

## Peter Thompson: Twelve Months of My Life



# BEGEJ SHIPYARD

December marks 12 months since I first came to Zrenjanin. I'd been doing my Masters of Business Administration (MBA) in the Netherlands where I met Robert-Jan Zimmermann, CEO of the Mercurius Shipping Group and major shareholder of Begej. He asked me if I would like to go to Serbia to write my thesis on the shipyard. I accepted. Originating from the holiday resort of Surfers Paradise on the North Eastern coast of Australia, I knew very little about Serbia and even less about ship construction.

It has certainly been an eventful and memorable twelve months. I scored 9.5 for my thesis submission and Robert-Jan invited me to work and to implement my dissertation. Initially, I was hesitant being somewhere disconnected from my friends, family, and not understanding a foreign language and culture. But, as a single man, I thrive on challenge and there was something that attracted me to the mega structure industry and for me at the time, the increasingly familiar Serbia.

We didn't start to make real progress in Begej until around March of this year. The Begej assembly unanimously agreed to allow me to run the daily operation at Begej, solely focused on transforming the company to a modern and progressive company. I hired a small team of young, really intelligent graduates to help me document and develop strategies on how to address the core elements of human resources, production, and commercial departments.

When I took charge of business operations, we lacked quality financial information; there was limited computer use. Documentation about how the company functioned was nearly non-existent. There appeared to be too many employees, too many different contractors, loose purchasing procedures, and we were suffering from a friends and family organization mentality.

To make my task more complex, many of the employees were old, didn't speak English,

and didn't want to participate in the change. I was working in an environment where some people believed that they were entitled to a job and that turning up at 8:00am and going home at 4:00pm was sufficient reason for receiving an income. Begej is competing against other Western and Eastern European shipyards. It could not continue to be an organization simply to provide an income for

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those who show up for work.

What I noticed, however is that Begej is a company that survives. It's been bankrupt twice, it's had different shareholders, it's had people steal, and to some extent the employees have suffered throughout the or-

### PETER THOMPSON

**Peter Thompson, 37, is from Surfers Paradise, Australia. He founded an information technology and Internet service provider at age 23, and the company is still growing today. In 2007, he was awarded a full scholarship to complete a Masters of Business Administration at Nyenrode Business Universiteit in The Netherlands.**

deal. Notwithstanding the pain and difficulties, the company still goes on. After 62 years and 286 completed ships, it's fair to state that Begej knows how to build ships. It was the mother of most of the shipyards in Serbia and should hold a special place in the heart of the industry.

In the past, the company used to have excellent written procedures and processes. In the last 20 years these vanished and the company operated on verbal communication. For me, it appeared as if a new order was signed, some discussions were held, and after six or seven months a ship went into the river, fully constructed. However, no one really knew during the construction process when the ship would be finished. It was amazing but confusing, too.

It seemed unusual to me that a company producing mega constructions did so without any form of project management. In February 2009, I enrolled several of the senior staff in project management classes and began to assign these people as project managers to the constructions. I also hired an expert in Microsoft Project to give the necessary technical support required to embark on such changes. We used the already strong knowledge of shipbuilding, combined this with software, and documented the technology of building. It meant that it was possible to work to a plan, understand the resources required, and to track construction progress. Delays in production cost many thousands of euros each day.

The next step was to develop an information technology platform that would provide the software required to efficiently coordinate and manage expensive, large-scale projects. The network needed to support the anticipated growth of the company. I found the best information technology engineer I could locate. Together we designed and installed a leading edge fiber optic and wireless LAN network. We cabled the buildings with a switched Ethernet infrastructure. We then designed and implemented the latest Microsoft Platform on enterprise hardware, both at a server and desktop level. In total we spent around €200,000 on this productivity enabling infrastructure.

Central to the information technology strategy was to develop an internal software portal. We wanted to connect employees, to group level shareholders, suppliers and customers. File sharing, email, and access to information are critical at Begej. There are some 12,000 parts that go into every ship and the logistics involved with the delivery, technology of building, and technical specifications are vast. Today the company has a Microsoft SharePoint portal that enables access to information both at work and from home.

Human resources are a vital component of successful companies. On many occasions,

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managers with decision-making responsibility had previously hired friends and family. On one hand it's understandable. Life is not simple in Serbia, and taking care of friends and family is a necessity. So, the most obvious aspect of the human resources at Begej was the lack of young, well-educated graduates. The company certainly had many older employees who had served the company well but failed to provide new direction. I opted to make several changes. The company had never recruited via the Internet. We adapted an online recruitment strategy with the objective of recruiting the brightest graduates we could find. We put candidates through rigorous interviews and tests. The decision to hire people is an expensive one. Mistakes really hurt, both financially and in energy. I



personally manage and guide the new graduates to make sure their path into the company is secured and unimpeded. It takes around a year for someone to develop from the point where they know little to the point where they are truly valuable. Each new knowledge recruit must document a project, complete an introduction, and participate in the documentation of weekly reports, posted on the portal of course. It is not an easy education;

facility in Serbia that outfits ships. This is a true differentiation and sets it apart from its competitors. Without the operational changes made to the organization, it is quite possible that the company would have ceased to exist

We think that to be entirely involved in shipbuilding is like 'putting all our eggs in one basket,' and is risky in the long term. We don't want the whole business to rest on one skill. We will drive our domestic business making use of the capabilities, assets, and contacts we have built up over the last 62 years. The company must aim to create products that are in demand. Begej must position its products and services to meet the needs of its customers.

Regarding technology, Begej is investing in new machinery to help assist competitiveness. We are in the process of acquiring a new auto crane to support section construction and there is also new cutting and bending machinery. Begej is also developing new international relationships that will help the company develop a technically superior market position.

We have some ideas for other business opportunities that we are currently working on and developing. We think that there exists real potential in Serbia for services provision both locally and internationally and our plan is to build on our foundation to develop a group of independent business entities.

Taking the time to stop and reflect on 12 months of consulting to Begej Shipyard in Zrenjanin, it certainly has been interesting with many twists and turns. ■