

Full Sail Ahead

As one of the leading providers of shipping tankers in the world, Stena Bulk lends its success to a focus on innovation and sustainability.

Images courtesy of Stena Bulk

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- Erik Hånell

With 33 per cent of all energy in the world generated by oil, it is arguably one of the most important natural resources in today's world. It heats our homes, fuels our cars, and operates our machinery daily. However, as demonstrated in recent years by dangerous oil spills, it can be difficult to transport and harmful to the environment if not handled properly.

Stena Bulk AB, part of the large Stena Sphere, has made it its mission to develop and build vessels that can safely and economically transport dangerous products like crude oil at sea. In just over two decades, they've become one of the leading tanker shipping companies in the world, working with big names in Europe and beyond.

President and CEO of Stena Bulk Erik Hånell is an expert in the industry. With a Bachelor of Nautical Science and a masters from Chalmers University of

Technology, Erik started working for Stena Bulk in 1999. He held numerous positions in the company over 13 years including head of Stena Bulk USA and COO of Stena Bulk AB before being appointed to his current position in 2012.

Erik is passionate about the industry, and about the company he has worked for during most of his career. Erik says Stena Bulk is unique because it deals with all aspects of shipping, from designing and building tankers to manning the vessels and chartering them out. This, along with its focus on innovation and sustainability, is what ensures Stena Bulk's continuous success.

Unlike other tanker shipping companies, Stena Bulk designs and builds its own vessels. To ensure this is done to the highest standard, Stena Sphere, which owns Stena Bulk, has its own specialised marine technology company called Stena Teknik, which works with Stena Bulk from beginning to end. This way, using Stena Teknik's expertise, Stena

Bulk can build vessels using cutting-edge technology that are completely customised for a customer or specific purpose.

In line with the company's goal to provide safe and cost-effective tankers, every new vessel that is built by Stena Bulk includes improvements and lessons from previous ships. “With every ship we build we make sure that we develop it a little bit further,” Erik says. “It can be a standard ship that we modernise with some new technology and new ideas, or it can be a specially designed ship built from scratch.”

This emphasis on customised vessels is important to Stena Bulk to ensure it is providing the best possible service to its customers, and is therefore staying ahead of the competition. With an industry that has been turbulent in recent years, Erik believes this innovation is essential to the company's survival. “It is becoming more and more important to really be innovative in respect of technology and to make sure that you stay ahead of your competitors,” Erik says. >



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The other focus of Stena Bulk, which Erik believes goes hand in hand with innovation, is sustainability. The company believes it is of the utmost importance to ensure all parts of its business are sustainable for the environment. "Sustainability is something that we definitely stand for and I think innovation is a big part of sustainable shipping. Every ship that we develop and every technology that we bring onto ships is about sustainable shipping and making sure that they are as environmentally friendly as possible.

"We are developing different projects with fuel savings and we are going to run one ship with methanol from the second quarter of 2015. We are making sure that the ships are built in such a way that they can handle very smoothly but also we are making sure that they are very efficient by switching between different fuels back and forward."

One innovation Stena Bulk has been working on for the past four years is making its ships float on air above the water to minimise fuel consumption. "It's something we are working on and it is a development where we basically have a pocket of air around the ship, which means that the resistance between the hull and water is less. We have definitely met some challenges, in that everything is working okay when it is not rolling or pitching, but we have a challenge to take care of that.

"However, during the development of this concept we developed other things that we can apply on existing constructions. We have learned more about hydrodynamics and how water affects the hull, so even though we haven't reached a level where we can build a ship with air pockets today, we have still learned a lot about new technology that we can apply on new building and existing ships as well."

While they are going forward in leaps and bounds with new



technologies, the turbulent industry means that Stena Bulk has faced its fair share of challenges since Erik became CEO in 2012. After the global financial crisis, demand for crude oil dropped dramatically, and the market has been choppy ever since. "The market conditions have changed quite a lot in the last couple of years.

"With the crude side, or with transporting the 'dirty products' if we may call it that, that market was really tough in 2012 and 2013 as well. In 2014, it actually came along better than expected, and now in 2015 it looks pretty positive."

One other challenge for Stena Bulk has been the increase in piracy and the threat that this poses to international shipping companies. In 2011 and 2012 alone, there were more than 300 attacks by pirates off the coast of Somalia. This came at a time when Erik had just begun heading up the company. "One of the other challenges that I had in 2012 was the piracy situation outside Somalia and what that meant for the company," Erik says.

"Today, that sector has basically disappeared, which we are glad about, and we don't fear going through the Gulf of Aden to the extent we did two or three years



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ago. On the other side, the situation outside West Africa with piracy has actually become a bit worse than two or three years ago, and the big challenge with that is that the piracy going on there is a lot more violent than it was in the Gulf of Aden." >



The key to Stena Bulk overcoming these challenges, according to Erik, is its people. He attributes the success of the company to hard-working staff who are committed to Stena Bulk's vision and are happy to be at work. "The most important part of the company is the people and without the people we are nothing. We have to have a working environment where everyone comes to work and has a big smile on their face every morning. That is our motto.

"One important factor for us is the culture we have, and what we can say to a very high degree is that if you start with us, you stay with us. We don't have much turnover of people in Stena Bulk. We have historically had a very, very strong company culture where people tend to stay with us. I think the big reason for this is that we are like a big family. We are very serious in business but at the same time we have a lot of fun as well together, both in the office but also outside of office hours."



Stena Bulk also takes this approach with its partners and suppliers. Erik says the company has strong connections to all of its partners and works hard to ensure the relationship is beneficial for both parties. They listen to their partners, which often results in more innovation and better results. "We are all dependent on a good product both long term and short term, and when we have that view with suppliers then Stena Bulk is seen as a great partner to have," Erik says.

"An example is the shipyard GSI in China that we just recently put in an order with for 10 IMOIIIMAX chemical and product tankers. From day one, it has been very good working with them and we have seen a lot of openness from their side too. They had many new ideas that we actually hadn't seen anywhere else where we have built ships and that is again a mutual understanding of the importance of innovation that leads to good performance."

All this, of course, is to ensure that ultimately Stena Bulk is the first choice in tanker shipping vessels, and that its customers are happy. "The key priority for us is to make sure that our customers are happy, and that is something that everyone says but we mean it. The service we like to provide is not to squeeze out every dollar and every deal, but to have long-term relationships and repetitive business. We like to make sure that we have a customer that is 100-per-cent satisfied with our service and by doing that we think that in the long term we are more profitable as well."

That is Stena Bulk's goal now and into the future, although Erik believes there are still uncertain times ahead for the industry and the market. "Historically, we have seen ups and downs in the market and there have been quite long cycles of positive and negative markets. What I tend to see happening right now is that the cycles are getting shorter and

shorter. Whether that is going to become reality in the future—or if it's just part of an era that is going on right now—that is hard to see."

Erik predicts that these cycles will become shorter and increasingly more volatile, making it difficult to get steady growth. "I think that what will happen in the next five to 10 years is that those cycles will get shorter and shorter and you have to be a lot quicker in your decisions in buying and selling ships. You have to be quicker in your decisions in the short-term market as well because the market will jump up and down a lot quicker."

The key to the future, Erik believes, is investing in people with the right skills to take Stena Bulk forward and continue their focus on innovation. "We have to continue to be aware and innovative and have the right people from a technology point of view but also from a commercial point of view. And those two things will be more and more tied together than ever." •



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