

# International Logistics

Class Assignment #3: This will be due as indicated on the syllabus.

## Instructions:

This homework assignment requires you to use the lab where the Ports of Call simulation is loaded. For this semester, it should be loaded onto the computers in COBA Lab #xxx.

You need to work as an individual – NO GROUP WORK. At the end you will print out a number of screen shots and STAPLE them together to turn in when indicated.

## Objective:

You will learn a number of basic points about how to run a transportation company. You will have numerous decisions to make concerning your strategies and tactics. Also, you will learn the mechanics of the simulation to be used later when you simulate the market in groups of ten. Therefore, this is a chance to practice before you have to compete against your class mates.

## Goal:

You must operate your shipping company for a minimum of three years. You will be graded on both completing the assignment and your company's profitability.

## Simulation:

### **Ports of Call Shipping Firm**

Manual: <http://www.portsofcall.de/xxl/manxxlus.pdf>

Go to one of the lab computers. Run Ports of Call XXL. If you have a problem, it should be under that start menu and have a submenu of Ports of Call. If it is not there, try another machine (there are only 40 licenses and you may be on a machine without a license.) You will be asked "full screen" or "window" – it doesn't matter – choose whichever you like. This will take you to a registration page. It should already be registered.

If not, choose "Platinum School License"

Then, type the following:

Town: XXXXX

Serial Number: XXXXX

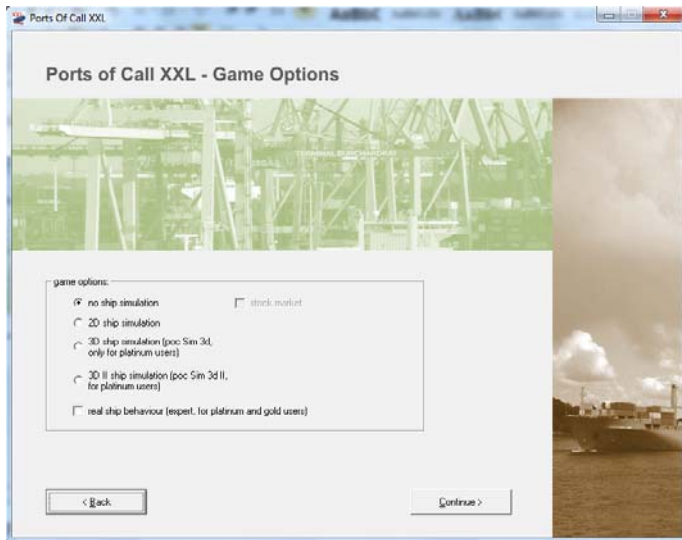
Do not enter any other data – click on continue.

Next, you will choose – "till ends (forever)"

To save as you go (have to do this) – take a flash drive and set up the location to save the game to that flash drive in the pull down menu. Make sure you click on “autosave of the game” and create a name you would like (i.e., “autosaveSteve”). Also, click on “save game every day.”

Then, hit continue.

To set the difficulty, select “Beginner” and start the year in 1980. Hit continue.



Next select “no ship simulation” and make sure “real ship behavior” is NOT selected. Also, if available, do NOT choose stock market. Hit Continue.

For players, select “1” and Continue. (you will be playing against yourself in this practice run.)

Finally, you are to Player 1 of 1.

Put in your First and Last Name and create a Company name of

your choice: (my example name/company)

Stephen Rutner  
Bubba’s Shipping

Make sure “play myself” is selected. Click Continue.

Pick a port for your home port. I honestly don’t think location has a lot to do with anything. However, the ships you buy will be delivered to that port. Hit Continue.



Now you are at your operating window. This is where you will spend about half your time. It has your name, company details a trend of wealth, shows the world and the basic information at the bottom.

There are key working documents across the top: Office, Stock market, Shipbroker, Worldview.

Also, date, speed, save, etc. are around the window.

You should start the game with about \$3.5million. This is to get you going and buy your ship(s). Go to the Office and take a quick look. Go to the Freight Market (in office). It will open a window that shows all the freight that has to be moved in the world. For example, Source Continent – Europe, Destination Continent – North America, Freight

harbor	destination	freight	TEUS	tons	container	result	result/Unit	limit	penalty/day
Helsinki		Agric. Products	5971	70859	standard	2,537,658.04 USD	35.81 USD/t	33 days	55,893.56 US\$
Copenhagen	Charleston	Machinery	740	21601	standard	389,214.82 USD	18.02 USD/t	56 days	5,950.48 US\$
Amsterdam		Agric. Products	2762	28236	standard	1,144,687.96 USD	40.54 USD/t	58 days	14,991.92 US\$
Barcelona	Chicago	Agric. Products	2687	30699	standard	911,559.11 USD	29.69 USD/t	66 days	11,493.30 US\$
Le Havre		Textiles	1242	12184	standard	475,923.66 USD	39.06 USD/t	32 days	9,946.27 US\$
Istanbul	Detroit	Agric. Products	739	6143	standard	425,293.14 USD	63.23 USD/t	83 days	4,624.06 US\$
London		Textiles	2638	29315	standard	764,059.98 USD	28.06 USD/t	21 days	25,024.43 US\$
Port of Rotterdam	Halifax	Textiles	2538	31412	standard	630,974.94 USD	20.06 USD/t	41 days	12,676.75 US\$
Bremenhaven		Plastic Prod.	1634	31643	standard	623,383.87 USD	19.70 USD/t	50 days	11,586.33 US\$
Zeebrugge		Electronics	3836	60543	standard	2,300,595.33 USD	38.00 USD/t	37 days	51,676.88 US\$
Naples	Havanna	Textiles	2742	26428	standard	914,247.27 USD	34.59 USD/t	39 days	16,567.33 US\$

Source Continent:  all  Africa  Asia  Australia  Europe  Middle East  North America  South America

Destination Continent:  all  Africa  Asia  Australia  Europe  Middle East  North America  South America

Freight Information: [0] Reserve the freight

Freight Type:  Container  Cargo  Tankers  Passengers  Ferry  reserved only

show freights worldwide

Aalborg  
Aarhus  
Amsterdam  
Antwerpen  
Barcelona  
Bremenhaven  
Copenhagen  
Dushaven  
Dublin

RETURN

Your ships: **Company: Bubba's Shipping**  
**Owner: Stephen Rutner**  
**Hometown: Bangkok**  
**Cash: 3,533,333.33 USD**  
**Ships: 0**  
**Status: 0**

Type – Container and click on Show Freights Worldwide. It will show what freight is available. Note, it is different every time, so yours won't look exactly like mine. In my example, there are 5971 TEUs to move from the port of Helsinki to Charleston for a total of \$2.5m. They must be delivered in 33 days or there will be a prorated penalty for every day late (demurrage.) That is just the first option. You can see

there are many, many possible freight options. Try the same search using All, All and All. Scroll through and you can see all the different types and levels of freight and the possible revenues. This will help you to determine which ship(s) to buy. In other words, do you want bulk freighters, tankers, RoRos, container ships, etc. You are the boss and will make the choice!

Ok, now lets back out to the main screen - click on return, return. Now let's get you started. Click on the ship broker. Click on Pre Owned Ships. At that screen you will see something like this example (again slight variations each time.)

**KARASHIPBROKERS** Shipowner: Stephen Rutner  
\$=0, Money: 3,533,333.33 USD

**SELECT A SHIP**

- 2x Sealandia
- 3x Eurobulker
- 1x Hamburg Express
- 5x Denaldor
- 5x Sea Land Mo Lean
- 1x Encourager Bay
- 6x Hakone Maru
- 7x Marukoi
- 8x Chou Gokyo
- 8x MSC Aresia
- 8x Elbe Maru

**SHIPVIEW 2002**

**Vessel Specifications:**  
Built: 1972  
Capacities: 252.0 m  
Length: 32.2 m  
Beams: 12.0 m  
Draught: 51623 t  
BRT: 1942  
TEUS: 110  
reefers: 35229 t  
DWT: 26.3 km  
Speed: 2700 t  
Bunker: 52900 kW  
Machinery: 215.0 t/day  
Fuel usage

**Additional Information:**  
Accommodations: 12  
Passengers: 12  
Operating costs: 2700 USD/day  
corrosion condition: 2.6  
ship condition: 73.4%

**Price:**  
6,999,071.00 USD  
60% payment necessary, with 2%/yr  
Status required: 1  
Delivery time 3 days

**BUY THIS SHIP**

There's only one Port of Call!

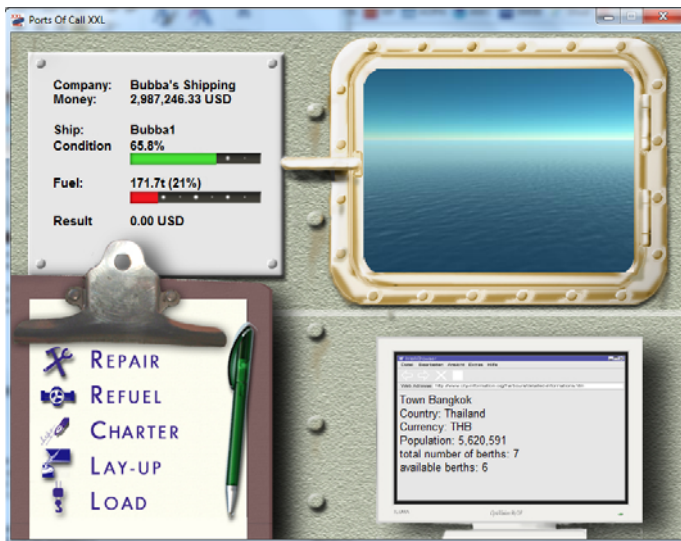
BACK TO ELEVATOR

I have selected the Elbe Maru as an example. It is a nice container ship that is eight years old and is for sale. If you look in the upper right corner, there is your name, cash and "S=0". The "S" is your status. It will go up as you get more profitable. In other words, it is an evaluation of your creditworthiness. So, don't expect to borrow a lot of money at a low interest rate. You can see the price of this ship is just under

\$7m. You don't have enough even for the down payment of \$4.2M (60%x\$7M). So, you either have to borrow money or choose a different ship.

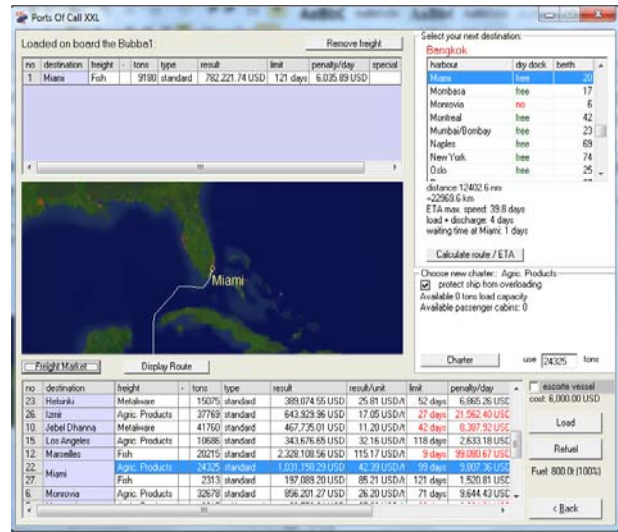
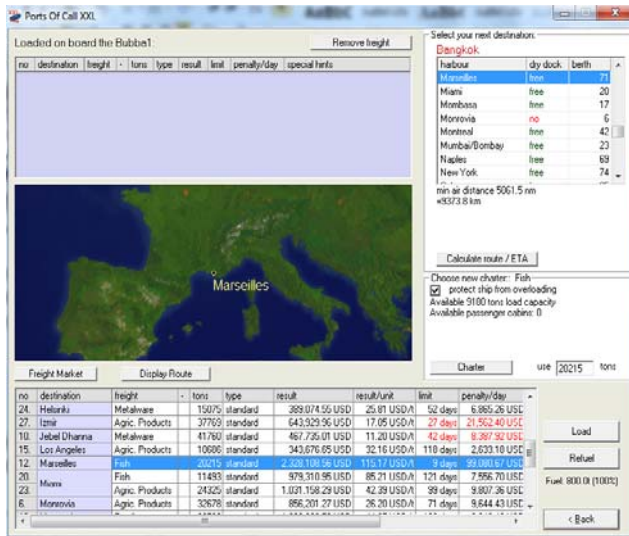
For my example, I am going to go back to the elevator and buy a used and cheaper ship. Under the low cost ships there are a lot of other options. I will buy one of the Trelyon bulk haulers from 1949 for just over \$500,000. When you have chosen a ship to buy, click on "buy this ship" at the bottom. Don't EVER change the 0% additional payment. If you have the money, pay off the mortgage, do it from your office (it just works better.) Next NAME YOUR SHIP: Bubba1 is my choice. You will get a notice that your ship will be delivered in some number of days (longer for more expensive.) Go back to the main menu.

Click on "Start" in the lower left corner. I suggest you keep the simulation speed around FIVE until you are comfortable with the mechanics. In a little while, your ship will arrive.



This is what Bubba1 looks like on arrival. It is in poor shape (65.8%) but is still working. It comes with less than a quarter tank of fuel (21%) and it was delivered to my home port of Bangkok. So, now you have your first choice to make: fix up your ship, buy fuel, charter cargo (here or elsewhere) or lay-up (hang out some number of days.) Keep in mind, your ship has both fixed and variable costs. I suggest you at least fuel up and make see if there are any cargos to charter.

After I refueled to 100%, I selected Charter. Since I am in Bangkok and a bulk ship, the default setting shows bulk cargo available to pick up in Bangkok and the possible destination cities, weight, revenues, penalties, etc. In my case, fish for Marselles looks good. However, it is due in nine days. I don't think I can make that.



So, I will charter the Miami fish below it. Make sure you double click on your port/cargo of choice. Note, that it should now be selected in the upper window. Now click on Calculate Route/ETA. This will route the ship. Also, note that your ship may not be big enough to care all the cargo. I was on only able to care 9,180 tons of the total fish. Finally click on Load. It will take you back to the main screen while your ship loads the cargo. Next, a question will pop up of do you want to use the tugs. It is up to you, but if you don't there is risk of damage, but a cash savings (ah lucky you, more decisions.) Finally, it will ask how fast you want to travel: faster = more fuel. You pick. Please note the one glitch in the program is the fuel prices. Be VERY careful when you refuel. The prices and total don't always align correctly. You will be charged the total cost correctly, but the price per ton doesn't seem to always work correctly and that could influence your decisions.

That gives you the 90% solution on how to run your shipping company.

For all other questions, you can go online and see the full Ports of Call manual (<http://www.portsofcall.de/xxl/manxxlus.pdf>).

### Turn In Products:

You will need to take a number of screen shots at the end to turn in as part of your final document. First, stop the simulation once you have reached 1984. Screen shot and print a copy of your main page. It will look something like below:



Make sure the date at the bottom is clear and the Ship Owner and Company Details are clear at the top. Next repeat the process with the Profit and Loss (P&L) from the Office:



Repeat this and print for the office “ships” and “ranking list.” So, you will have four screen shots.

Finally, in the same document, answer the following questions (typed).

1. Describe in a paragraph or less, what was your basic strategy?
2. Did you change strategies across time? If so, how?
3. How did you choose which freight to carry?
4. Did you ever combine freight for multiple ports on one shipment?
5. What will you change before we do the group simulation?

STAPLE all the pages together with your name on the front page. If you fail to follow these directions, you will be penalized severely.