

Calypso Shipping Group (B)

A Ship in the Night

Erik Sunjaya awoke to the sound of an electronic marimba. Fumbling blindly in the direction of his nightstand, he picked up his iPhone, muttered a mild profanity, and put the device to his ear. The voice on the other end was barely audible; there seemed to be a long delay. Several minutes later, he put the phone down and let out a groan. It was not going to be a good day.

On the other end of the crackly satellite connection was the chief mate of the M/S Precious, a Calypso liner assigned to the trans-Pacific container trade. He had called Sunjaya, Calypso's director of liner operations, to inform him that the Precious had just been turned away from the Port of Los Angeles after several of its containers set off radiation detectors employed by the US Customs and Border Protection agency (CBP), and that secondary readings by an atmospheric monitoring system installed at the port had detected elevated radiation levels near the ship. The chief mate had been informed that the Precious would be barred from docking at any US port until the source of the radiation had been determined. Moreover, the entire Calypso Shipping Group would be subject to a new "two-strikes" rule with immediate effect: if any other Calypso vessels set off radiation detectors at any port under the jurisdiction of the CBP, all of the company's ships would be barred from the US for at least a year.

As Sunjaya was well aware, tensions had been running high at ports around the world since the recent series of accidents at Japan's Fukushima I nuclear power plant, which released several large doses of radiation in the week after the March 11 earthquake and tsunami, and continued to release radiation into the ocean near the plant for several weeks afterward as engineers fought to keep the plant's reactor fuel cool enough to avoid catching fire. Widespread concern among the general public, especially on the West Coast of the US—where atmospheric radiation from the accidents had been detected in late March—had put pressure on government officials to show they were taking decisive measures to protect their citizens. Sunjaya recoiled at the thought of Calypso being made a scapegoat for endangering American lives, no matter how remote the actual threat or how responsible the company actually was, legally or otherwise.

Anxiety and Speculation

Sunjaya glanced at his phone again to check the time. It was now 4:30. He pulled himself out of bed. Arriving at his desk shortly before 6, he called his staff to alert them to the situation and ask them to attend an emergency staff meeting at 8. He also called his counterparts across the company to

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arrange a brief conference call at 9. He then called his former boss, Ross Wilder, both to get his advice and to make sure someone from Calypso's corporate staff was in the loop.

Sunjaya and Wilder discussed several theories as to what might have set off the radiation alarms. The most obvious potential culprit was liner cargo that originated at or was transshipped through the port of Sendai, which had reopened five days after the earthquake and tsunami. But the fact that the ship itself may have been contaminated by radiation (as suggested by the atmospheric readings near the ship) was more troubling.

Neither Sunjaya nor Wilder knew much about radiation beyond what they had read in the press over the last several weeks. Nonetheless, they speculated about two additional scenarios. The more benign possibility was that the ship had taken on radioactive ballast water while docked in Sendai. They believed that if this were the case, simply flushing the ship's ballast tanks should remove it. This could be done using a common procedure known as "swish and spit" that was commonly required for deep-ocean vessels entering a body of fresh water (such as the Great Lakes) to prevent the introduction of invasive species.

Alternatively, they worried that the ship itself had somehow become contaminated, perhaps by the radioactive cloud that had been emitted by the Fukushima plant in the first week of the disaster. Although this seemed the least likely scenario, it was by far the most serious; they guessed that decontaminating an entire ship could take months and cost millions of dollars.

To make matters worse, they had to consider Calypso's bulker and tanker fleets in addition to the liners. The bulkers, in particular, were at high risk due to the fact that several had just been chartered to assist in the recovery effort underway on the eastern coast of Japan, hauling away debris and bringing in construction supplies for rebuilding.

All of the options seemed unpalatable. Suspending liner service to the US—even for a few weeks—would jeopardize Calypso Liners' hopes for recovery in 2011, although being barred from US ports for a year could have even longer-term consequences. But Calypso had neither the resources nor the technical expertise to scan all of its ships immediately, which seemed like the only way to establish the true scope of the problem with certainty.

Deloitte to the Rescue?

Now more than ever, Wilder wished he had the right data at his disposal to sift through these scenarios, assess the costs and risks of the actions available, and make informed recommendations to the company's senior management.

Suddenly, he remembered that the team from Deloitte Analytics was returning to Calypso to present their proposal to Calypso's board and senior management at their strategy meeting later that morning. He saw two opportunities: first, to test the team's ability to think on their feet and impress the company's leadership—possibly bolstering his own chance of winning support for an ambitious analytics project—and second, if their answers hit the mark, to effectively hand the team their first assignment.

Wilder knew that some decisions would have to be made within hours, but some could wait days or even a week or two—not enough time for the kind of full analysis he would have liked, but at least

enough to avoid being forced into yet another “gut feeling” decision like so many others at Calypso that had turned out poorly in recent years. He needed a concrete plan of action with a timeline starting now.

Knowing that the Deloitte team would have had prepared intensively and not wanting to throw them off their stride, he decided not to say anything until they had finished their presentation. But he hoped he could catch them before they left the building and give them an opportunity to rejoin the strategy meeting and share their ideas on how to keep Calypso afloat.