipment: n/a

Systems: n/a

Budget: n/a

Completion criteria: product definitions documented

Task list:

1. identify “touch points” between customers and the Port
2. determine the Port processes that affect customers
3. develop process metrics
4. aggregate processes into logical groups
5. categorize process groups by segment
6. publish, circulate and promote

Maritime Division

Project 1b2 - Process Goals and Measures

Set goals and measures for customer related processes by Q4/03

Business case: business fundamental

Expected return: definition and delivery of product/service

Project Manager: General Manager, Business Development and Marketing

Start Date: Q3/03

Finish Date: Q3/03

Resources required: assistance from operations group and admin

People: G.M. Marketing, G. M. Operations

Equipment: n/a

Systems: n/a

Budget: n/a

Completion criteria: process metrics report

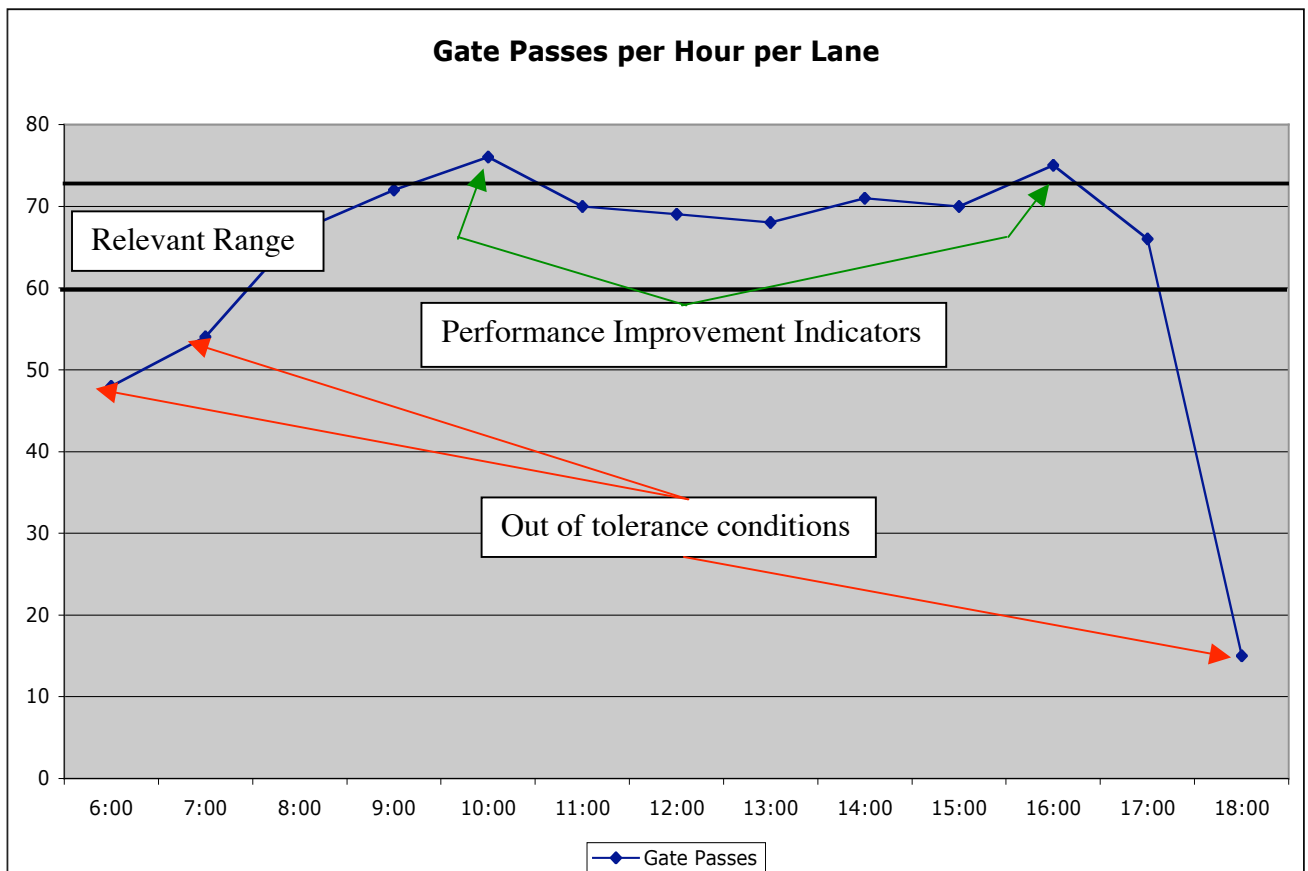
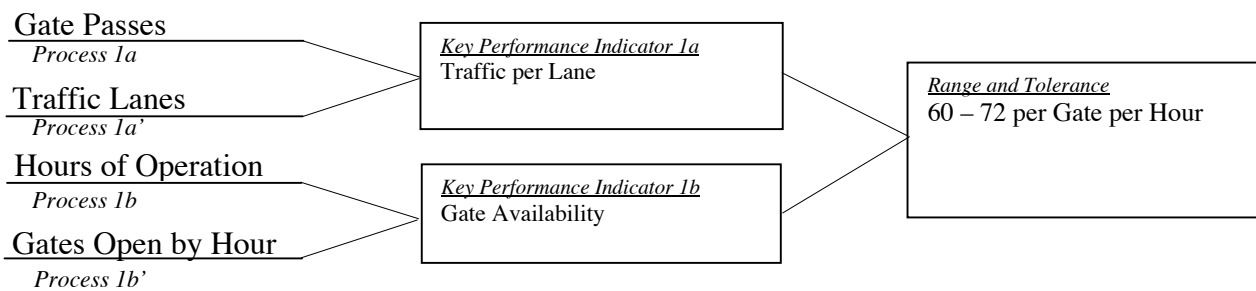
Task list:

1. identify each core process
2. determine process output
3. determine variability and relevant range of processes
4. determine output performance measures
5. determine frequency of measurement
6. establish baselines
7. compare to customer requirements
8. set improvement goals
9. periodic monitor and review

Strategic Marketing Plan

Each Process will have identified one or more Key Performance Indicator, Range and Tolerance

In this hypothetical example we would analyze the truck movement into/out of the Port. The four processes are identified at the left, a Key performance Indicator for each is determined and the range and tolerance are shown on the chart.



Maritime Division

Project 1c1 - Customer Satisfaction

Develop a customer satisfaction survey by Q3/03

Business case: entry-level platform for process improvement

Expected return: detailed, quantifiable understanding of market perception

Project Manager: General Manager, Business Development and Marketing

Start Date: Q4/03

Finish Date: on-going

Resources required: possible assistance from outside contractor

People: G.M. Marketing

Equipment: n/a

Systems: analytical software, data base

Budget: n/a

Completion criteria: customer satisfaction report

Task list:

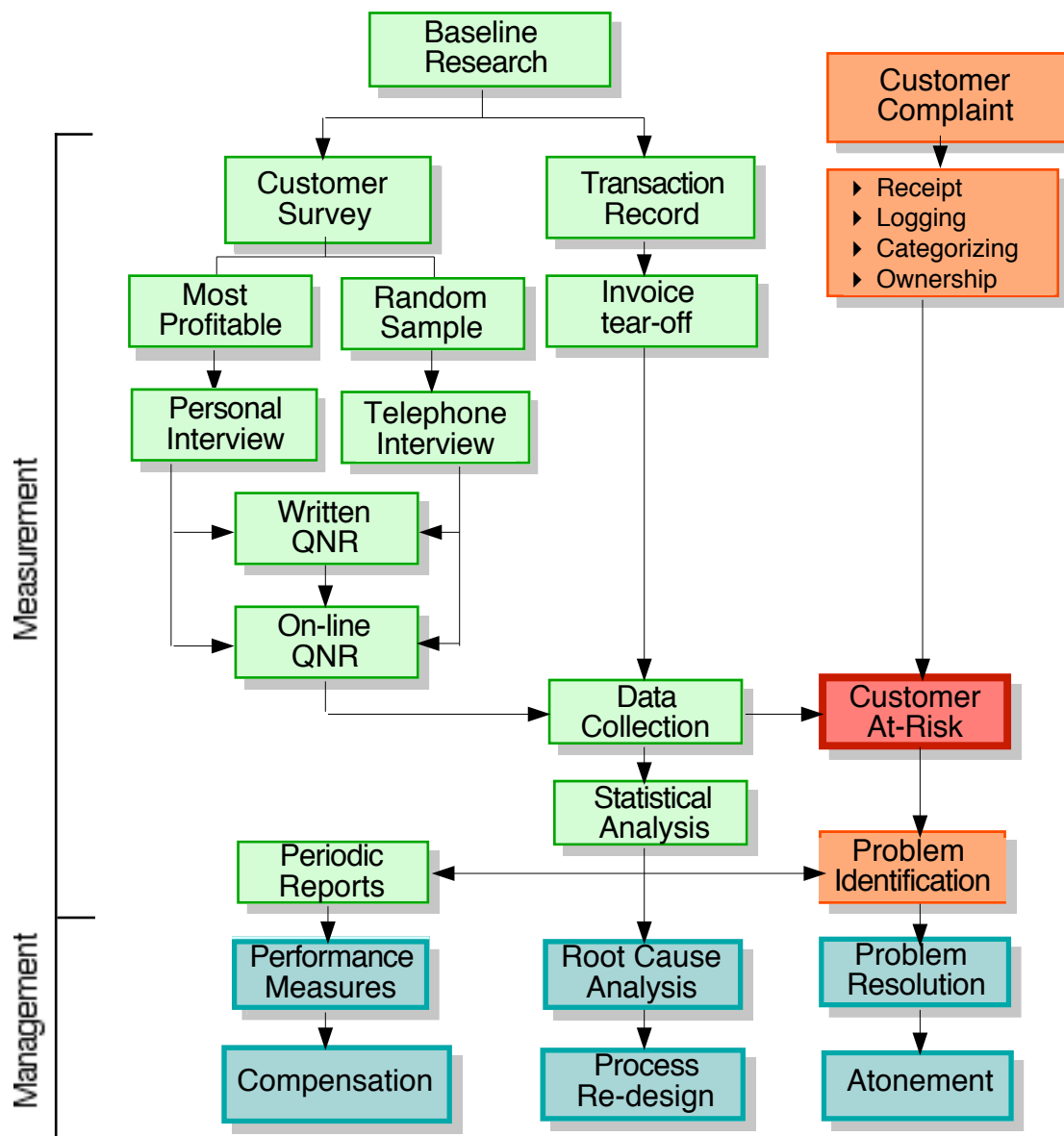
1. complete baseline research
2. create survey tool
3. identify population and stratification desired
4. determine survey methodology
5. determine frequency of measurement
6. determine follow-up process
7. link to sales call plan and call cycle
8. create database
9. collect and analyze data
10. determine uses, publications and rewards

Strategic Marketing Plan

Customer Satisfaction Management

Customer satisfaction goes beyond mere measurement it includes using the data to improve, motivate and, when appropriate, atone for failure.

The model shown below describes the elements of a customer satisfaction management process. Over the plan period we will implement such a process, in stages, to ensure that our customers receive and acknowledge, “world class” service from the Port.



Maritime Division

Project 1c2 - Customer Communications

Develop a customer communications management process

Business case: create awareness and preference among customers and prospects

Expected return: shortened sales cycle, increased revenue

Project Manager: General Manager, Business Development and Marketing

Start Date: Q4/03

Finish Date: on-going

Resources required: Communications Dept. assistance, Ad Agency

People: G.M. Marketing,

Equipment: n/a

Systems: analytical software, database

Budget: \$xxx per year publications and ad placements program

Completion criteria: communications plan

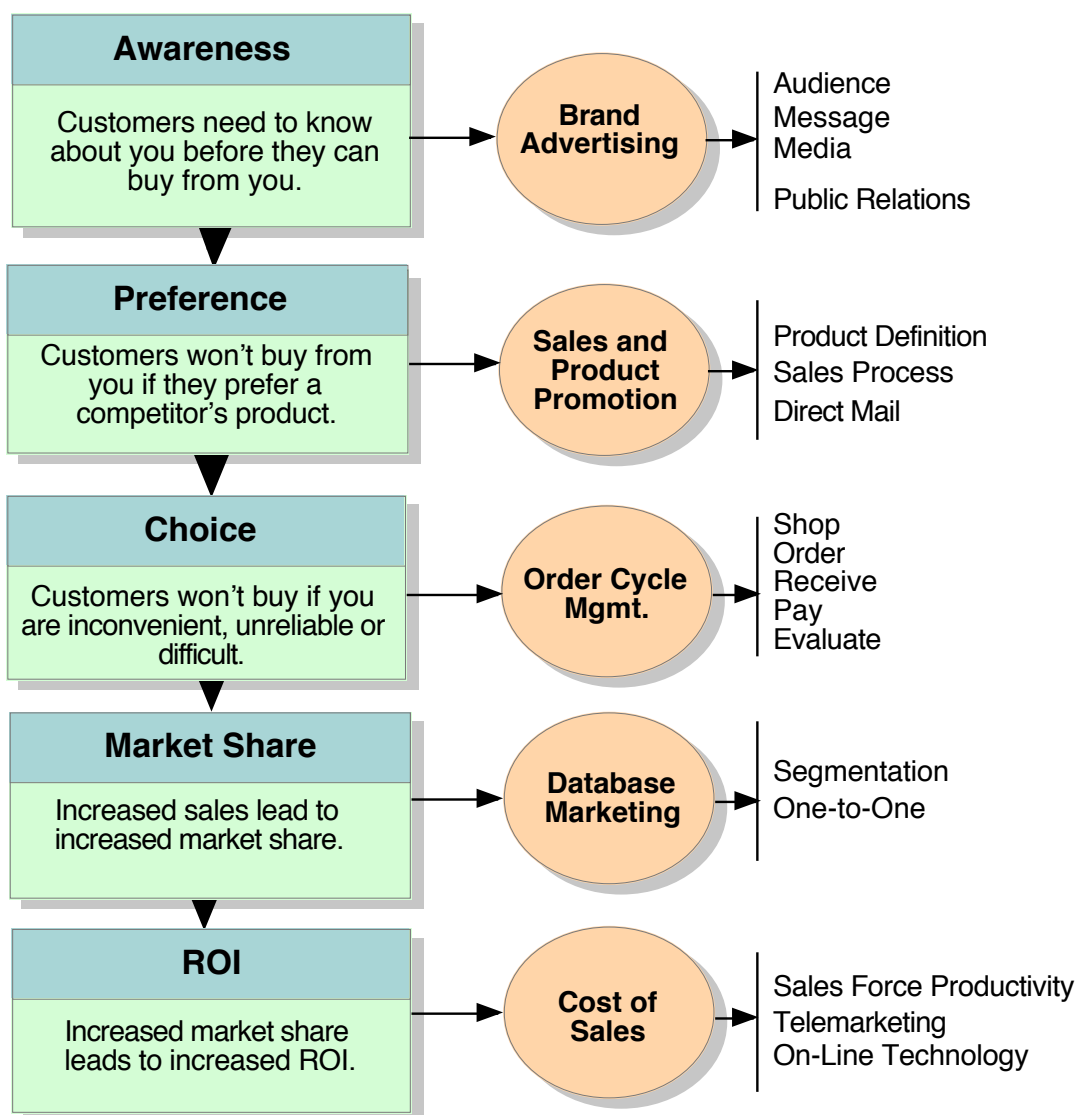
Task list:

1. identify most appropriate medium for each segment
2. create clear and concise marketing messages
3. create sales tools for each segment
4. attend appropriate trade shows and conventions
5. produce a quarterly customer newsletter
6. issue periodic press releases (1 per month min.)
7. produce brochures and other publication
8. produce product profiles for each segment
9. evaluate "white paper" program

Strategic Marketing Plan

For differentiated products a direct relationship exists between marketing proficiency and Return on Investment.

The diagram below illustrates the practical approach to marketing communications we will use to increase market share and profitability.



Maritime Division

Project 2a1 – Reconfigure Sales Force

Reconfigure the sales force to focus on highest potential market segments

Business case: to focus our sales resources on market segments that have the greatest potential for immediate contribution of additional volume

Expected return: increased volume and improved market share

Project Manager: Maritime Director

Start Date: July 1, 2003

Finish Date: on-going

Resources required:

People: x full time employees

Equipment: same as cited in project 1a2

Systems: cargo movement database

Budget: \$x MM (headcount)

Completion criteria: all positions filled

Task list:

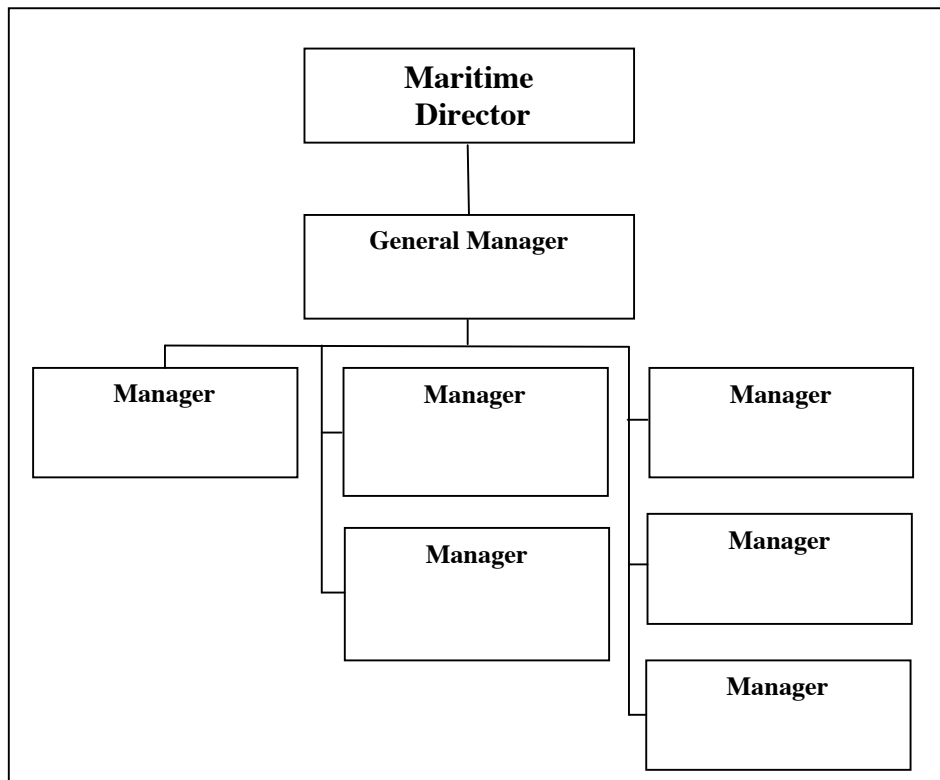
1. realign sales job descriptions to reflect new accountabilities by market segment or specialty
2. determine the required skills and experience and the appropriate recruitment/selection process
3. evaluate incumbent sales team for aptitude in the new roles
4. conduct external recruitment for vacant positions
5. select and hire best candidates
6. conduct in-depth orientation program
7. perform periodic performance assessments

Strategic Marketing Plan

Marketing Organization

We will staff for success. Our organization will reflect our focus on market segments while continuing to support our traditional customers

Proposed organization:



Reporting to the General Manager, Business Development and Marketing will be three marketing managers each with responsibility for a specific market segment. These segments were selected because they have the highest growth potential and we have some familiarity/experience with these cargoes.

In addition we will have a general commodities export manager and a general commodities import manager position reporting to the General Manager. These positions will hold responsibility for soliciting volume (eastbound and westbound) to the Port from all segments other than the specialists.

Supporting these field marketing managers will be an administrative manager. This position will hold responsibility for the creation and maintenance of all information systems and processes related to marketing, thus relieving the field managers of administrative burden and permitting them to maximize their time conducting customer contact.

Maritime Division

The Import Market

Shown below are market sizes and shares of the import commodities that are among the fastest growing and among which The Port has a measurable current share

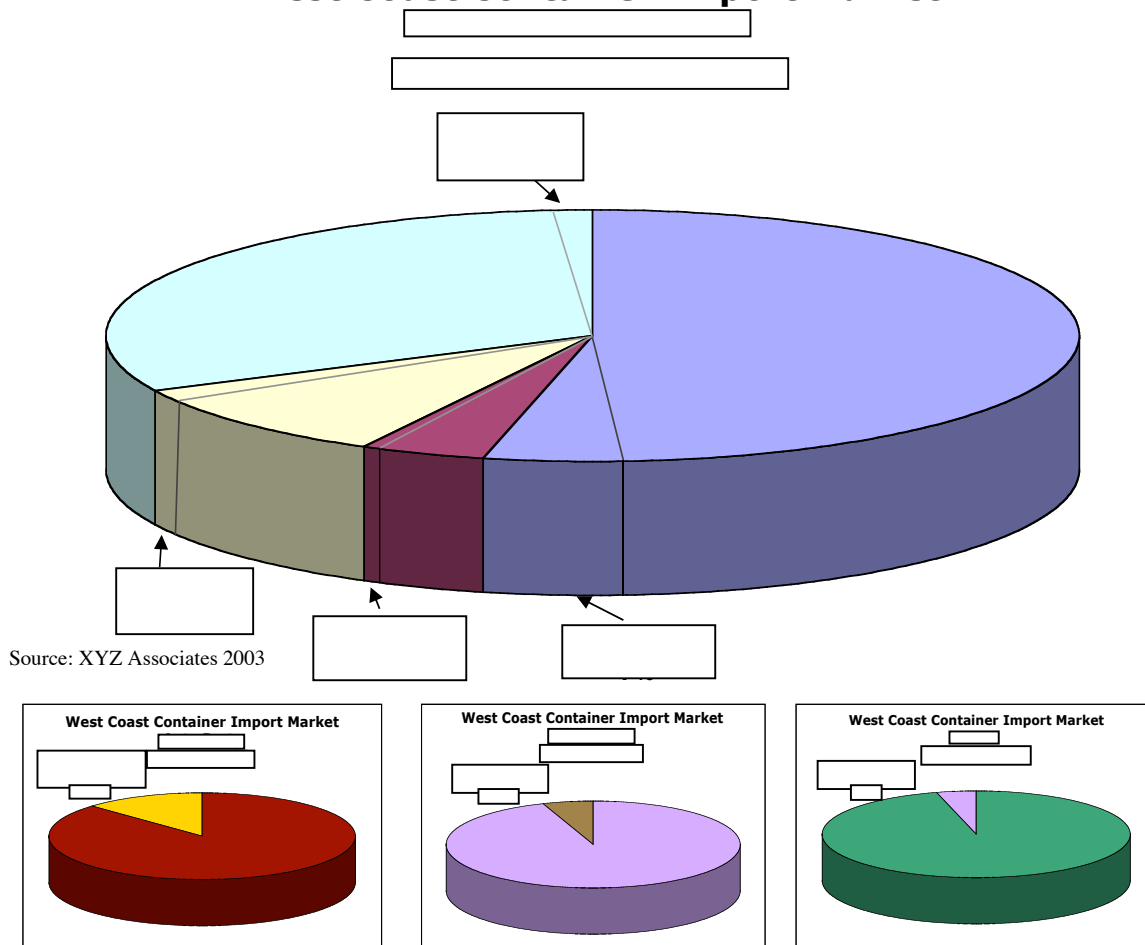
The market for xxx is xxx,xxx teu – the Port enjoys xx,xxx teu, a x% share

The market for xxx* is xxx,xxx teu – the Port enjoys xx,xxx teu, a x% share

The market for xxx** is x,xxx,xxx teu – the Port enjoys xx,xxx teu, a x% share

The total import market is x,xxx,xxx teu – the Port enjoys xxx,xxx teu, a x% share

West Coast Container Import Market



* Segment is defined as those products commonly sold by large specialty merchants such as xx or xx. For purposes of illustration we calculated the shares of a “market basket” of typical products.

** Segment is defined as those products commonly sold by large merchants such as xx or xx Stores. For purposes of illustration we calculated the shares of a “market basket” of 14 typical products.

Strategic Marketing Plan

The Export Market

Shown below are market sizes and shares of the export commodities among which The Port has a measurable current share

The export market for xx is xxx,xxx teu - the Port enjoys xx,xxx teu, a x% share

The export market for xx is xx,xxx teu - the Port enjoys xx,xxx teu, a x% share

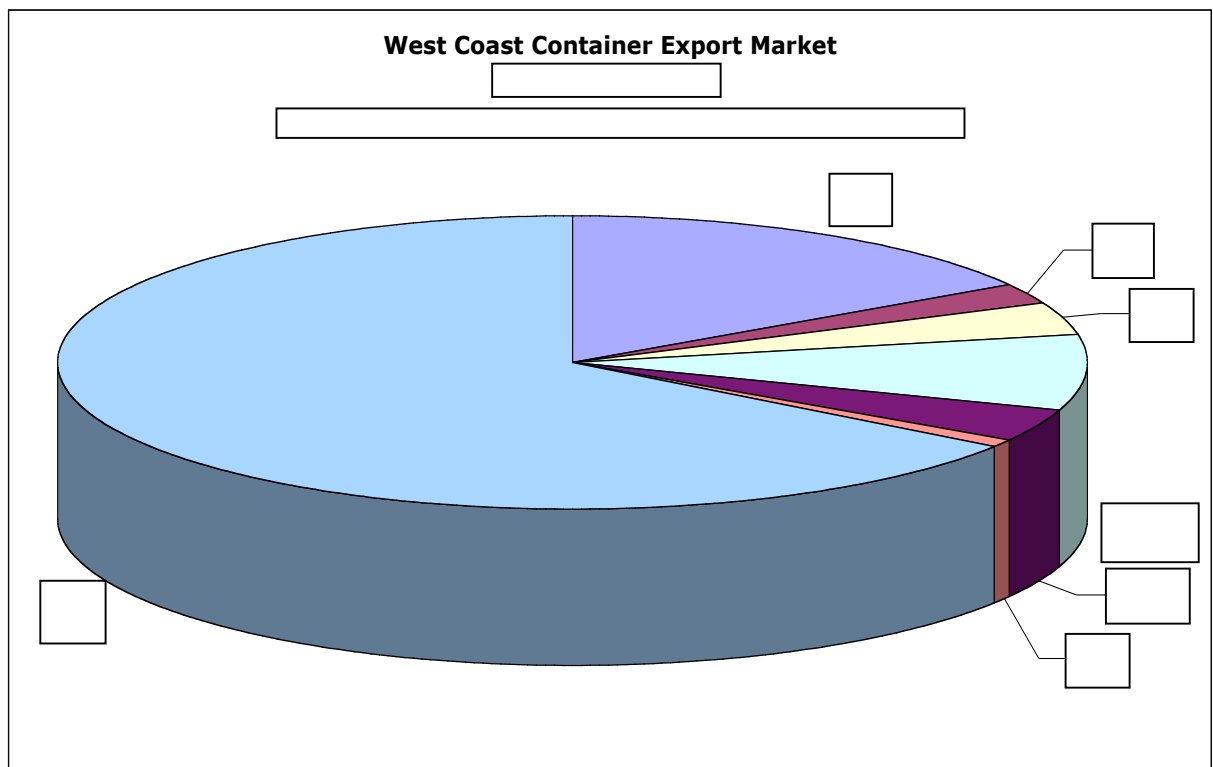
The export market for xx is xxx,xxx teu - the Port enjoys xx,xxx teu, a x% share

The export market for xx is xxx,xxx teu - the Port enjoys xx,xxx teu, an x% share

The export market for xx is xx,xxx teu - the Port enjoys xx,xxx teu, a x% share

The export market for xx is xx,xxx teu - the Port enjoys xx,xxx teu, a x% share

The total export market is x,xxx,xxx teu - the Port enjoys xxx,xxx teu, a x% share



Source: XYZ Associates 2003

Maritime Division

Project 2b1 – Regional Port Collaboration

Study feasibility of regional port collaboration by Q4/04

Business case: to extend our “reach” into interior markets, access lower cost land and facilities, rationalize cargo flow, increase capacity and improve economics.

Expected return: intermodal volume growth

Project Manager: Maritime Director

Start Date: Q2/03

Finish Date: on-going

Resources required:

People: n/a

Equipment: n/a

Systems: n/a

Budget: n/a

Completion criteria:

Task list:

1. identify potential volumes and target customers
2. obtain and review previous analyses of freight flows, modes and alternatives
3. meet with individual port directors to determine potential areas of synergy and conflict
4. meet with selected carriers, terminal operators, customers to quantify opportunities
5. prepare a hypothetical test case to identify potential pitfalls and estimate returns
6. convene a working session among all participants to determine if, and how, to proceed
7. conduct pilot project
8. expand to include additional locations and accounts

Strategic Marketing Plan

The Regional Port Cooperative

An opportunity to create a mutually beneficial port authority to capitalize on the varied resources of regional ports

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Maritime Division

Project 2b2 – Inland Port Development

*Study feasibility of inland mini-port and micro-port
by Q4/04*

Business case: determine if positioning Port services closer to the actual origin/destination of international containerized cargo will increase awareness, demonstrate innovation, and attract additional volume

Expected return: intermodal volume growth

Project Manager: Maritime Director

Start Date: Q2/04

Finish Date: Q4/04

Resources required: consultant

People: n/a

Equipment: n/a

Systems: n/a

Budget: \$30k

Completion criteria: Feasibility study completed – report delivered

Task list:

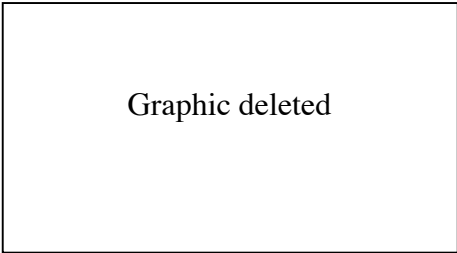
1. identify candidate locations
2. estimate potential volumes and revenues
3. estimate costs and other liabilities
4. identify project consultant
5. establish research parameters
6. conduct study
7. review results
8. based on results conduct pilot project
9. expand to other locations

Strategic Marketing Plan

An Example: Mini-Port at an inland ramp, a Micro-Port at the QRS facility at an interior point

The suggested concept is to create an extension of the full capabilities of the Port Authority of ABC beyond the physical boundaries of the Port itself and place this extension as close to the prospective customer as possible, up to and including, on his property at the origin/ destination location.

The example shown below suggests a potential mini-port location at the inland rail ramp of the Union Pacific. In this scenario the Port would contract with the UP to run a scheduled “sprint” train along their central corridor with departure and arrival times suitable for the automobile manufacturers. The Port would offer rates and services to parts and related importers as if the cargo were to conclude its international transit at an inland ramp.



Graphic deleted

Similarly, the Port Authority of ABC might establish a full service facility for selected customers right on their premises. In the example above the Port Authority of ABC would have representation and functionality on-site for a Manufacturing Company at their interior plant.

The advantages for both the Port and the customer are obvious. The additional opportunity is to attract international volume at the mini/micro locations and have it already immediately routed through the Port at the beginning of its transit journey.

Maritime Division

Project 2b3 – Sea/Air Product Development *Study feasibility of sea/air product by Q4/04*

Business case: to determine if possible to exploit the convenient proximity of a major Int'l Airport with the Port to offer new services to importers having widely distributed networks and time sensitive products

Expected return: increased intermodal volume

Project Manager: Maritime Director, G.M. Marketing

Start Date: Q2/04

Finish Date: Q4/04

Resources required: assistance of Airport Director

People: n/a

Equipment: n/a

Systems: n/a

Budget: n/a

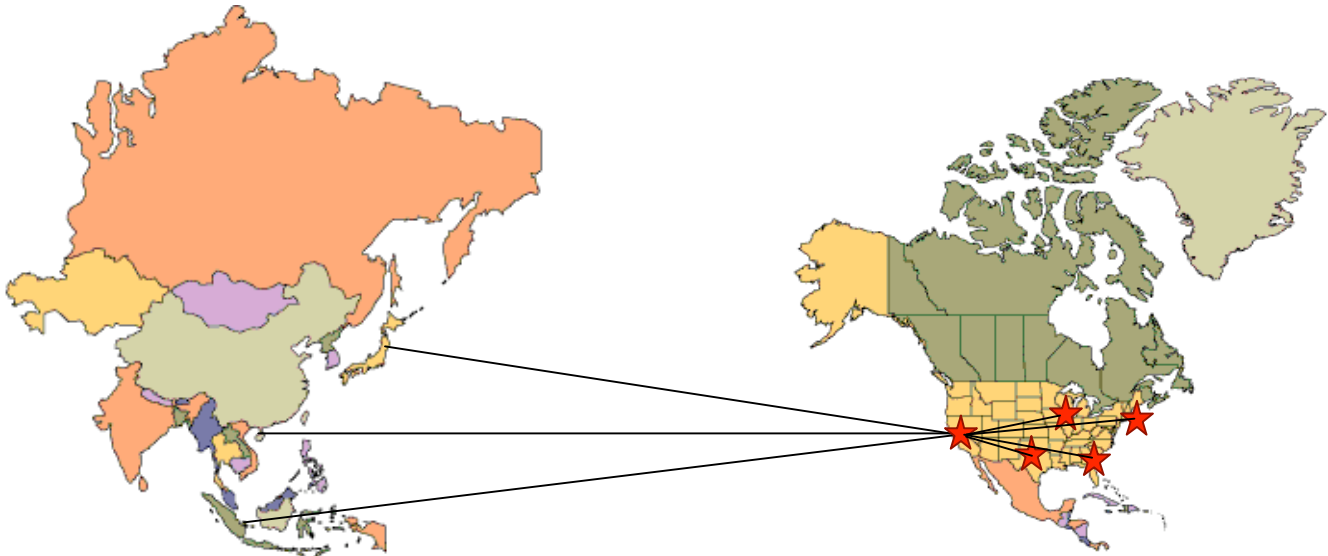
Completion criteria: pilot test completed

Task list:

1. identify potential customer(s) and volumes
2. determine test parameters
3. identify carriers and other participants
4. determine customs/security requirements
5. determine documentation process
6. develop a trial procedure, estimate costs, revenues, margins, and splits
7. identify target accounts
8. conduct pilot test
9. expand to other accounts

Strategic Marketing Plan

Sea-Air product example: cargo from Asia shipped to Port Authority of ABC then moved to the International Airport for immediate movement into the U. S. interior



We are currently exploring such an opportunity with selected participants. In this case, The customer originates cargo in Japan destined for several points within the United States. The ocean carrier, discharges the cargo at the Port Authority of ABC and consigned to a transportation facility where it is de-consolidated and reshipped via an airfreight service to its ultimate destination.

This cargo previously would move in containers through a competing port to the interior point (the headquarters location of the customer) for processing and reshipe to points beyond.

Maritime Division

Project 3a1 – Facilities Upgrade

Support Government Affairs program secure funding for dredging and other projects.

Business case: acquire necessary channel draft and intermodal infrastructure to compete with major ports

Expected return: maximum levels of funding for projects beneficial to the Port

Project Manager: Mgr. Gov't Affairs, G.C. Export Manager, Marketing Team

Start Date: As soon as practical

Finish Date: on-going

Resources required: collaboration to produce a compelling case

People: n/a

Equipment: n/a

Systems: n/a

Budget: n/a

Completion criteria: funding approval

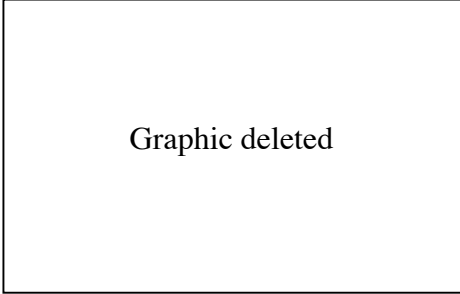
Task list:

1. conduct cargo flow analyses to determine impact by congressional district
2. develop a formal “public ombudsman” type function for advocacy
3. obtain and distribute customer/user input on project-related topics
4. conduct quarterly meetings with Gov't Affairs staff to give/receive status updates
5. search for value-added opportunities
6. support rail infrastructure upgrades such as UP clearance improvements
7. prepare and submit periodic progress reports to Maritime Director

Strategic Marketing Plan

Interregional Rail Intermodal Shuttle

A concept to connect the Port to nearby inland facilities with lower costs and greater capacity



Graphic deleted

Maritime Division

Project 3a2 – Maritime Development Plan

Coordinate with Engineering to create a flexible and dynamic Maritime Development Plan

The Port Authority of ABC's Vision 2000 Program has added substantially to the Port's ability to serve the maritime freight market. The conversion of the Navy's Fleet Industrial Supply Center into marine and intermodal rail terminals has given the Port some of the most modern facilities. Port operations will shift as a result, allowing tenants to upgrade their operating areas.

The pending conversion of the local Army Base (LARB) is the next and final opportunity for the Port to position itself to meet the maritime freight needs for the region. Beyond the LARB conversion it is clear that substantial expansion of the Port's maritime properties will be limited. The Port will need to plan for accommodation of all future freight movements within an essentially fixed footprint.

Over the next few years the Port will need to accommodate and balance a number of strategic activities while maintaining the Port's full productive capacity. These activities are detailed in the report produced by the Maritime Operations department.

Marketing will work hand-in-glove with Maritime Operations to prepare a development plan That can adapt to a wide variety of circumstances while still protecting the commercial, environmental and social health of the Port and its community.

Strategic Marketing Plan

Project 4a1 – ISO Certification

*Support ISO 9001 certification of all support divisions
by Q4/04*

Business case: compliance with established/emerging industry standards for consistency and superiority in all business processes; meet minimum qualification for largest customers

Expected return: most efficient/cost effective operations; advertising opportunity

Project Manager: Maritime Director in support of Executive Director

Start Date: July 2003

Finish Date: July 2005

Resources required: occasional interface and moral support

People: n/a

Equipment: n/a

Systems: n/a

Budget: n/a

Completion criteria: certification achieved

Task list: none specific, as appropriate to support overall achievement of ISO certification for all departments and functions

Maritime Division

Project 4a2 – Benchmarking *Benchmark “best in class” ports*

Business case: to clearly establish our relative standing vs. the world’s best seaports in terms of service offering/delivery. Develop objective data to overcome the perception that the Port is high-cost/low-service and has poor labor

Expected return: objective measures and tolerances, identify and replicate “best in class” processes,

Project Manager: Maritime Director

Start Date: Q4/03

Finish Date: on-going

Resources required: external resource

People: n/a

Equipment: n/a

Systems: n/a

Budget: \$xxx annual

Completion criteria: recognition as one of the top 10 in at least one significant criterion

Task list:

1. coordinate activities with the strategic planning dept. to actually conduct benchmarking visits to “world class” seaports
2. determine the important standards and measures for each market segment
3. determine desired activities/processes to observe
4. develop a scorecard to publish comparisons when appropriate
5. support independent sponsorship/publication of comparisons when favorable

Strategic Marketing Plan

Project 4a3 – Collaboration

Collaborate with global logistics 3PLs and others to become an integral part of the supply chain solution

Business case: advance the integration, and influence, of the Port into customers supply chain, extend the awareness of the Port among all supply chain participants

Expected return: additional intermodal volumes

Project Manager: G.M. Marketing

Start Date: July 2003

Finish Date: on-going

Resources required:

People: n/a

Equipment: n/a

Systems: undetermined

Budget: n/a

Completion criteria: joint sales programs developed with 3PLs

Task list:

1. identify 3PLs by market segment
2. determine the 3PLs role in the supply chain
3. determine upstream and downstream supply chain links
4. identify “touch points” where the Port can exert leverage to support 3PLs/customers
5. create synergistic solutions to minimize costs and accelerate cargo throughput
6. conduct pilot joint program with selected 3PL
7. expand to other opportunities

Maritime Division

Project 4b1 – Human Resources

Implement formal HR program including compensation program and periodic performance reviews

Business case: to create, support and motivate a “world class” sales team

Expected return: market share and volume growth

Project Manager: Maritime Director

Start Date: July 2003

Finish Date: on-going

Resources required: assistance from Human Resource Department

People: n/a

Equipment: n/a

Systems: n/a

Budget: n/a

Completion criteria: formal performance review completed

Task list:

1. obtain/conduct salary comparison data
2. develop a sales compensation plan including incentive program appropriate to new sales roles
3. develop an intensive orientation program for sales new-hires
4. develop a formal performance appraisal process linked to recognition/reward/compensation
5. provide specialized sales skills training if/when appropriate

Strategic Marketing Plan

Project 5a1 – Manage Net Contribution

Meet or exceed annual revenue and expense goals

Business case: to contribute to the economic vitality of the Port and the community

Expected return: increased income for the Port

Project Manager: Maritime Director

Start Date: immediate

Finish Date: on-going

Resources required: existing personnel and capital assets plus planned additions

People: cited elsewhere

Equipment: cited elsewhere

Systems: cited elsewhere

Budget: cited elsewhere

Completion criteria: contribution growth

Task list:

1. marketing department to actively participate in the development of volume projections and revenue growth goals
2. implement projects and programs to achieve growth and improve efficiency
3. identify and implement new value-added services that will attract new business
4. inventory acreage that is currently under “space assignment”
5. evaluate “space assignment” acreage for high-grading potential

Maritime Division

Project 6a1 – Web Portal

Implement Web portal by Q1/04

Business case: to create a value-added internet-based source of information and access to transportation related sites and services to benefit customers and other publics of the Port

Expected return: recognition as a customer oriented, value-added service provider

Project Manager: Maritime Director

Start Date: Q2/03

Finish Date: Q1/04

Resources required: technology consultant, assistance from Information Services dept.

People: n/a

Equipment: n/a

Systems: web portal development and maintenance

Budget: \$xxx

Completion criteria: web portal active

Task list:

1. acquire a technology resource (web consultant)
2. identify supply chain participants (carriers, 3PIs, intermediaries, regulators, etc.)
3. identify processes to incorporate in the website
4. develop agreements with supply chain stakeholders to share data and provide linkage through the web portal
5. maintain and update website

Strategic Marketing Plan

Project 6a2 – Online Billing

Implement online billing capability by Q4/04

Business case: to improve the efficiency and effectiveness of the billing process, to demonstrate Port innovation, to encourage simplicity in agreements, value added service

Expected return: ease of doing business, increased awareness of Port progressiveness

Project Manager: Maritime Director

Start Date: Q1/04

Finish Date: Q4/04

Resources required: Information Systems Dept.

People: n/a

Equipment: n/a

Systems: new application

Budget: undetermined

Completion criteria: online billing system active

Task list:

1. determine customer needs for electronic receipt of billing data
2. determine off-the-shelf systems availability
3. benchmark competition for “best-in-class”
4. conduct “make or buy” analysis
5. acquire resources
6. select test partner
7. conduct pilot test
8. expand to other users

Maritime Division

Project 6b1 – Synchronet

Expand Synchronet deployment by Q4/04

Business case: demonstrate technological orientation and competence, provide value-added service to customers and other Port users, reduce costs, improve throughput, reduce congestion, reduce impact on local community

Expected return: improved efficiency (power/load matching), improved Port perception

Project Manager: Maritime Director

Start Date: Q2/03

Finish Date: Q4/04

Resources required:

People: n/a

Equipment: n/a

Systems: n/a

Budget: n/a

Completion criteria: adoption of Synchronet technology by tenants and truckers

Task list:

1. conduct joint promotion of system, emphasizing exclusivity, with Synchronet
2. encourage current terminal operators, steamship lines and truckers to adopt the technology
3. obtain necessary agreements to permit “street turns” of container equipment
4. develop a cooperative dispatch system among area truckers
5. issue RFP annually
6. request community input for additional functionality
7. create a technology committee comprised of providers/users and local community representatives to promote the project

Strategic Marketing Plan

Product Features

Ocean Carriers - the kinds of things they need from us

- ▶ Berthing – capacity/availability
- ▶ Terminal Acreage – grounding/wheeled – gate lanes – scales
- ▶ M&R support facilities
- ▶ Cranes
- ▶ Access to highways
- ▶ Labor
- ▶ Synchronet = street turns = efficiency
- ▶ Engineering Support
- ▶ Draft –42’ going to –50’
- ▶ Sales/marketing Force
- ▶ Public Awareness - advocacy

Maritime Division

Product Features

Terminal Operators - Our traditional customers have these needs

- ▶ Cranes
- ▶ Acreage
- ▶ Facilities development (bricks and mortar)
- ▶ Competitive pricing
- ▶ State of the art facilities (layouts, flexibility of cargo handling equipment, lighting, conduits and grids)
- ▶ Productive labor
- ▶ Flexible use provisions
- ▶ Safe and secure facilities
- ▶ Insurance coverage
- ▶ Possessory interest tax

Strategic Marketing Plan

Product Features

Importers/Exporters - The ultimate customers' needs

- ▶ Easy access to port facilities, manufacturing facilities, distribution centers, railroads, terminals etc.
- ▶ Cargo Availability
- ▶ Roadworthy equipment
- ▶ Efficient clearance of cargo (U.S. Customs, USDA, Hazmat)
- ▶ Readily available support services (CFS, transload, temperature control)
- ▶ Seamless rail switching
- ▶ Flexible terminal operating hours and cut-off times
- ▶ Single source for cargo-availability information
- ▶ Sailing schedules
- ▶ Daily bulletin – events notification (e.g. quota updates)
- ▶ Free-time status notification



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