

# PASHA PEOPLE



The Pasha Group News and Information Source

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## Diversity in Service Offerings

With the recent acquisition of the Horizon Lines vessels operating in the Mainland/Hawaii trade lane, Pasha Hawaii's six-vessel fleet now capably supports the full-service offerings required by its customers.

In 2005, we entered into this trade lane with our first Jones Act vessel, *Jean Anne*. Designed specifically for the Mainland/Hawaii market, she met with overwhelming success and quickly demonstrated the need for additional vessels. *Marjorie C*, constructed in Mississippi and deployed earlier this year, was designed to enhance our existing Pure Car Truck Carrier service. As a ConRo, (Combination Container Roll-On/Roll-Off) vessel, she has already accomplished 14 successful round-trip voyages and delivers value to an even broader range of customers.

Further complementing our containerized service offerings, Pasha Hawaii's diversity strategy has now reached fruition with the addition of the four Class 8 and Class 9 Jones Act Container Vessels acquired from Horizon Lines, along with the intermodal capacity of Sea-Logix, based in San Pedro, CA, and Hawaii Stevedores, Inc., a Honolulu-based company with an interesting history.

Inside this issue, we are pleased to bring you some insights on the integration of the Horizon acquisition into our Pasha Hawaii family, introduce you to the diversified vessels that serve our customers and the people of Hawaii, and welcome our newest members from Horizon, who are now Pasha People. It is the Pasha People that differentiate our family business by striving together to bring excellence to our customers. None of our physical assets would shine as brightly without their willingness to address the challenges that accompany the growth we are currently undergoing.

Reaching  
New  
Heights





## All In The Family

Hawaii Stevedores, Inc. ("HSI") is now a member of the Pasha Hawaii family, as part of the acquisition of Horizon Lines' Hawaii operations. HSI has a long history in Hawaii, having been a corporation in continuous operation since 1922. In 1984, a group led by Murray C. Grune leveraged a buyout of the entity, changing the name to Honolulu Stevedores, Inc.



Murray Grune

Today Murray's son Randy Grune is HSI's Regional Manager of Sales, Finance and Administration and an integral part of the HSI operation. Like his father, Randy's life has always revolved around the ocean and the ships that ply its waters. Randy first met The Pasha Group in the late 1990s when he was Chief Executive Officer of HSI and a minority owner (his father having retired from HSI in 1994). In 2004, The Pasha Group became an HSI customer when *Jean Anne* began calling Hawaii. Horizon Lines eventually closed on the purchase of HSI in mid-2007, and today HSI is now a welcome part of The Pasha Group, offering the same quality of service that it has since 1922.

## Full Circle

With a non-compete clause in place after the sale of HSI to Horizon, Randy 'kept his oar in the water' pursuing other opportunities around the Honolulu waterfront eventually deciding to give back to the maritime community and enter public service. He received a four-year appointment from Governor Abercrombie to act as Deputy Director, Harbors Division. Randy notes, "It was an incredible experience and a great opportunity to serve the users of the Hawaii Harbors system, not the least of which was assisting Pasha to accommodate the introduction of *Marjorie C* to the Hawaii service." As Randy reached the end of his appointment, Pasha completed its acquisition of Horizon Lines' Hawaii business, and he found himself back with HSI. "The Pasha Group always attracted me as an organization because it is a family-owned business, has a good reputation with an excellent customer service philosophy and it continues to expand within the transportation industry. I respect Pasha, and am proud to be a part of what they stand for. I also appreciate the fact that Pasha is keeping the identity of HSI and perpetuating my father's legacy."

HSI today is a full service provider of stevedoring and marine terminal services in Hawaii, with operations in all the commercial ports on Oahu and the Island of Hawaii (Big Island). Hawaii Stevedores has over 360 employees and owns a variety of marine cargo handling equipment (ranging from a 100-ton shore side mobile harbor crane down to 3-ton lift trucks).

## President's Message

Consistent with our growth strategy, Horizon's Hawaii trade lane assets, including Hawaii Stevedores and Sea-Logix, were targeted due to their strategic complement to Pasha's existing core business. With the additional Jones Act vessels as part of our fleet, Pasha Hawaii meets a long-time goal of providing our customers with a wider offering of competitive, high-quality, scheduled shipping and logistics services for containers, refrigerated goods, and a variety of roll-on/roll-off cargoes. The four Hawaii vessels add capability and scale to our existing liner operation. *Marjorie C* provides the ability to handle containers at a lower cost and greater environmental efficiency. Pasha Hawaii's weekly service is maximized when *Marjorie C* and *Jean Anne* are fully utilized for vehicles and containers off one of the newly acquired Horizon vessels. This transaction, nevertheless, did not come without challenges to our existing well-trained staff, our new Horizon members, and, most importantly, to our current and new customers. With this acquisition, we faced many unexpected obstacles and we are working daily to close the gaps that have occurred in our service offerings.

Pasha is a full-service transportation company, and, as such, our primary goal is to provide innovative and the most comprehensive service to our customers. Since we finalized the acquisition, we have made substantial changes to our operational systems to facilitate the movement of cargo to and from the Hawaiian Islands, and through working closely with our customers we have made significant progress in improving the quality of service you have come to expect from Pasha. The most positive outcome has been the opportunity to combine two very capable and professional teams and meld them into a high-performing organization, passionate about supporting one another with a win-win philosophy on behalf of their customers and The Pasha Group. I am extremely proud of the talented and capable staff we have put together, comprised of both Horizon and Pasha team players. They are the right people at the right time, and I am grateful for their contributions.

Your ongoing feedback is of great importance to us, and I encourage you to continue to contact us with your comments. We are eager to support your business, gain your trust and confidence, and to regain any business we may have lost during our transitioning of the Horizon business activities. Our sales, operations and administration teams are here to serve. They are proud of what they have accomplished so far and as quickly as they could. Thank you for your ongoing support, and I look forward to creating much material success going forward.

George W. Pasha, IV

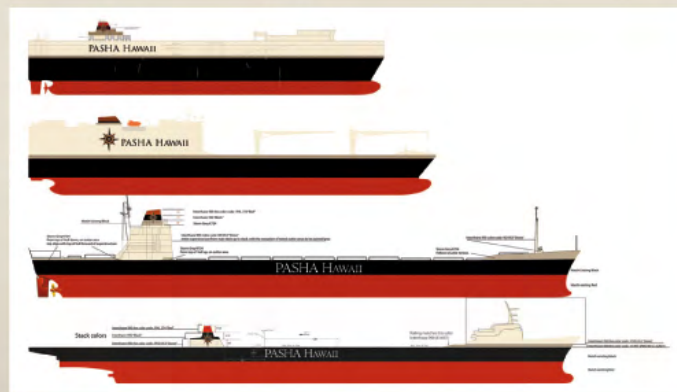




**Brand and Re-brand**

The Pasha Group and Pasha Hawaii have always maintained a strong brand identity. Now with the *Marjorie C* in service, the *Jean Anne* completing her successful first decade of service and the addition of the Horizon C8 and C9 vessels, brand consistency across the fleet is the rule of the day.

This takes more than a paint job and decals. It means going back to the drawing board. Each ship has its individual profile, hull design and general arrangements. Working from the original shipyard drawings—some digital, some hand drawn—new scale drawings are created as the canvas to design within. They are then given several branding options.



Refinements are made based on aesthetic choices and practical needs for safety and maintenance. The final design is then transferred to a new detailed drawing showing the actual scale and positions. These final drawings, accurate to the millimeter, take into account all the physical attributes that may affect the visual application of the

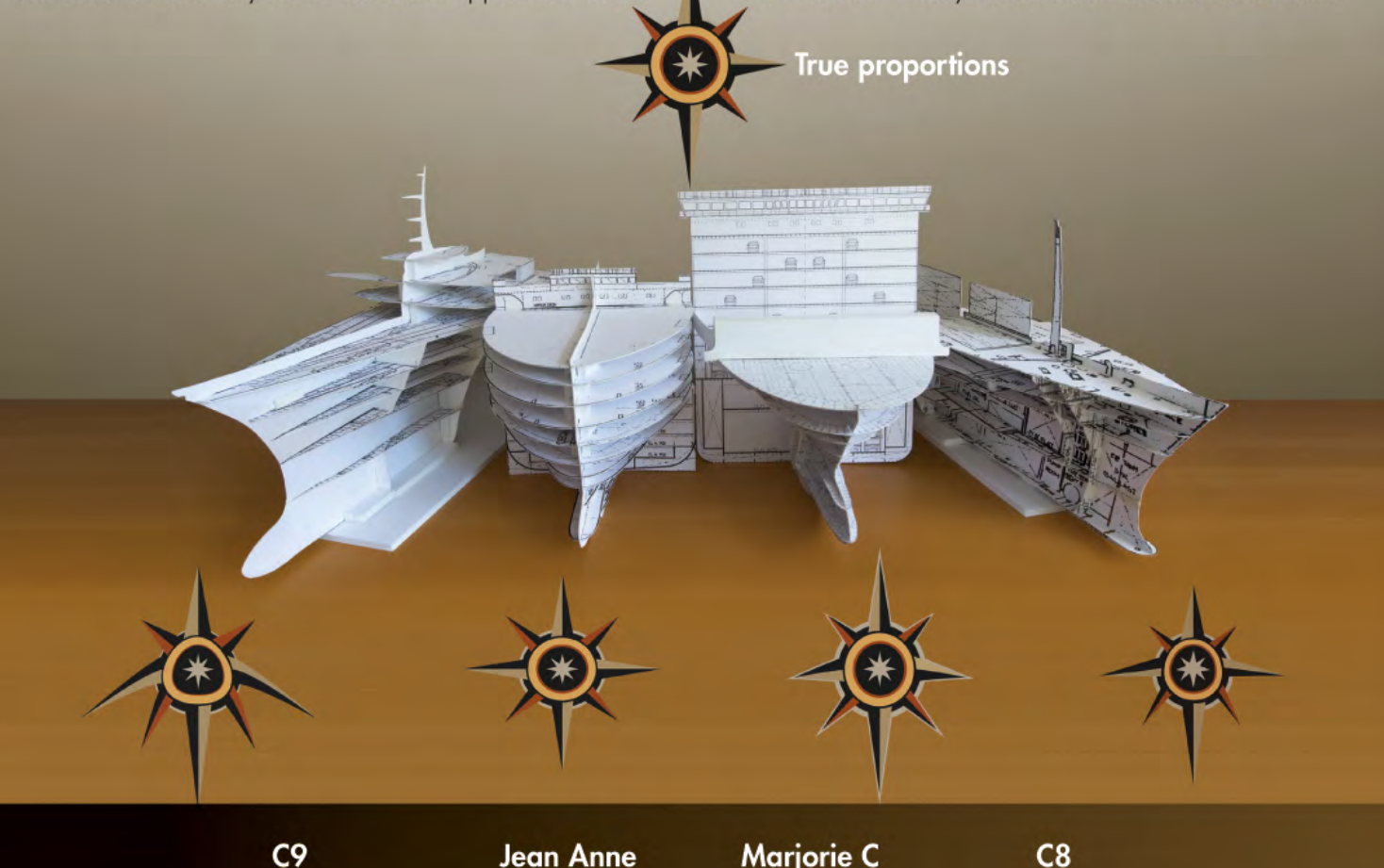
design. These become the working drawings for the dry dock to use as painting guidelines. These also work as the cad/cam files to produce vinyl applications of the logo type, and logo.

The first ship to receive the new branding was the *Marjorie C*. Taking what has been learned from the *Jean Anne*'s decade at sea, the first item to be reviewed was the color palette. The gold band has been changed to a more neutral tone that should weather the elements better. Locations of the compass rose and logo type have been adjusted for the new ship design and an additional compass rose has been added to the bow, a long-standing tradition in shipping. This bow graphic will be repeated on the *Jean Anne* as well as the C8 and C9 vessels as they are folded into the Pasha family.

Each bow, as shown below in the physical models built for this process, has a distinctive set of characteristics. Applying the compass rose to these requires a process known as anamorphosis. The compass rose is distorted (ana) into a shape (morphe) that when viewed from a distinct angle will become recognizable as if on a flat surface. The *Marjorie C* distortion is shown below as applied to the ship.



Below are the variety of distortions needed for the fleet.



**Sea-Logix, LLC – Joining the Family**

Sea-Logix, LLC, with California offices in San Pedro and Oakland, is a welcome addition to The Pasha Group. As part of the Horizon Lines trade lane acquisition, this intermodal trucking company supports the movement of containerized cargo for Pasha Hawaii. The relocation to its new facility will better support our customers using the Los Angeles port areas. The Transportation/Dispatch operations have moved into a refurbished Naval Reserve facility closer to the Port of Los Angeles, and administration functions have relocated to downtown San Pedro. This will better align our intermodal operational strategies and help support our planned growth in trucking operations.

**Roots**

Sea-Logix was created to act as the trucking arm of Sea-Land Corporation, a pioneering shipping and containerization company founded by American entrepreneur Malcom McLean in 1960. The international liner company and Sea-Land name were acquired by the A. P. Moller-Maersk Group in December 1999. The domestic liner operations of Sea-Land were sold in 2003 and became Horizon Lines. Surviving these many acquisitions mergers and name changes, Sea-Logix, LLC was established in 2003 as the intermodal trucking arm of Horizon, using the modified Sea-Land logo seen today.

Sea-Land

Horizon Lines



**Growth Pattern**

As with any acquisition, there are challenges to meet and overcome. With nearly 200 employees operating over 70 diesel dray trucks, Sea-Logix has played a very important role in Pasha's overall acquisition strategy of Horizon Lines' Hawaii trade lane last May. Pasha vessels, including the newest addition, the *Marjorie C*, call on the Ports of Los Angeles and Oakland.

Since the acquisition, Sea-Logix has been busy developing its long-term strategy of growing its market share on the West Coast. This strategy includes major investments in systems and equipment. We have continued to hire key individuals who have the knowledge and experience to smooth out the transition. Sea-Logix considers itself as an integral part of the Liner business, providing a distinct competitive advantage in the ports Pasha serves. These investments demonstrate the commitment by Sea-Logix to develop modern, forward-looking transportation services on the west coast, in support of increasing cargo levels to and from Hawaii.

**Systems**

By the end of 2015 we will complete the first phase of implementation of Trinium technologies. Trinium is a functionality-rich transportation system which will be the core dispatch system for Sea-Logix and will be further added to in 2016. There is currently an extensive retraining program underway to ensure our staff is fully equipped with the best tools for supporting our busy dispatch operations in Oakland and Los Angeles.

**Equipment**

In recent months, Sea-Logix has been testing a number of different manufacturers' trucks to determine which models are best suited to the work we undertake moving containers in and out of the ports. Management and drivers have been evaluating individual truck performance for comfort, ergonomics, fuel economy and service support. The company will be investing over \$9M early in 2016 to replace the existing fleet with new, state of the art trucks that offer better fuel economy than the existing trucks and include a range of features that were not possible just a few years ago.



**Horizon Integration**

Behind the scenes of many significant Pasha projects you will find the staff of Information Technology and the Center of Excellence (COE). With the acquisition of Horizon Lines' Mainland/Hawaii trade lane assets, both teams faced the momentous task of onboarding Horizon's operations into Pasha Hawaii.

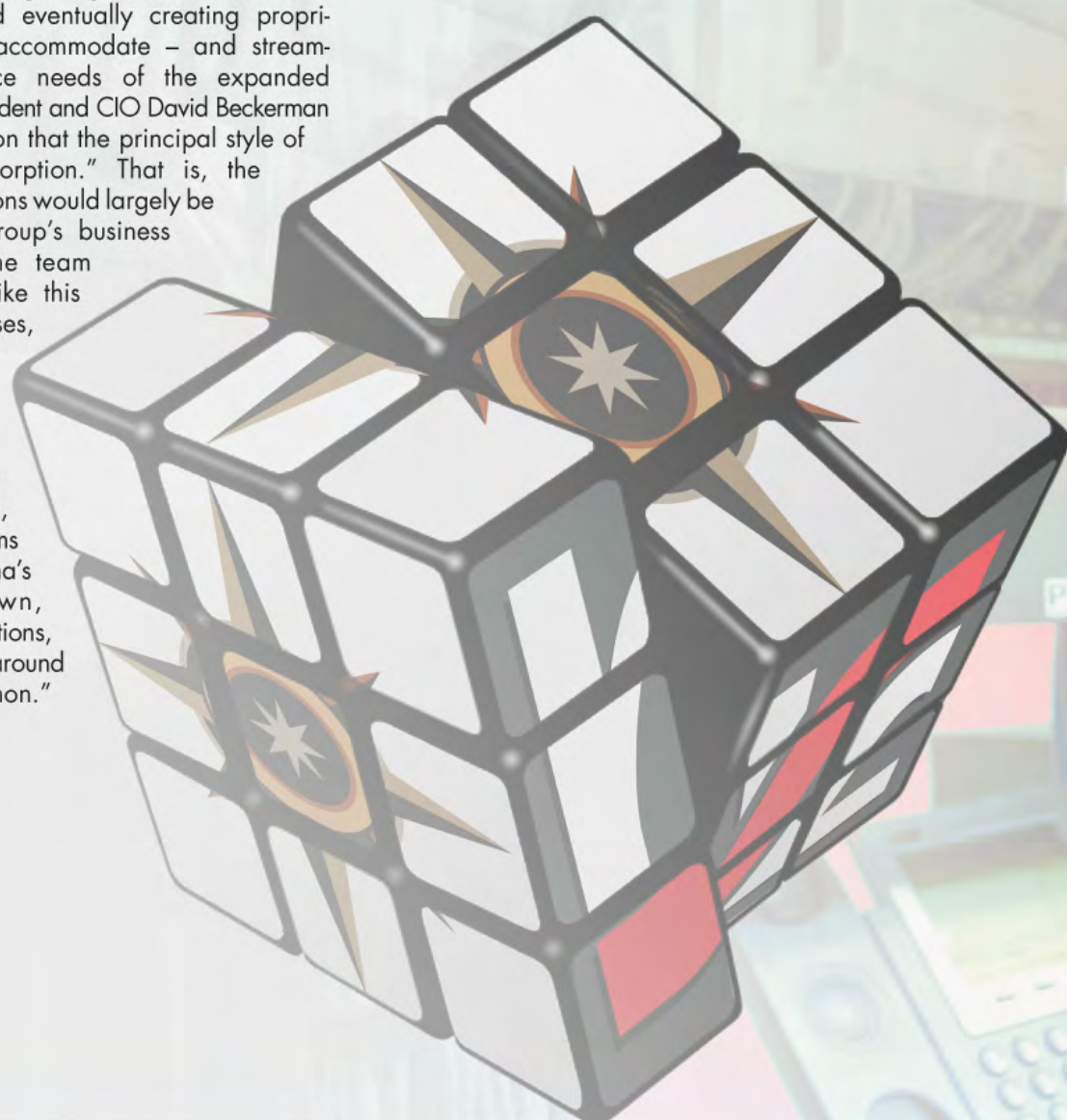
Prior to the actual inking of the acquisition agreement, IT faced making early assessments of the anticipated needs and the scope of the operation, without access to real-time Horizon data. Mee Lang Kwong, as Director of Business Intelligence, was charged with creating a "clean room" where Horizon could input data for analysis, which eliminates any risk that might result from direct sharing of information. To protect the integrity of this information prior to the finalization of the acquisition, no Pasha employee would be able to access the data, but consultants could provide an analysis allowing Mee Lang and her team to create templates that would replicate those used by Horizon. The goal was to create a staging area to enable a steady-state operation with integrity and stability.

When the acquisition reached completion, each company still had existing software and network systems that allowed them to run an efficient operation. No two systems were alike. This required integrating Horizon's software programs into Pasha's, and eventually creating proprietary software that would accommodate – and streamline – the customer service needs of the expanded Pasha fleet. IT Senior Vice President and CIO David Beckerman and his team decided early on that the principal style of integration would be "absorption." That is, the Horizon Lines Hawaii operations would largely be brought on to The PashaGroup's business processes and systems. The team also knew an acquisition like this would be full of surprises, and extra effort went into planning to foresee as many 'gotchas' as they could. Generally, the IT projects made a smooth landing. By Day 10, vessel, trucking and terminal systems were all up and running in Pasha's environment. Justin Brown, Director of Network Operations, notes, "We went from a sprint around the block to running a marathon."

**Maintaining Excellence**

In the meantime, the Center of Excellence faced many of the same challenges. Again, the end goal was to successfully onboard the business. In addition, the staff is dedicated to enhancing our customer experience and service through improved customer tools that elevate the service we provide. Kai Martin, COE Vice President, notes that customer service center staff support has increased across multiple service locations. Service Centers, located on the Mainland and in Hawaii, provide invoice and rate coordination, inland freight management, claims management, and financial reporting.

COE management also found the transition to Pasha's intended systems had its own set of difficulties. Perhaps the most challenging was the period of transition necessary to meld the two companies into one culture blending both processes and systems. Onboarding institutional knowledge of integrated Horizon employees was vital, as there were several thousand containers to keep in transit while maintaining logistics and schedule integrity. The COE team members work to assist Pasha Hawaii in delivering excellence in liner and terminal operations, information technology and transportation services. The post-acquisition period is one of excitement for the growth of the company and the new energy it brings to the workplace.







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Address Service Requested

Global Headquarters:  
4040 Civic Center Drive, Suite 350  
San Rafael CA 94903

(415) 927-6400  
pashagroup.com  
pashahawaii.com

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