

The History of 13 Greek-Owned Shipping Companies, Evaluated by Management, plus a Case-Study

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How to cite this paper: Goulielmos, A. M. (2025). The History of 13 Greek-Owned Shipping Companies, Evaluated by Management, plus a Case-Study. *Modern Economy*, 16, 780-810.

<https://doi.org/10.4236/me.2025.165037>

Received: January 20, 2025

Accepted: May 25, 2025

Published: May 28, 2025

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Abstract

We presented the business lives of 13 Greek-owned Shipping Companies. The aim was to reveal their strategies since their foundation. This is a small sample from a greater number of about 150 companies. We compared their strategies with those suggested by Management. We found that the majority of the companies were afraid of 4 situations: 1) to proceed to new shipbuildings, 2) the premature death of their owner, 3) the Stock Exchanges' taking-over and 4) the shipping depressions. We distinguished the companies by their growth and underlined those that "made Greece a great shipping Nation again after its 2nd WW" almost total destruction.

Keywords

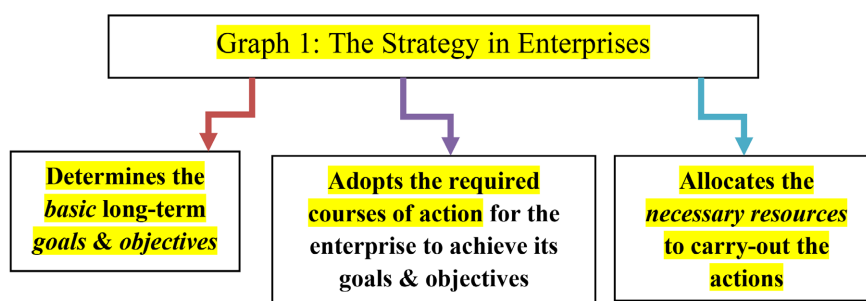
The History of 13 Greek-Owned Shipping Companies, The 107 USA Liberty-Type Ships "Lent-Leased" to Greeks (1947), The Split Up Syndrome, The 3 Corporate Growth Strategies, The Game of Assets, The Renewal Strategy, The "Learning" Curve, The Nonlinear Balance Sheets/Return on Assets (ROA), A Case-Study

1. Introduction

1.1. What Strategy Has to Do with Enterprises?

As shown in **Graph 1**, a *strategy* deals with the *basic long-term goals* and *objectives* of the Enterprise. Then, the Enterprise has to *plan* the proper courses of action to achieve them. The crucial stage concerns the provision of the *means*, ena-

bling the implementation of the previous stages.

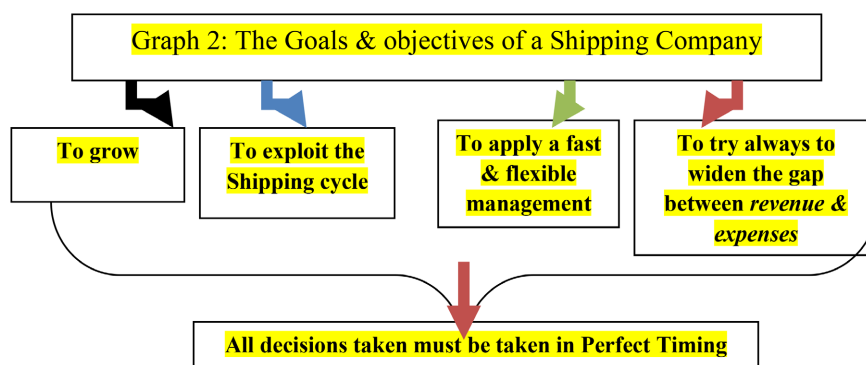


Source: author; based on a definition given by Chandler (1962); Besanko et al. (2017).

Graph 1. The strategy in enterprises.

Company's Manager has to calculate carefully company's *working capital*¹, as well company's *capital*, *we believe*. In shipping industry, there is a "trap" set by the banks, not on purpose, because they lend money *as much as* 60%, on average, for a 2nd hand ship and 80%, on average, for a newly-built one. Managers must also remember that finance is a *necessary* condition for success, but not a *sufficient* one. The relevant *know-how* is also required, either by the Manager, and/or by company's staff.

For a shipping company, we believe, that its basic goals/objectives are (Graph 2).



Source: author.

Graph 2. The Goals & objectives of a shipping company.

The graph we believe is self-explanatory.

1.2. The Greek-Owned Fleet

The Greek-owned shipping owned 4221 units of ~354 m dwt, in 2024, according to the Greek Shipping Cooperation Committee. Greece managed the 20% of the

¹A shipping company looks forward for receiving the freight, or hire, so that to pay its expenses. But, if an unforeseen need for money appears, (say for a repair due to a marine accident), the company will be in distress. The freight is not "prepaid", if not agreed so. The case-study company, e.g., maintained a working capital of \$872,000 (1985-6).

world tonnage, 25% of the bulk carriers, 30% of the tankers, 25% of the LNGs, 8.1% of the containerships, 8.3% of the car carriers and 3.6% of other types. Fleet's average age was 12.5 years (dwt), with 456 units under construction. The fleet belongs to about 1200 international shipping companies, mostly island and family, some traditional, and some established since 1850, all of Greek interests by majority.

1.3. The World Shipbuilding

China had the leadership, according to "Intermodal", in building 3454 ships out of 5735 (60.23%), followed by S. Korea and Japan. The above 3 countries covered the ~93% in GT, and this is due to the "clean fuel" fleet concerning 2119 ships, according to the "Offshore Energy".

1.4. The Business History of Greek-Owned Shipping Companies

Published material about the business history of the Greek-owned shipping companies is limited, for various reasons, one of which is the fear that their business *strategies* will be revealed to their competitors. Thus, we consider this work—part of a larger one—to be interesting, analyzing the business patterns, *as well the strategies*, followed, which led to success or failure. This may help the existing, or the future, shipping companies, to *avoid* the mistakes of their predecessors, and *copy* only their successful endeavors. The business history of 95 of them—out of a total of about 150—was analyzed already in a series of articles (Goulielmos, 2025a, 2025b, 2025c, 2025d).

1.5. The Wars in Which the Greek-Owned Shipping Companies Lost Their Battles

Two battles the Greek-owned shipping companies were unable to win: the premature death of their owner, and a shipping depression, like the one in 1981-1987.

2. Aim, Structure & Contribution of This Work

Our aim was to present, as *briefly as possible*, the business history of 13 Greek-owned shipping companies out of 150. Our particular interest was to underline those, certainly, *few*, companies, which grew rapidly by ordering *newbuildings*, based on economies of scale, and applying also a *low-risk* chartering policy. The Greek shipowners, who built-up a close cooperation with their big charterers, like Onassis, Niarchos, and others, through appropriate new-building programs, they proved to be industry's Champions.

This work is cast in 4 parts and 6 appendices, after a literature review. Part I, dealt with a brief historical account of 13 Greek-owned shipping companies; Part II, dealt with a case-study of a Greek-owned shipping company. Part III, dealt with the nonlinear balance sheets and the Return on Assets, and part IV dealt with the "learning curve" in businesses.

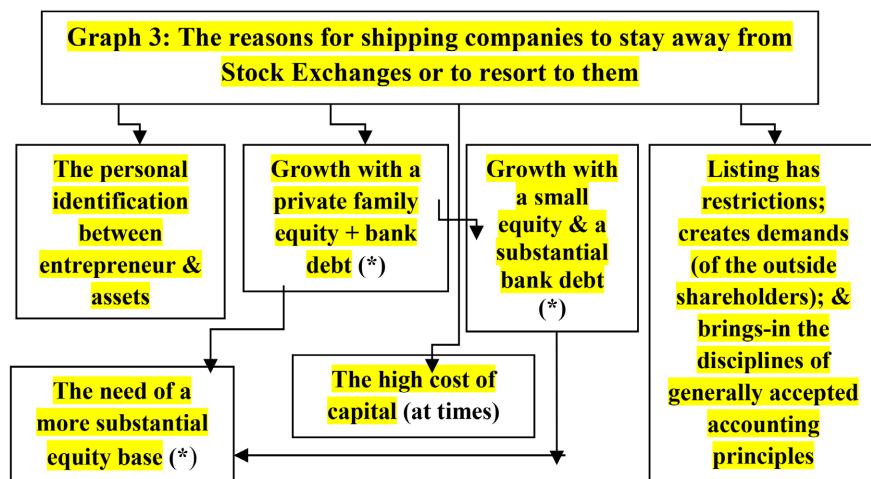
Appendix 1, dealt with the Liberty ships "lent-leased" to Greek shipowners (1947)

by the US government; appendix 2, dealt with the corporate growth strategies; appendix 3, dealt with the “Game of Assets”; appendix 4, dealt with the diversification strategy; appendix 5, dealt with the policy of the 7 oil companies; and appendix 6, dealt with the Renewal strategy. Finally, we concluded.

The contribution of this work is novelty, we believe. Moreover, it is recognized the superiority of Greece in creating a disproportional, to its population, number, of international shipping enterprises. Worth noting is the fact that, company after company, the *same strategies* followed by *all* Greek shipowners (tradition?), but one: “*building very large and ultra large ships*”.

3. Literature Review

Stokes (1997) argued that the *family*-controlled shipping enterprises, which make up the *majority* of the industry, *are not listed*, fearing a hostile takeover (Graph 3).



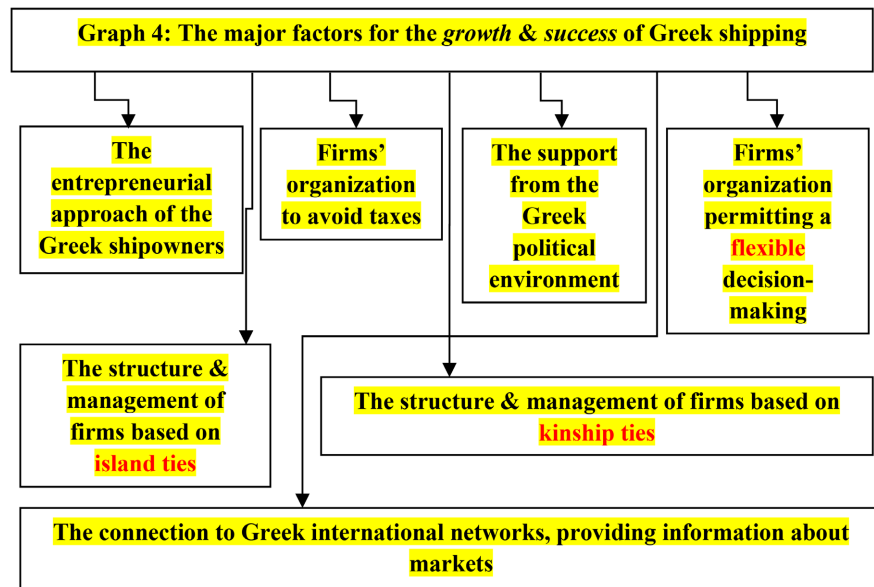
Source: author; data from Stokes (1997). The case-study company had all these 3 (*) characteristics.

Graph 3. The reasons for shipping companies to stay away from Stock Exchanges or to resort to them.

As shown in Graph 3, the desire of a shipowner to exercise his/her personal *dominion prevails among shipping enterprises*, together with the *freedom* to preserve the entrepreneurial decision-making. Moreover, the private empires created so far, and their rapid expansion, were possible *due to the availability of “long-term employment commitments”*—on profitable terms—from a number of strong charterers, like the 7 “Oil companies” (Stopford, 2009).

Stokes (1997: p. 200) argued, indirectly, that private shipping companies have to have a proper size, (e.g., in number of ships, not to mention quality), in order to serve adequately their very large charterers, and this requires a resort to SEs. Moreover, the *market depressions* can quickly turn a *cash flow* from *positive* to *negative*, and *diminish* company’s permanent capital...

Couper (1999: p. 63) attributed the *growth & the success* of Greek shipping to the following major factors (**Graph 4**).



Source: author; data from Couper (1999).

Graph 4. The major factors for the *growth & success* of Greek shipping.

As shown in **Graph 4**, the Greek shipping companies are organized on *island* and *kinship* ties. Moreover, there is a dominant personality: *the Father, and Captain*, who mobilized his sons—in most cases 3 or 4—as well crews from his island together with their savings... The *ties* secured the devotion to the cause, and the respect, and the proper discipline on board, *to the Leader*. In addition, worth noting is the establishment of the first “Nautical Academy/School” in Greece, at “Hydra” island, in 1749.

Notable is that the “management of shipping companies” taught authentically in Greek Universities by the author—for the first time—in 1992. This specialization is difficult to find, *internationally*, because persons working in a shipping company, as managers, lack a doctoral degree.

As far as taxation is concerned, an adjustable, over time, “tonnage tax” system exists, adopted in 1975 by the Greek Government, taking into account the size and age of the vessels, bringing then to the Treasury about \$20m p.a. according to the author (see also Marlow & Mitroussi, 2012).

Moreover, the “one-man leadership”, adopted by Greek shipowners, in managing their companies, a la their families, obviously facilitated the *useful rapid* and *flexible*, but also *autocratic*, decision-making, required on board.

Nevertheless, the above management practice created often disagreements among partners, who disputed frequently the decisions of the leader. As a result, partners split up.

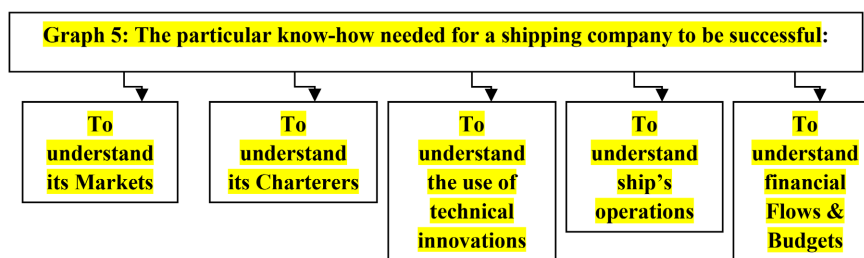
The above is a characteristic of the Greek Race, “the Agamemnon syndrome”

let us call it—present since the time of Iliad, where General Agamemnon used to decide with no attention, especially, to the opinion of Achilles—which caused the creation of a *plethora of personal shipping companies*, where their new leaders believe to know, (and act), *better* than their previous one...

The 1967-74 dictatorship helped the Greek-flagged shipping—mainly via new legislation. The 1947 Government, however, helped, substantially, the Greek-owned shipping because it provided its guarantee for buying the 107 Liberties, amounting to about 1.07m dwt. This tonnage added to the 466,000 GRT of the then Greek fleet². By 1984, the fleet arrived³ at 50 m GRT⁴.

Greeks consider 2 dates important: the 16/07/1774, when a convention signed at “Kucuk Kaynarca” with the Ottoman Empire, providing freedom of action to the Greek-owned shipping—under various flags, including the Russian—in the occupied Greece, and the 07/01/1947, when signed the final “lent-lease” of the 107 Liberty-type ships. We have also to add the 12 m pounds for hires of Greek-owned ships paid by the UK Government to the Greek one, and the war compensations for the Greek ships war-losses. If the Greek-owned ships were not insured in the UK (free) insurance market for war risks, given their substantial losses, *there it would be no way* for Greek shipping to ever be re-born.

Lorange (2009) argued that five, particular, *know-how*, are needed for a shipping company to be *successful* (Graph 5).



Source: author; data from Lorange (2009: pp. 254-255).

Graph 5. The particular know-how needed for a shipping company to be successful.

As shown, a successful shipping company understands its markets, and if possible, *feels* their *turning points* (*more difficult*). In order to apply “Charterer-focused strategies”, the company understands its charterers. Also, the enterprise has to be willing to adopt the *technical innovations* available *so as to arrive at better solutions*, e.g., *a better forecasting* (*also more difficult*).

²The Greek fleet owned 115 steamers (>500 tons). The ships survived from the 2nd WW were 88 ocean-going dry cargoes (405,000 GRT) (28% left from the fleet before the war).

³In 1939, Greece held the 9th world position with ~1.8 m GRT out of 68.5 m, where the 1st position held by UK, (plus Commonwealth), with 21m GRT (~31%), followed by USA with 11.4 m GRT (of which 2.45 m in the lakes fleet).

⁴The Greek-owned shipping, since 1887, owned a “steam” fleet of 31,000 GRT. By 1894, 89,000, by 1901 169,000 and by 1904, 353,000; in 1912: 434,000. By 1915, 894,000 and by Oct.1918: 126,000 (*a war loss of 768,000 tons*). In Sept. 1939, the fleet arrived at 1,686,000, while in 1945 registered 508,000 GRT (*a war loss of 1,178,000 GRT*).

Moreover, a manager should have the proper financial knowledge⁵—being always the key—required to *manage* company's *financial flows & budgets*. This means to understand *currencies, interest rates, new financial instruments & derivatives*, or what we mean by “*Financial Engineering*”.

This is the weak point of the Greek shipowners, we believe. Finally, the enterprise has to understand its ship's operations—making the good even better—*by employing efficient and effective crews—providing “the best possible services at the lowest possible cost”*.

Lorange & Fjeldstad (2010) argued that the *family businesses* dominated the shipping industry, *because* they were able *to make faster decisions*, while the large public companies had first to go to their decision committees (e.g., the board of directors)⁷. Family companies' CEOs, accordingly, are more *entrepreneurial* and *dynamic*.

Niamie & Germain (2014) reviewed⁸ Shipping Industry's “Strategies” and found a literature *scarcity* on their formulation & implementation. They found only 33 main references, in 22 years, mainly after 2008. In their additional 15 references, almost all, but one, non-maritime, they mentioned the 4 *seminal* publications, in our opinion, of: Penrose (1959); especially Porter (1980, 1985), and Mintzberg (1987).

With “*Greek shipping*” dealt Lagoudis & Theotokas (2007). With shipping companies, and ocean going shipping, dealt Lorange (2001), Lorange & Datson (2014), Progoulaki & Theotokas (2010) and Kim et al. (2011).

4. Methodology

This work made possible by studying a number of books, which dealt with the history of certain of the Greek-owned shipping companies such as: Stokes (1997), Couper (1999), Harlaftis & Theotokas (2007), Stopford (2009) and Lorange⁹ (2009). Fortunately, the maritime authors wrote more frequently about the activities of the shipping companies, especially the listed ones, as time went-by. The epoch of the *absolute secrecy*—for the fear of the antagonists—is rather largely gone.

In our case, a number of the majority of the business histories is a product of interviews with companies' executives, making them more important and reliable. The degree to which this material is rare is clear to those dealing with the industry. In order to make our analysis as brief as possible, we did not deal with the history

⁵Mrs. Frangou A. is an exception.

⁶If one listens to Greek shipowners, he/she will hear their *permanent demand* for a *greater quantity*, & a *better quality*, of crews of Greek nationality.

⁷A doctoral thesis in 1974 mentioned the case of a large UK oil company, which paid a double amount for building a number of tankers by delaying to order them 3 months, till their board of directors decided.

⁸Their review focused mainly on “Liner shipping” (8 papers), on “Containerships” (7), including “logistics” (8) and “Supply Chains” (2) (a total of 25 papers ~76%).

⁹Lorange is a rare case of a Professor, who was also a shipowner... He, and his co-authors, greatly enriched—since 1974—the maritime literature with papers, and books, where if their English were better, their scientific impact would be deeper.

of the companies during their steam/sail period. We also left out all companies not dealing with ocean-going ships serving the world shipping known as “Tramp shipping”.

5. Part I: The History of 13 Greek-Owned Family Shipping Companies

1) This, island, company, established by 3 brothers, and merchants: C (b. 1870), L (b. 1859) and Z (who died in 1935). In 1946, C went to NY to buy 2 of the 107 Liberties (appendix 1). They opened offices in Piraeus, London & NY. By 1948, they managed 35,000 dwt (4 dry cargoes). In 1951, the 2nd generation of 3 sons joined. Then, the 2 sons out of the three, and owner’s *widow*, split up. In 1958, they managed 75,000 dwt (7 dry cargoes), and during the 1960s, 100,000 dwt (10 dry cargoes, mainly Liberties). In end-1970, the company renewed (appendix 6) its fleet with bulk carriers. By 1981, the company managed 120,000 dwt (4 units) and in 1985 it built 1 bulk carrier of 40,850 dwt. This company achieved a low growth (1990-2000) (appendix 2).

2) This family branch of a son (b. 1924) established a shipping company in 1968. By 1970, he owned 100,000 dwt (7 units), and opened a London office. He *renewed* his fleet with 5 new buildings, mainly SD14, (from a Greek shipyard), and with bulk carriers (from Japan). By 1976, he owned 200,000 dwt, and by 1982, 160,000 dwt (6 units). During the *1981-1987 depression*, the company *sold its vessels*. In end 1990, the 3rd generation joined. This company achieved a low growth.

3) This company, from Peloponnesus, dealt heavily, and till the end-1980s, with a “*ship agency/ship-broking*”, opening a Piraeus office, since 1916 by G (b. 1896). The 2nd generation, of 3 brothers, also joined. In 1960 N (b. 1939) joined—after his postgraduate studies in London. He made a partnership with another Greek shipowner in 1964, acquiring 1 ship, and by 1966, establishing a shipping company—which *destined to be one of the largest ones*. In 1974, the cousins of one of the owners, joined, and then split up. The company in mid-1990s ran by the 3rd generation of 2 daughters and 1 son¹⁰. In 2002, the company ordered 2 ships, (product-carriers & handy-maxes) (S Korea). This company achieved a low growth.

4) This company established by KM (b. 1917), from Cyprus, who lived in London, and in 1963, acquired 1 liberty. The 2nd generation joined in 1972, consisting of 2 sons: Z, (b. 1941) and G, (b. 1955). The 3rd generation joined in the 2000s, where K was in charge, since 1999. By 2002 E and A joined. The company owned dry cargo ships, tween-deckers, handy-sized bulk carriers, & latter Capes. In 1997, the company ordered 2 Capes (in S. Korea). It applied the “Game of Assets” (1980s beg. 1990s) (appendix 3) and diversified in real estate, tourism and air-transport (appendix 4). This company achieved a low growth.

5) This, non-island, company, established by AM (b. 1926) in 1969, with a part-

¹⁰This family is an example of having its members not only to attend *university studies*, but also to attend *postgraduate* ones (in LSE & City University); he also attended postgraduate studies.

ner, by acquiring 1 reefer, and by 1970, 4 units, with 4 partners. In 1971, the partners bought-out, and the company, in 1977, owned 8 units (reefers & general cargoes). The remaining 2 partners, in 1977, split up. The AM by 1981 owned 13 units (bulk-carriers & reefers), and by 1983, 17. The fleet sold out (from 1985 to 1988) for *scrap*. In 1988, the company specialized in bulk carriers and by 1995, in tankers. The 2nd generation of B (1992) and E (1995) and their Mother, joined. The company diversified in real estate.

6) This company established by an industrialist (PMA, b. 1891) from Asia Minor. Beginning 1950s, and till 1965, he was partner with a Greek shipowner. In 1969, he established a new shipping company with a friend this time, owning 2 units, and acquiring soon another 2 (dry cargoes). His 3 nephews joined. By end 1980, the company owned 10 units, and eventually, by 1999, it stopped its operations.

7) This, island, company, established by DIN (b. 1915), who by 1947, acquired 1 Liberty ship from the 107, in partnership with his uncle. By 1958, managed 7 Liberties and by 1965, 11, and by 1970s 1-3 units. This company achieved a low growth.

8) This company established by SN (b. 1909), specializing in tankers. He became one of the so called “golden” Greeks (Goulielmos, 2021a). In 1939, he went to London and bought 1 ship, and in 1947 bought additional 4, in NY, as well 2 from the 107 Liberties. He applied the *economies of scale* and *cooperated with the 7 oil companies* (appendix 5). In 1947, he owned 14,480 GRT; by 1958, 1.02m (64 units; 56 tankers), and eventually 1.4 m GRT (70 units) (of which 55 tankers), where by 1975, he owned 46 units, of which 31 tankers. *A rapid growth*. The 1981-1987, depression found his company with bulk-carriers by majority (2/3). By 1985, he owned 1.9m GRT (8 tankers; 20 bulk-carriers; 3 combination carriers). *A further rapid growth*. In 1990s, the 2nd generation joined, where by 1995, the company returned to tankers (8 out of 18), and 22 by 2000 (4 tankers; 5 product carriers; 2 bulk carriers). By 2000s, he renewed his fleet by ordering (in S Korea): 1 VLCC, & 2 Suez-maxes. In 1957, he established the “Skaramangas” *shipyard* (Greece), till 1985. In 1958, he established a *refinery* in Greece, with a partner—till 1976. Moreover, he was one with an active application of the *international public relations a la Onassis*. The 2nd generation, consisting of 3 sons, (*one died in 1999*), and 1 daughter, joined. The growth of this company was indeed remarkable.

9) This island, traditional, company, established by NGN (b. 1908). He bought 2 from the 107 Liberties and opened a NY office, after the ones in London and Piraeus. He ordered 6 dry cargoes (1955-1959). In 1958-1970, the company owned 100,000 dwt (10 units; 1 tanker). The company achieved a low growth. In 1975, the company withdrew from the industry.

10) This, island, traditional, company, established by L (b. 1886) and N (b. 1920) and D (b. 1924), made up by 2 family branches and 4 companies, as follows: (10a) in 1950, the 2nd generation, of 2 sons, joined. One lived in London, in 1954,

and ran the company's office there, and one ran the Piraeus one. In 1965, they managed 150,000 dwt (21 dry cargoes) (of Liberty & Empire type). The company ordered 12 units in mid-1960s till mid-1970s. N took-over, having the policy to own ships of *maximum* 10 years of age. In 1976, he owned 125,000 dwt (5 units) and by 1982, 135,000 dwt (5 bulk carriers). This company achieved a low growth.

(10b) This family branch established a company with the 2 sons of M: A, & P (b. 1865). MPN (b. 1898) established in 1931 a London and a Piraeus office. He bought 1 of the 107 Liberties. Beginning 1950, he undertook a 10-yearly shipbuilding program of 10 units (1953-1964) (3 tankers; 7 dry cargoes). By 1965, he opened a NY office and managed about 300,000 dwt (16 units) and by 1970 330,000 (12 units). Beginning 1970, his son P (b. 1932) took-over. By 1976, the company owned 550,000 dwt (13 units: tankers & bulk carriers) and by 1981 800,000 dwt (6 units, tankers & bulk carriers). This company achieved a medium growth. *The 1981-1987 depression*, however, shrunk this fleet to 1 unit (by the 1990s)...

12) EPN, (b. 1902), bought 1 of the 107 Liberties, and between 1953 and 1964, undertook a serious shipbuilding program of 6 units (in Japan). In 1958, the company managed 70,000 dwt (7 dry cargoes), and by 1965 120,000 dwt, having offices in NY, London and Piraeus. The NY office managed, in 1975, 380,000 dwt (11 units: 5 newly-built tankers & 6 bulk carriers). *The 1981-1987 depression shrunk* this fleet to 6 units, which by 1995, increased to 10 (bulk carriers; containerships & tankers). By 2000, the company owned about 90,000 dwt (1 tanker; 1 general cargo and 3 containerships). This company achieved a low growth.

13) This company ran by MAN (b. 1892), a Captain, graduate of the "Nautical School at Southampton" (1955). In 1959, he bought 1 vessel and opened a Piraeus office, together with 1 in London. By 1965, he managed 3 dry cargoes, and by 1970, 43,000 dwt (7 units) and in 1982 opened a new office in London. His 2 daughters: K (b. 1956), & A (b. 1957) and his son M (b. 1965), joined; by 1993, they owned 200,000 dwt (8 bulk carriers; 9 years of av. age). The 4th generation joined, and by 2000, the company managed more than 320,000 dwt (8 bulk carriers). This company achieved a low growth.

Concluding this part, we saw that 5/13 of the companies bought 1 or 2 Liberty-type ships from the 107, while 4/13 came from an island. Only 1/13 of the companies were traditional, and 11/13 established, since 1908, 17 offices in NY, Piraeus and London. The split up syndrome was limited in this group, where only 2 partners split up. The number of generations was rather serious, however, where: 5/13 of the companies had 2 generations, 3/13, 3 generations, and 1/13, 4 generations. The 4/13 of the companies affected by the 1981-1987 depression.

As far as the growth strategy of the companies is concerned: a LGS adopted by 6/13 of the companies; while 2/13 *only adopted a RGS*. Certain companies had at least 3 brothers, and 2 partners, where only 1 was a prior merchant, *but many were prior Captains*. Impressive in this group, was the 9/13 of the companies which *renewed* their fleets with *new-buildings*.

Appendix 1: the 107 Liberty type ships "lent-leased" to Greek shipowners by

the USA Government (1947)

The US Government, after obtaining a guarantee from the Greek Government, “lent-leased” to Greek shipowners 100 dry cargo Liberty-type ships, plus 7 tankers. During 1941-1944, 18 USA shipbuilders launched about 2,742 Liberty-type ships (about 10,500 dwt each, of 11 k. speed). These ships were in business for the next about 25 years (till 1972). Greeks eventually obtained more than 800 Liberty-type ships from the market.

Appendix 2: The corporate growth strategies (Robbins & Coulter, 2018)

Important function in managing an enterprise is Planning, and especially, the Strategic one. In Shipping Industry, the more important function is *Control*, and especially the *effective* one. This is so because the “factory” of the company, (the vessel), is thousand miles away from her management... a case-study of “*Management by distance*”. Planning in an unpredictable industry, like shipping, is a rather *frustrating* function. Of course, planning which is not strategic does not sound superior nowadays. The enterprises, in order to follow a “strategic management”, they have to develop ... *strategies*, implemented by the 4 *functions* of the enterprise (Graph 6):



Source: Data from Robbins & Coulter (2018), p. 314.

Graph 6. The strategic management is implemented through company's 4 basic functions.

When we say “strategies”, we mean “strategic *plans*”, especially those of how the company is going to *compete*, with success, and how it will *attract*, and *satisfy*, its customers (Thompson et al., 2005).

In shipping, enterprises work-out, efficiently and effectively, during October or so -in each year—their next year's Budget, taking into account the costs of vessels, and of administration, *using the latest “zero budgeting” techniques*. The economics Manager of the company investigates thereafter the deviations between the computerized *planned* and *actual* expenses. “Control through Budget”.

The above exercise ends-up in determining the computerized daily “running cost” of every, and all, ships of the company, and it is used by the Chartering department, when it negotiates a charter-party with cargo brokers, to find out the so called “expected voyage result”. The accuracy of which is *based on the quality* of company's Budget. Given that the freight rate is determined by Supply and Demand, shipping enterprises are the Kings in their industry, if they control, effectively and efficiently, their expenses.

Planning shipping company's revenue is not easy, unless ships are time-char-

tered. Thus, shipping managers have to do 1/2 the work of their colleagues in other companies. Worth noting is to underline that research found (Robbins & Coulter, 2018: p. 315), that there is a *positive relationship* between *strategic planning* and company's *performance* (Song et al., 2011).

In addition, it is well recognized that managers face *continually changing situations*, meaning that they have to “*manage the change*”, by using more *flexible* strategies than hitherto. Moreover, the “strategic management” is *important*—especially in the large (shipping) companies—which are more complex and diverse, consisting of over 17 departments, and managing 30 - 50 ships. These, usually, lack coordination and focus over their goals and objectives. Management suggests the famous *six-step SWOT¹¹ analysis*, as a part of the so-called “strategic management process”-SMP, consisting of a mission statement having 9 important components (Davic, 2011).

Above, we have distinguished, arbitrarily, 3 levels of corporate growth strategies¹²: the low growth one (up to 1/2 m dwt), the medium one (from 1/2 m + 1 to 1m dwt) and the rapid (from 1 m dwt + 1 and over). Table 1 shows the top 10 Greek-owned shipping companies and their growth between 2016 and 2018 in dwt.

Table 1. The growth rates of 10 top Greek-owned shipping companies, 2016-2018.

Company	Position 2016	Dwt 2016 m	Dwt 2028 m	Growth % (rounded)
Anangel	1	22.3	24.5	10
Euronav	2	16.8	-	-
Navios	3	14.5	17.2	19
Dynacom	4	13.2	15.2	15
Cardiff	5	12.99	16.22	25
Gener8	6	9.4	-	-
Star bulk	7	8.6	13.7	59
Alpha	8	8.1	9.3	15
Tsakos	9	7.9	9.1	15
Thenamaris	10	7.42 = ~121 m out of 321 m = ~38%	9.03 Out of 342 m	22

Source: author's archives.

As shown, only 1 company had a substantial¹³ growth, i.e., 59%, in 2 years, meaning that the growth of a shipping company is a personal decision of company's management. These 10 companies owned the 38% of the total tonnage in 2016.

¹¹Every company has to have: *mission*, *goals*, and *strategies*; also, to analyze company's *opportunities*, *threats & strengths*, as well its *weaknesses*, and to formulate *strategies*, and implement, and evaluate, them, for results.

¹²A “corporate growth strategy” concerns company's *expansion* in a greater number of markets, than hitherto, or in new products/services than previously.

¹³A case, most probably, of buying-out companies in a SE.

Appendix 3: The Game of Assets

The 2nd hand market is one of the 4 shipping markets known as “Sales and Purchases (S&P)” market. This market is based on ship price’s volatility. In 2006 almost 1500 deep-sea merchant vessels were sold of a value of \$36b, of which 250 bought, on average, by Greek shipowners at a cost of \$600m financed partially by the sale of about 180 units (on average). The Game of assets concerns a vessel which her sale price increased several times vis-à-vis her purchasing one. To this, one adds her accumulated depreciation. The profitable game of assets-GA is preferred by shareholders. We have witnessed sales of ships at 10 times their purchasing price. The main reasons for selling a ship-asset are shown in **Table 2**.

Table 2. Main reasons to sell a ship-asset.

Policy to replace her at a certain age (*)	Not any more suitable for company’s trade	Falling future prices	Distress sales (out of cash flow pressures)
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Source: author; data from [Stopford \(2009: p. 198\)](#). (*) We saw this among Greek shipowners.

Distress sales are those when a ship—especially a profitable one—is sold for the company to raise cash to pay its daily obligations (bunkers or loan installments). The GA concerns also ships built as optional. The 2nd hand prices are mainly determined by freight rates, ships’ age, inflation and buyers’ expectations ([Stopford, 2009: pp. 204-206](#)).

It goes without proving it that the 1st best to buy a vessel, or order one, is when their prices are at their rock-bottom level, and the 1st best to sell a vessel is when her price has reached its top. According to [Stopford \(2009: p. 202\)](#) the asset play’ profits earned from a well-timed buying and selling activity are *important* source of income.

Table 3 outlines the magnitude by which ship prices have changed over time.

Table 3. The price of a Panamax bulk carrier, 1977-2007.

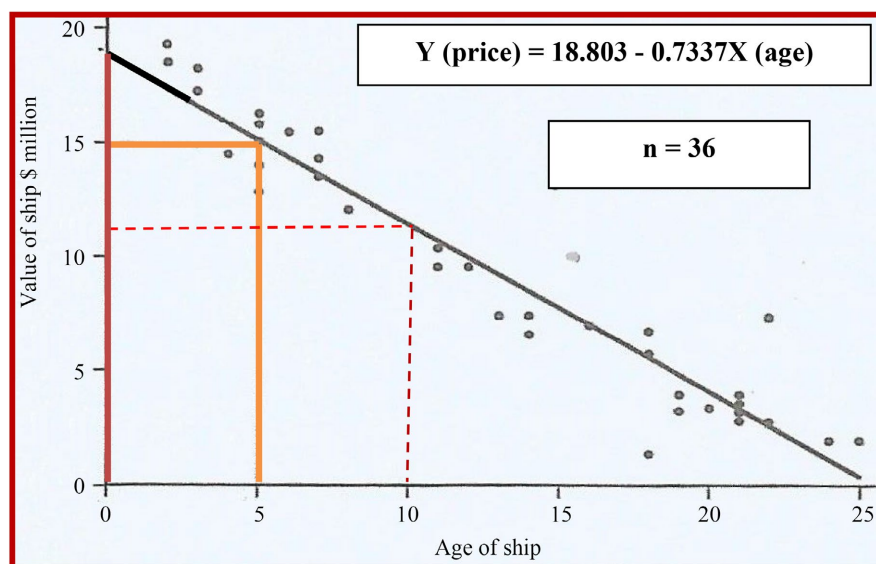
A Panamax. Bulk carrier (prices in \$m)			
Dec. 1977: \$6m	Dec. 1980: \$22m (3.7+ times)	1982: \$7m (less 3.1 times)	1989: \$22m (plus 3.14 times)
Feb. 1999: \$~14m (less 0.64 times)	End 2003: \$28m (plus 2 times)	Oct. 2004: \$34.50m (plus 23.24%)	Dec. 2007: \$92m (plus 2.67 times)

Source: author, data from [Stopford \(2009: p. 202\)](#).

As shown, a shipowner can buy a Panamax ship in 1977 at \$6m and sell her in 2007 at \$92m, provided she is alive at her 30 years of age. Perhaps 1989 or 2003 are more probable. Greeks (**Figure 1**) prefer to buy a 2nd hand ship of 5 years of age (or even 10 years)—e.g., a Panamax¹⁴—at ~\$15m (or \$11.5m), instead of build-

¹⁴Between 2002, and 2007 and Sept. 2003 (high), China’s steel production grew from 144 m tons p.a. to 468 (3.25 times up), coupled with higher oil imports and exports of minor bulks. This had as a result for the bulk carriers/tankers to face a *very strong market*.

ing a Panamax at a cost of ~\$19m. By doing so, they *reduce their obligations to their lending bank*.



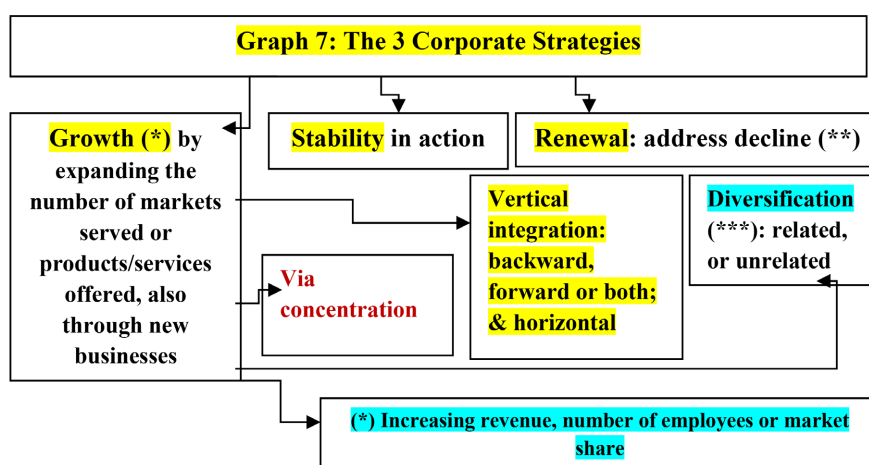
Source: modified from that in Stopford (2009).

Figure 1. A regression line of the prices of a Panamax bulk carrier on her age (2002 first 9 months).

As shown, by buying a ship of 10 years of age, a shipowner pays \$11m, while his/her competitor pays \$19m (for a newly-built one). The difference between a newly built bulk carrier of 60,000 dwt, e.g., and a 5-years of age one in 1981 was from \$5m to \$9m (1983).

Appendix 4: a diversification strategy

This is one out of 3 Corporate Strategies (Graph 7).



Source: author; inspired by Robbins & Coulter (2018: pp. 321-323). (**) see appendix 6. (***) see appendix 4.

Graph 7. The 3 Corporate Strategies.

Diversification is the case of a firm producing for/serving, a number of markets. Economies of scope provide the principal rationale. Diversification is due rather to managers' preferences.

Appendix 5: The 7 oil companies' strategy

The seven oil companies in the past (mainly in 1974 and before) adopted a clever policy by inviting the independent private crude oil tanker shipowners to build ships, and transport their oil in long-term charter parties of 15 - 20 years. Their thinking was, by so doing, to boost the supply of ships (or diminish the demand for them), and thus to lower freight rates (which they also paid). Ship-owners accepted the deal, and in order to derive a maximum profit, they exploited heavily the economies of scale by building very large and ultra large tankers (a la Onassis), and also relying on the efficient Greek crews. Finance on a charter party as the above was secured.

Appendix 6: the Renewal strategies

Many large international companies, in 2013, lost substantial amounts. The managers, in such cases, developed 2 strategies, known as "renewal". These are destined to address company's declining performance, and are known as *retrenchment* and *turnaround* (Robbins & Coulter, 2018: p. 322).

We saw, during our experience, companies to apply the "*retrenchment short run strategy*" by *reducing crew wages, or changing the nationality of their seafarers, postponing also their major repairs, and drydockings—with Class permission—and delaying bank installments in agreement with their bankers...*

In case of a depression, we saw shipping companies to apply extensive cost reductions, even postponing payments to their suppliers (dangerous), and renegotiating their loans with their bankers. Moreover, selling profitable ships, and cancelling ship orders at a cost (both undesirable).

In addition, certain shipping companies had to postpone even to pay crew wages, meaning by doing so to enter in their room of bankruptcy (Couper, 1999). All the above outcomes are the result of the absolute inability of shipowners to forecast the freight rate market, as well the coming of a depression, when 1 newly-built vessel, or more, are added to company's fleet, for which no employment has been secured—by a reliable charterer—since the time of her order...

6. Part II: The Case-Study of a Greek-Owned Shipping Company, 1985

Diagram 1 may help the reader to recognize the state of the markets when the case-study company started its businesses. This case-study was made possible when the company gave us its balance sheets for its 1st 7 years of operation to make our remarks.

As shown in **Diagram 1**, in April, 1983, the laid-up tonnage arrived at its maximum of 100m dwt, while in July 1987 it started to fall from its 14m dwt mark. Markets improved from April 1989, and thereafter. Thus a company, wisely, had to *buy* ships at its 1st best in 04/1983, and in its 2nd best, in 1982 (till 1986). The

case-study company bought ships in 7/1985 at a rather 2nd best timing.

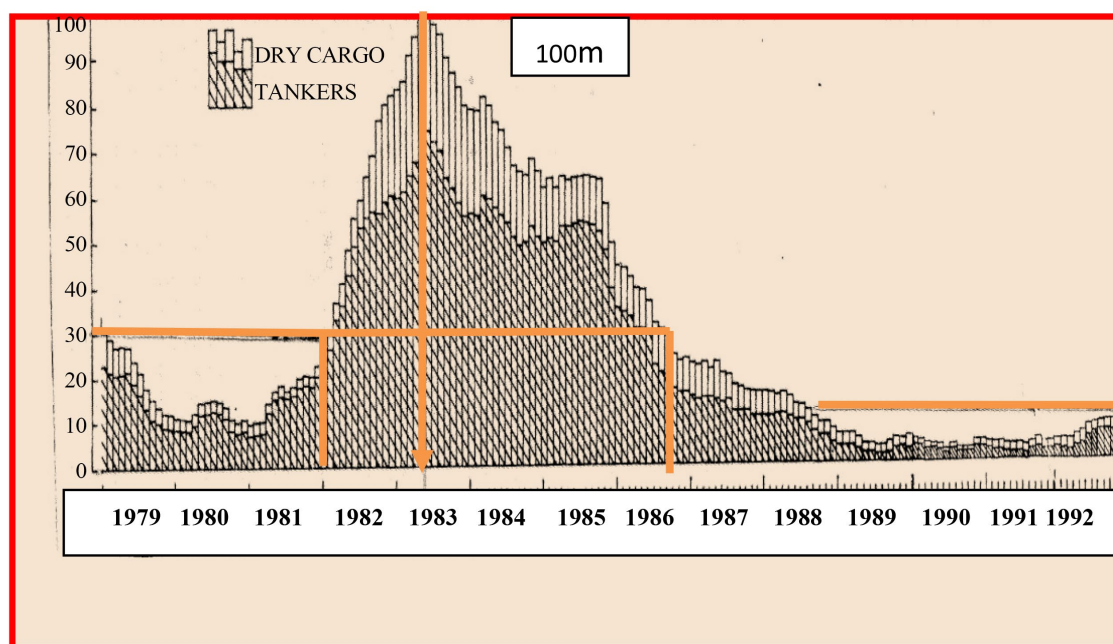


Diagram 1. The laid-up tonnage of tankers and dry cargoes, 1979-1992, monthly—dwt m—source: author.

6.1. The Time When the Company Started and Owner's Age

The company established in 01/07/1985, by GP, at his 70 years of age (who died in 2003). The 2nd generation took over, since the beginning of the 1990s, made-up by M, V, and the husband of their sister A.

Company's start in 7/1985 shows that its manager *decided* to operate it, voluntarily, *2 years inside the 1981-1987 depression...* The company, we assume, bought 5, 2nd hand, rather old, ships, at very low prices in need of repairs¹⁵, in 07/1985. However, the years 1/1986-1/1987 were the proper ones to buy ships, given the rock-bottom freight rates at that time. If the company *started in 1/1989, it would benefit*¹⁶ *from the higher profits of \$5.5m.* Thus our first remark is that the company had to start in 1/1989 at its 1st best or 1/1988 at its 2nd best.

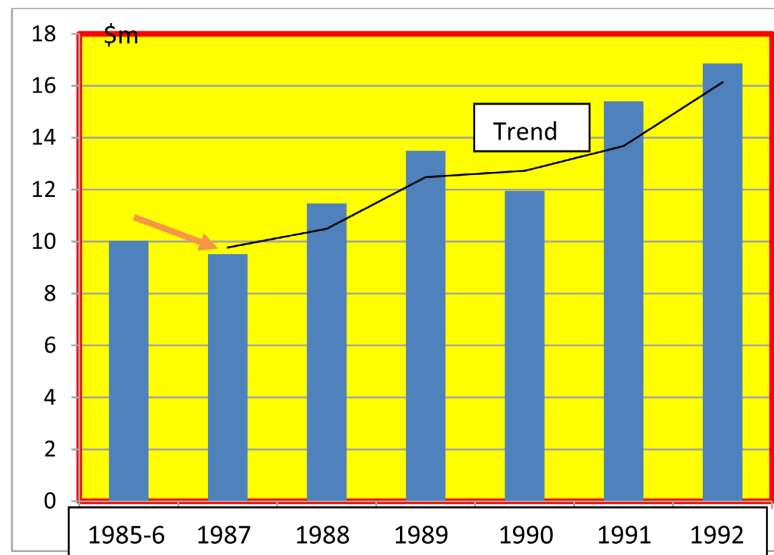
6.2. Company's Revenue¹⁷ (Figure 2)

As shown in **Figure 2**, the 1981-1987 depression obliged the company to lower revenues between 1987 and 1988. **Figure 1** supports our opinion for the company to have better started in 1/1988 and/or 1/1989.

¹⁵It seems that company's policy was to own a small number of advanced age, cheap, ships, in need of further, rather cheap, repairs. This was a practice among poor Greeks who wanted to become ship-owners.

¹⁶Due to the fact that the ships bought in 7/1985, then they had to be laid up till the market improved in 1/1988 or 7/1987. In shipping one cannot buy low-priced ships and being in a high freight rate market at the same time.

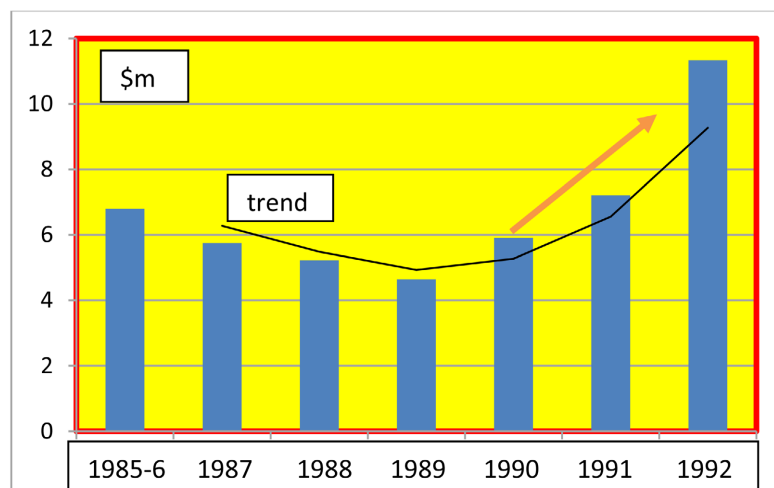
¹⁷Company's revenue excluded *other income* (meaning a total \$1.82m) made-up mainly by company's 2 insurance claims of \$543,000 and \$591,000. Excluded is also the "receivable interest" of \$900,000.



Source: author; data from company's balance sheets.

Figure 2. Revenue from voyages, 1985 (01/07)-1992 (31/12).

6.3. Company's Expenses (Figure 3)



Source: as in **Figure 2**.

Figure 3. Company's expenses, 1985-1992.

As shown in **Figure 3**, vessels' expenses p.a. increased *drastically*, from \$7.2m in 1991 to \$11.3m in 1992 (~57.3 % up)¹⁸. Worth wondering is why the “commissions paid” treated as *expenses*¹⁹? The *commissions* varied from \$0.74m (1985-86) to \$1.18m (1992). The *administration expenses* increased too from ~\$0.27m (start) to \$0.90m (1992) (3.3 times up in 7 years). This is something to be expected, **if** the company increased its staff.

¹⁸The company paid ~\$2.6m for improvements on the ship bought in 1991.

¹⁹We believe that commissions should be better *subtracted from revenues*. This would exert a psychological pressure on management to *reduce* them.

6.4. Company's Fleet

According to our records, in 2016, the company owned 6 ships (342,158 dwt). In 1991, the company owned 5 bulk carriers of a total of 95,055 dwt, **Table 4**.

Table 4. Company's fleet (1991) (dwt).

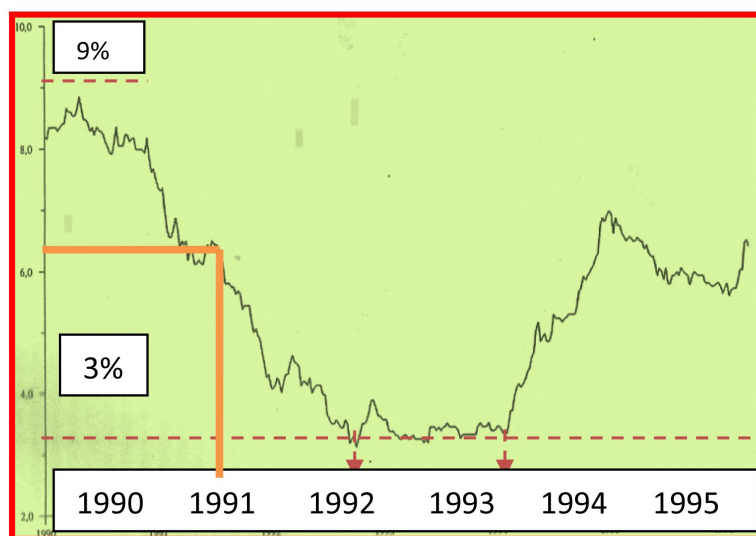
15,589, 20 years of age	8,551, 20 years	21,754, 17 years
35,522, 10 years	13,639, 17 years	

Source: our archives.

Worth noting is that the company increased its fleet by about 3.6 times in 25 years (1985-2016) (having the 145th position out of 200 Greek-owned shipping companies in 2016).

6.5. The Interest Paid

Important are always the amounts paid for *interest* on *long term debt*: \$1.62m (at its start); \$1.08m (1987); \$0.98 (1988); \$0.91m (1989); \$0.69m (1990); 1.47m (1991) and 2.05m (1992) (*a total of \$8.8m*). Important is also the proper *timing* in applying for a loan from a bank, because the *interest rate basis*, known as LIBOR²⁰, varies (**Figure 4**) over time.



Source: author.

Figure 4. LIBOR, 1990-1997, %.

As shown in **Figure 4**, borrowing from the banks was proper during end-1992-start-1994, at a 3% LIBOR, compared with the 6.5% in 1991, when company borrowed in order to buy its 1 vessel.

²⁰LIBOR is the acronym of the "London interbank offer rate", determining the cost of money between London banks, and it is used as a basis, to add on it, a % for bank's profit (the spread). Best customers pay spread something from 1/2% to 1^{1/2}% for loans for building ships & for a tenor of 6 - 7 years.

6.6. Company's Loss²¹

Company realized a *loss*, from a foreign currency loan, of \$1.82m. This, together with \$2.4m depreciation, led the company to a serious *deficit* and this during its first 18 months of operations. This surely had a bad psychological impact on shareholders. In addition, the above “foreign currency loss” *could be avoided*, if the amount of the foreign currency required paying the loan installments (plus interest) in future, vis-à-vis company's \$, *was pre-bought at the time the loan was signed to avoid subsequent changes in \$/Currency parity...*

6.7. Company's Dividend Policy

The first dividends paid in 1989 of \$3.6m and \$4.2m (1990); 2.8m (1991) and \$0.2m (1992) (*total* \$10.8m). Our opinion is for any company to provide to its shareholders a return higher than what they could earn in a year bank deposit, *but no more*. In 1989, the company paid \$3.6m dividend against \$10.8m a total shareholders' equity. This means ~33% return. However, a 5% p.a. on equity could be sufficient (total 17.5% for the first 3.5 years), we believe (i.e., \$3.8m total). The amounts devoted to dividends, could, of course, be used instead in *repaying* company's loans, or building-up “a depression-facing-up” fund.

We believe that the “dividend policy” of a company, the retained earnings one as well its “depreciation” policy have to be *strategic decisions*. Surely, all shareholders dislike depreciation, unlike managers. Thus, the above cases are such where the manager has to have “the dog satisfied and the pie untouched”...

Shareholders may be happy, we believe—if asked—with a *fixed dividend each year*—whether out there is sun, rain or snow—e.g., by using company's retained earnings. Managers have to be careful for the fact that they cannot rely on either shareholders or bankers or stock exchanges for help during a depression...

6.8. Company's Retained Earnings

Company retained earnings in 1988 of \$0.23m; \$4.25m in 1989; \$2.8m in 1990; \$2.85m in 1991 and \$0.99m in 1992 (total ~\$11m). This amount, e.g., could be used to smooth-out the repercussions of a shipping depression, so that to pay to shareholders a fixed return on their equity, as suggested.

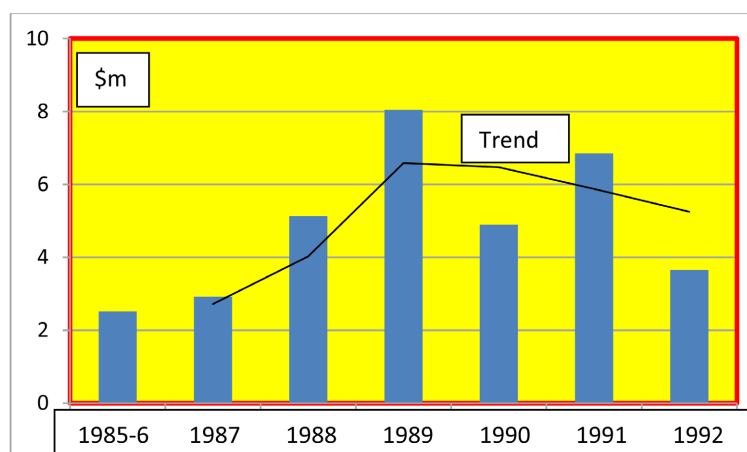
6.9. Company's Ships at Cost

Company's ships valued between 1985 and 1987 at \$30.4m, while in 1988-1990 it fell to \$27.2m—due to the sale of 2 vessels. The company seems to have bought 6 ships, 5 in 1985 at a total of \$21.3m, and 1 in 1991 at \$29.2m. The 1/3 of the prices paid in 1991 by company's shareholders, but we believe *they had better to pay 1/2*. In addition, in 1991, the company could use the accumulated retained earnings of \$11m, as suggested.

²¹Apropos one shipping “Nestor” (Mr. M. Kulukundis), said that Greek shipowners know how to manage their ships, but they do not know how to manage their money...

6.10. Company's Profits from Vessels' Operations (Figure 5)

Company's profits (Revenue less Expenses) *have to be maximized* according to economic theory.



Source: as in Figure 2.

Figure 5. Profits from vessels operation, 1985-1992.

Interesting is to see what amounts company's profits are destined to cover (**Table 5**).

Table 5. What company's profits are destined to cover?

Interest (on long term debt) → \$8.8m	Depreciation → \$17.2m (accumulated by 1992)	A foreign exchange loss \$1.82m
Retained earnings → \$11m	Dividends → \$10.5m Total \$47.5m	The result from the sale of vessels: plus \$7,000 less \$23,000

Source: author.

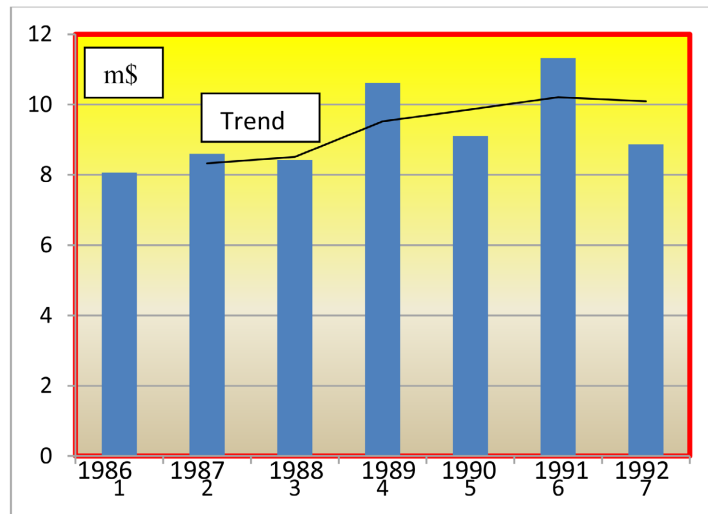
As shown in **Figure 5**, the one main claim on profits comes from the interest and the dividends, i.e., a total of \$19.3m. Next the profits make company's serious savings: for depreciation and for retained earnings, i.e., a total of \$28.2m. This amount is important as it guarantees company's liquidity. It seems that the company *planned* the acquisition of 1 vessel in 1991 at about \$29m by saving serious amounts of profits (depreciation \$17.2m) and retained earnings (\$11m).

6.11. Total Shareholders' Equity

Total shareholders' equity varied (**Figure 6**).

As shown in **Figure 6**, total shareholders' equity was fixed most of the time—except in 1991—due to the increase in company's fleet. If we compare total shareholders' equity with the value of ships, (at their cost), we see a relationship of \$53m against \$11m = ~21%, meaning that shareholders participated with about 1/5 in

company's fleet. This further means making business mainly (79%) with other people's money a la Onassis. Increased risk? We suggested 50% as a better share.

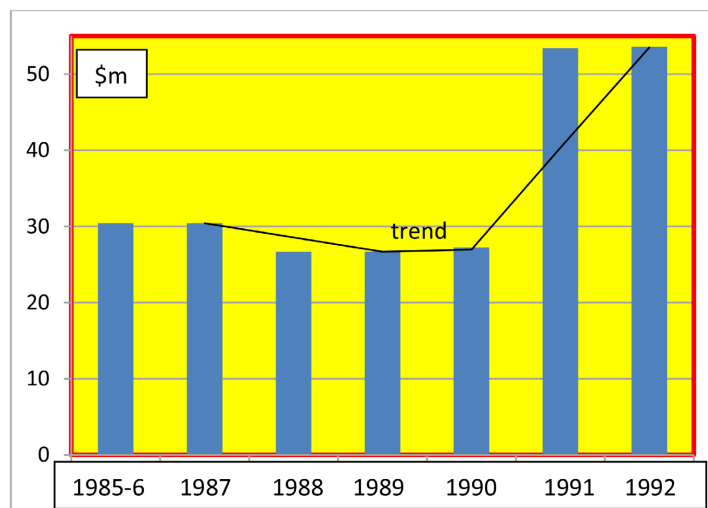


Source: as in Figure 2.

Figure 6. Total shareholders' equity, 1985-1992.

6.12. Company' Ships Sold & Bought

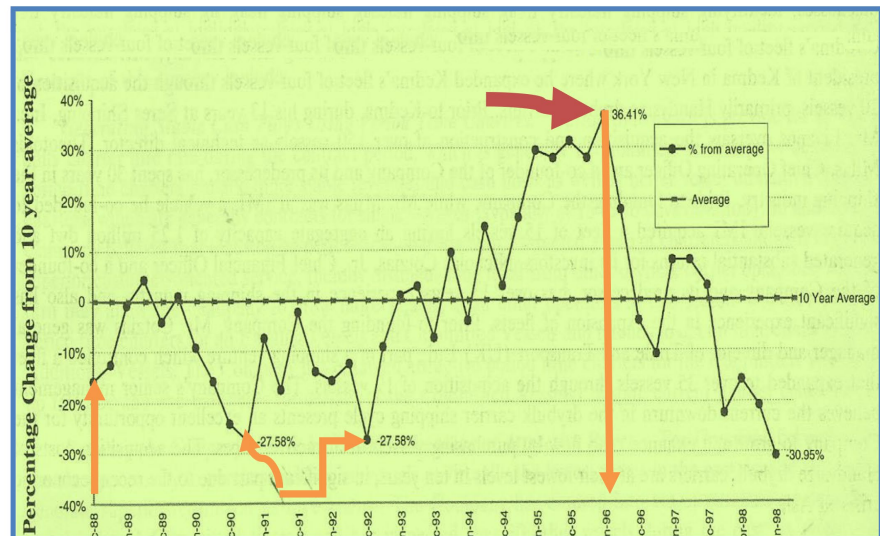
The company quoted its ships, between 1985 and 1992, as follows (*before depreciation*) (Figure 7).



Source: as in Figure 2.

Figure 7. Company's ships at cost, 1985-1992.

The company acquired ships when it started (1985) at a total cost of \$21.3m, and then in 1991, at a cost of \$29.2m. Company also sold 2 ships: 1 at a small (1988) gain (\$7000) and 1 at a small loss (\$23,000, in 1991). To find-out if company's timing was proper for its ships' sales/purchases, we used Figure 8.

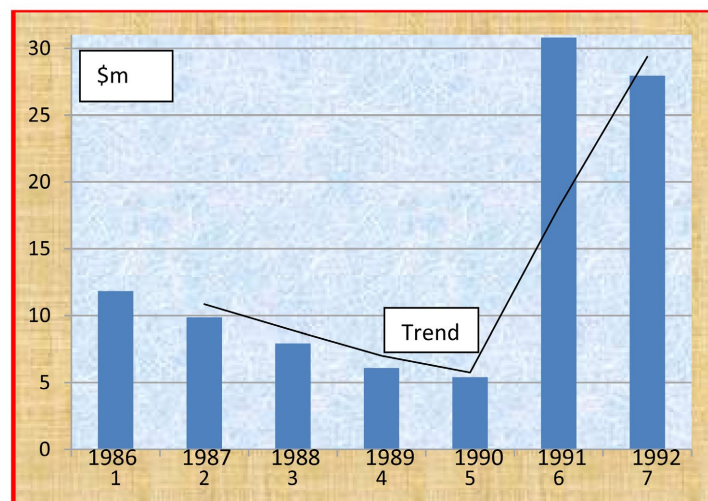


Source: author.

Figure 8. The \$ price of a 25,000 bulk carrier, 1988-1998, & its % deviations from her 10-yearly average.

As shown, the timing of the *sale* of the 2 vessels in 1988 and in 1991, chosen by the company, *was wrong*, because the prices of the ships—assumed in the 25,000 dwt size area—were 16% (1988) and ~28% (1991-1992), *lower* than their 10 year *average*. The best time to *sell* was early 1996 (~36% up) (Goulielmos, 2021b). As shown, the ship *purchases* also had a better timing in the 2nd semester of 1992, when about 28% on their 10 yearly—average price *could be saved*.

6.13. Company's Long-Term Debt (Figure 9)



Source: as in Figure 2.

Figure 9. Long term debt, in \$m, 1986-1992.

As shown, the company wisely reduced its “long term debt” from ~\$12m in

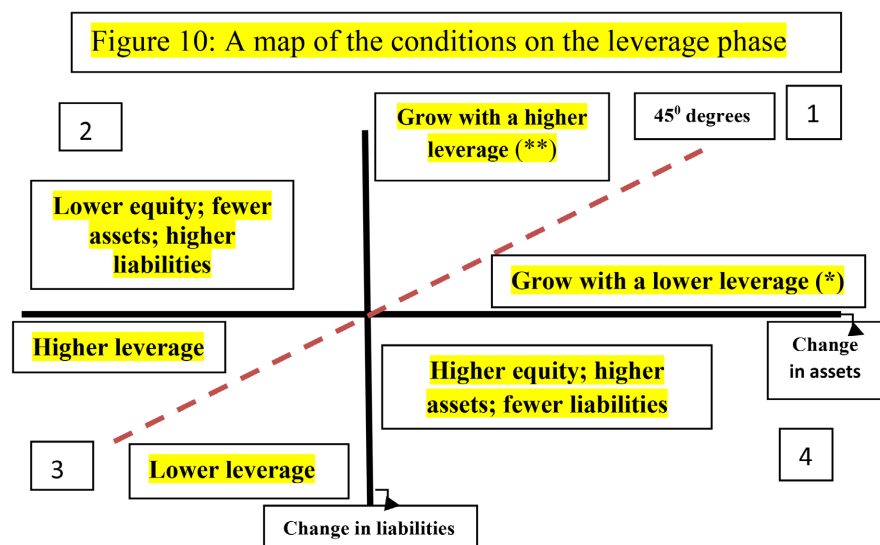
1986 (at its start) to ~\$5.4m in 1990. But in 1991, the company *increased* it to ~\$31m, due to a ship acquisition. The company used to pay to its bankers about \$2m p.a. between 1987 and 1989 (a total of \$6m), and ~\$2.9m in 1992 (& ~\$0.7 in 1990) (a total of \$9.6m)... As we saw, the company had about \$11m by 1992 (cumulative retained earnings), enabling it to reduce its debt further, but it did not.

Let us now apply the nonlinear management.

6.14. The Nonlinear Management

1) The nonlinear balance sheets

A company's assets are made-up by its "liabilities" and "shareholders' equity" (Priesmeyer, 1992: p. 114). The assets are either financed by *debt*, or by *shareholders' equity*. Important here is leverage ("debt to total assets" or "debt to equity"). If the leverage increases, the debt increases, and the risk increases, but *shareholders' return also increases*. Figure 10 maps the phase plane for leverage.



Source: author; inspired by Priesmeyer (1992).

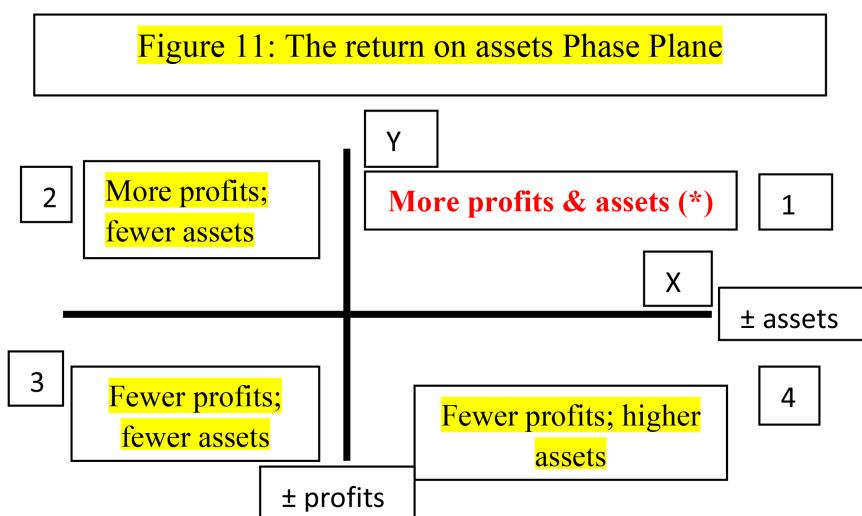
Figure 10. A map of the conditions on the leverage phase.

Any company's *desirable* position is in quadrant 1 (*), because *there* the company *expanded* and *reduced*, at the same time, its *leverage*. The case-study company, however, preferred the 2nd best (**) position (1991)—*not necessarily undesirable*. Unwise is for a company to be in quadrant 2, where more debt is created though ships/assets sold. To be in quadrant 3, the company has sold ships by paying-off its debts (fewer liabilities). This is a usual procedure, provided the sale proceeds are positive²².

2) The nonlinear measures of performance

Company's ROA: return on assets—(profits divided by total assets) (Priesmeyer, 1992: p. 116) was as follows (Figure 11).

²²Company collected ~\$1m in 1988.



Source: author; inspired by Priesmeyer (1992).

Figure 11. The return on assets Phase Plane.

Any company's desirable position is of course in quadrant 1 (*), where the *number of assets and profits increased*. To be in quadrant 2, there must be a wise sale of assets, together with higher profits. This means that the company sold its assets, deliberately, by getting rid of any unprofitable ones. To be in quadrant 3, profits have to fall in proportion with assets (ships) sold. This means that the company had a *poor performance*, where both company's assets and profits *fell*. To be in quadrant 4, any company has to *expand unwisely* with fewer profits and higher assets. This means excessive investment in unprofitable assets (ships).

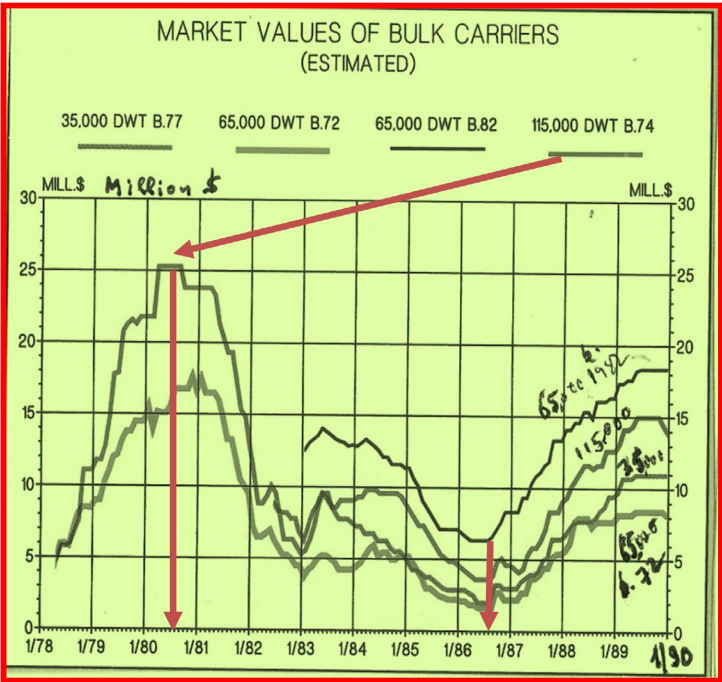
The case-study company owned more ships (+assets) and derived higher profits (+profits), in 1991, which means in quadrant 1, i.e., in the desirable position (*). It had also higher profits from 1985 to 1987, with the same assets; company's assets fell in 1988, while profits rose (quadrant 2); profits rose in 1989, while assets did not change; profits fell in 1990, with fewer assets (quadrant 2 again); profits fell in 1992, with the same assets. Thus the case-study company found itself frequently in quadrant 2—something tolerable.

6.15. Final Conclusions on the Case-Study Company

From a better timing in *selling* ships, the case-study company could benefit *slightly* (Figure 12).

But, from a better timing of *buying* ships, *it could benefit substantially*. Moreover, by asking shareholders to participate, (quadrant 4 in Figure 10), at least by 1/2 in company's purchases, the company could *save serious amounts of interest on its long-term debt...* and reduce its risk.

The case-study company bought 5 ships in 7/1985, presumably, at about \$4.25m each on average. The difference between the ship prices, in the above two years, was \$22m (\$25m less \$3m), e.g. for the 115,000 dwt (Figure 11). The case-study company by having a wrong *timing paid* additional a total of \$6.25m.

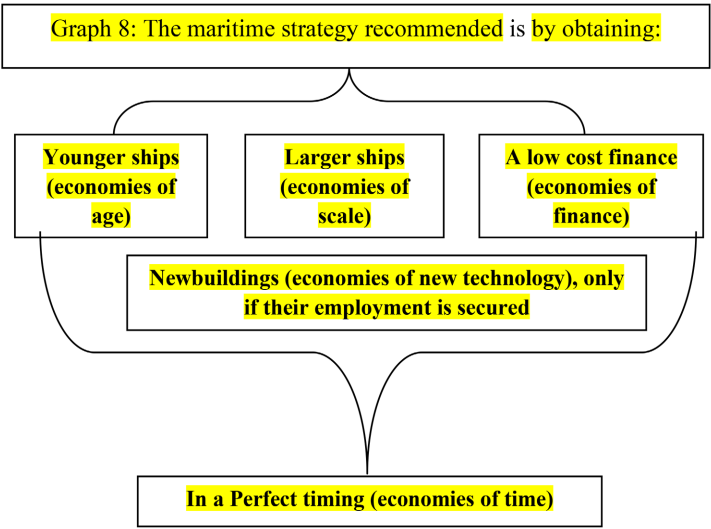


Source: author.

Figure 12. Market values of bulk carriers (estimated).

6.16. The Strategy Recommended

Shipping is an *unpredictable global* industry, where its basic variable—the freight rate/price—is determined by Supply & Demand for all cargoes transported by sea (CIF). Maritime Managers, therefore, should have efficient and effective *control* over their company’s expenses. In reducing them, we believe, there are 5 economies (**Graph 8**).



Source: author.

Graph 8. The maritime strategy recommended.

Greeks have applied the strategy to sell ships of smaller sizes (**Table 6**) and buy larger ships (**Table 7**). Greeks first bought and then sold.

Table 6. The average size of the ships sold by Greeks, 1985-1993.

Year	Tonnage sold GRT m	Number of ships	Average size GRT	1 st and 2 nd best to sell? % fall or rise in prices
1985	4.57	276	16559	Wrong timing; a 40% fall
1986	4.58	287	15972	Wrong timing 1/1986; a 60% fall
1987	3.01	178	16908	Wrong timing 1/1987; a fall 50%
1988	4.13	221	18702	Less wrong timing 1/1988; a 15% fall
1989	4.42	261	16927	2 nd best timing 1/1989; a 14% rise
1990	3.82	147	26019	1 st best timing 1/1990; a 50% rise
1991	1.59	88	18091	Less wrong timing; a 9% rise
1992	1.16	83	14029	2 nd best timing; a 30% rise
1993	1.57	106	14836	Wrong timing; a 5% rise

Source: author's archives; Stopford (2009: p. 203).

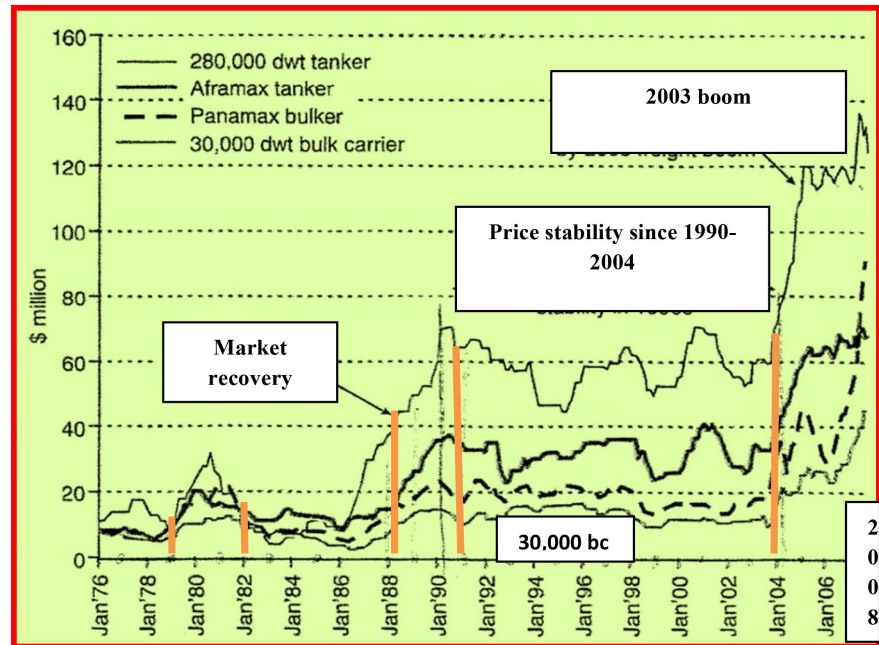
As shown, the timing of the company to sell was not always perfect or even at its 2nd best (1985-1987). However, sales in 1991-1993 by Greeks were reduced, although 1992 was not so bad year to buy ships.

Table 7. The average size of the ships bought by Greeks, 1985-1993.

Year	Tonnage bought GRTm	Number of ships	Average size GRT	1 st & 2 nd best timing to buy. Price fall/rise
1985	6.50	254	25590	2 nd best 1/1985; fall 40%
1986 (*)	8.58	275	31200	1 st best 1/1986; -60%
1987	6.93	290	23904	1 st best 1/1987; -50%
1988	5.65	251	22510	1/1988; a fall 5%
1989	3.32	172	19302	Wrong timing; a rise 30%
1990	4.60	160	28743	Wrong timing; a rise 50%
1991	4.96	226	21946	Less wrong timing; rise 10%
1992	7.08	259	27343	Wrong timing; a rise 30%
1993	9.58	313	30,606	Less wrong timing; a rise 10%

Source: author. (*) best year to buy.

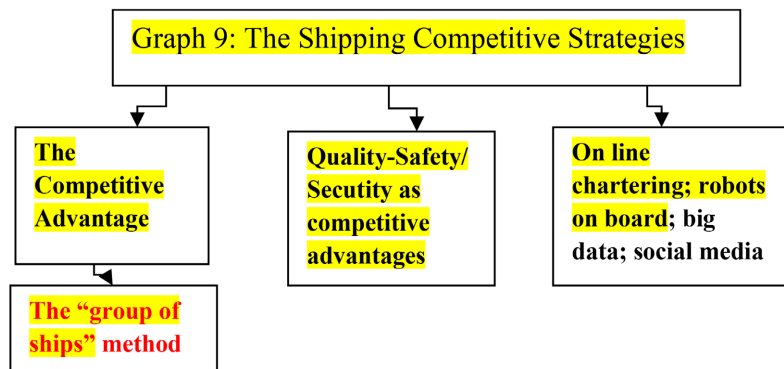
As shown, the ships bought are larger 1.5 times, on average, vis-à-vis those sold. The timing was not always at its 1st best or even at its 2nd one (1988-1993). The company acquired a ship in 1991 (**Diagram 2**) at a less wrong timing.



Source: modified from that in Stopford (2009: p. 202).

Diagram 2. Price cycles for Tankers & Bulk carriers, of 5 years old, 1976-2008.

Shipping industry has particularly to apply the so called “Competitive strategies” (**Graph 9**), meaning of how to compete in its businesses.



Source: author; inspired by Robbins & Coulter (2018).

Graph 9. The shipping competitive strategies.

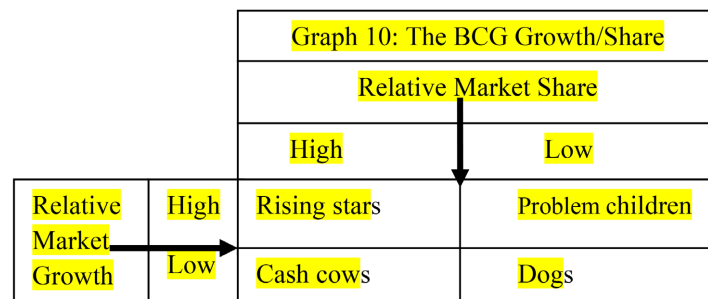
As shown, shipping industry has a twin objective: to provide “quality” services, good for charterers, at an efficient and effective manner, good for the company. Quality, however, in shipping means “safety” and “security” (after the 11th of September) governed also by 2 international conventions (ISM & ISPS codes). Effectiveness in large shipping companies of over 4 - 7 vessels is pursued by forming groups operating smaller efficient numbers of ships so that to satisfy charterers in a better way.

Since everything nowadays can be found on line, why not also chartering? There

are also the great advantages of using robots on board as well as the big data, the use of social media and the design thinking philosophy. But there are additional economies.

7. Part III: Does the Experience of an Enterprise Count?

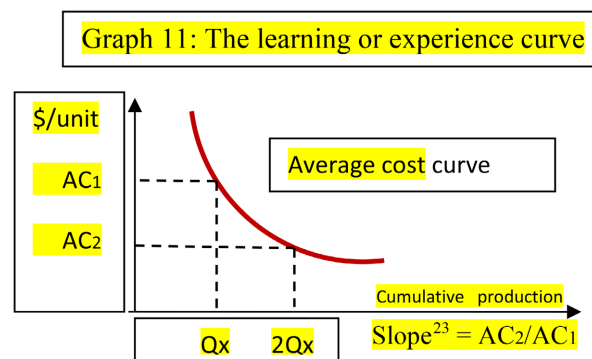
Management talks about the so called “growth/share matrix” (Levitt, 1965). A shipping company may categorize its ships in 4 classes as follows (Graph 10).



Source: author; inspired by Besanko et al., 2017. See also Robbins & Coulter, 2018.

Graph 10. The BCG growth/share.

As shown, “the growth/share matrix” divides company’s products into 4 categories, according to their potential for growth, vis-à-vis their relative market share of the next-largest competitors. Some strategists recommend using the profits earned from the “cash cows” to ramp-up the production of the “rising stars” and “problem children”. This is so because 2 from the above 4 products—as they move down their *learning curves* (Graph 11)—become “cash cows” in their *next* investment cycle...



Source: author; inspired by Besanko et al., 2017.

Graph 11. The learning or experience curve.

In shipping, we saw certain ships to bring-in profits and others losses, and others nothing; thus the profitable ships subsidize the non-profitable ones. A “cash

²³Company collected ~\$1m in 1988.

cow”, is a vessel in a stable, (or even declining), market with a high relative market share; a “problem child”, is a vessel in a growing market with a low relative market share; a “dog”, is a vessel in a stable, (or even declining), market, with a low relative market share; a rising star, is a vessel in a growing market with a high relative market share.

The above management strategy may manage successfully, we believe, a *portfolio* of vessels by taking advantage of their *learning curves*, and *their life-cycles*. This concerns the enterprises which use profits from established “cash cows” to fund the increased operations of early-stage “problem children” and “rising stars”.

In other words, Management, using the above theory, wished to introduce into the existing strategies the importance that *experience*, and the *know-how*, sometimes called also “*learning by doing*”, can *have...* The *benefits of learning* manifest themselves in *lower costs*, higher *quality* and more effective *pricing and marketing* (Besanko et al, 2017: p. 71). This is where the duration of the life of a company matters. “Learning economies” refer to reductions in the unit cost due to the *accumulated experience* over time, and are independent from the economies of scale.

8. Conclusion

The patterns we saw in our previous works (Goulielmos, 2025a, 2025b, 2025c, 2025d) were also met in this group of 13 companies, with the exception of *building ships* and following a *rapid growth strategy*. This indicates that the traditional fear of Greek shipowners ordering ships during a boom and having to charter them during a depression still exists.

As shown, there were five economies to be exploited in a clever maritime strategy, given the indisputable fact that the shipping companies work in a *cyclical* industry. If a shipping company is not prepared to exploit, strategically, the cycle, *then it will be perished by it*. The shipping cycle is a curse, but at the same time, it is also a blessing (Goulielmos, 2020, 2022, 2023).

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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