



THE BLESSINGS OF A NEW PUBLIC IMAGE

Faced with the challenge of turning an aging, politically controlled body into a modern, customer-oriented company, the management of the Faroe Islands' public transport operator SL may have scored big time with the successful completion of Smyril—a gorgeous new ferry for domestic use.

AS A TANGIBLE indicator of the changing times in the Faroese public service sector, SL (Strandfaraskip Landsins), the government owned transport operator is undergoing what appears to be nothing short of a profound transformation.

Looking to balance dependency on parliamentary appropriation with government service contracts and other business revenues from economically viable operations, SL is placing a growing emphasis on customer service and change management.



Although the work of modernizing SL has been ongoing since before the turn of the millennium, it reached a landmark in the spring of 2005 with the glorious arrival of the new Smyril, the ferry that links the island of Suðuroy with the Faroe capital of Tórshavn. Constructed by the IZAR shipyards in San Fernando, Spain, the newbuilding had been three years underway, disrupted by unrest and strikes.

Managing the construction process in a foreign country was no easy task amid political tensions provoked by EU-enforced plans to slash government grants to the bankruptcy-threatened shipyards. Resulting complications were no free ride, costing SL technical and legal consultancy fees; but it was worth every penny, according to SL chief executive Kristian Davidsen.

“We have a strong expertise in the maritime sector based on decades of experience,” Mr Davidsen said. “But with the new Smyril we were extra meticulous and careful in our planning. Solid documentation is of the essence in such situations, and in a project with such high stakes involved, you have to be extremely specific in everything you communicate, be it internal memos or notifications to the contractor. Should things go wrong, any part in the process could potentially be turned, in effect, into a negotiating item. We knew that effective inspection



Newly arrived Smyril, berthed in Tórshavn, October 2005 (left); captain Erland Mörkøre aboard the new Smyril (right).

practices and legal preparedness would become increasingly important as the project progressed from design to final delivery.”

Which is why SL spent millions on hiring knowledgeable and experienced maritime consultants, lawyers and other professionals, from several countries, to make sure that the process moved forward properly—in addition to using its own experts.

With the result in hand, most everyone will agree that the successful construction of the new Smyril was proof of good management on the SL's side. According to estimates, the 300M DKK (40M EUR / 28M EUR / 49M USD) that the Faroese paid for the ferry in accordance with the contract was after all a drastically reduced amount, considering the extensive extra costs accumulated by the effects of the corporate instability of the contractor.

“Some say this ship should have had a price tag of about 500 million,” SL finance manager Johnni M. Poulsen remarked.

More than a mere symbol of new times, the new Smyril has been greeted with public enthusiasm, making the trip between Tórshavn and Tvøroyri a most pleasant experience. Offering travelers a stylish environment with modern hotel and conference facilities, a restaurant, convenience shopping and great comfort—not to mention an art exhibition highlighting young Faroese artists.

Clockwise from left: managing director Kristian Davidsen, operations manager Regin Vágadal, finance manager Johnni M. Poulsen, in the larger conference room aboard Smyril (right); another meeting room on board (left); Smyril suite interior (far left).



For meetings and conferences, the Smyril has already become a favorite treat, offering a four-hour getaway for those wishing to take the return trip with only a short stop.

In addition to the national ferry network, SL also operates the Faroese national bus network using subcontractors, as well as the semi-daily helicopter service offered to some of the smallest and less accessible communities on the islands. The SL road cargo transport service was sold to a private transport company in the spring of 2006, marking the first phase of what is ultimately set to become the commer-



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The Faroe Islands' national public transport operator, SL reports to the Ministry of Internal Affairs.

National ferry service

National bus service

National helicopter service

Hotel and conference facilities:

Available on board new ferry Smyril

cialization of SL. “While we await political decision on the question of privatizing the SL,” Mr Davidsen added, “we’ll continue the work of streamlining the organization into a more service oriented and customer centered company that operates on a commercial basis with long term perspectives, possibly as a contractor to the government.”

So with the cargo unit sold, what remains for SL is solely transporting humans and their vehicles—at which they're second to none in the Faroes. “We’ve reached one step further in streamlining the SL,” as Mr Davidsen said.