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The Business History of 25 Greek-Owned Shipping Companies Evaluated by the Nonlinear Management plus Two Case-Studies

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Abstract

The business lives of 25 Greek-owned shipping companies presented aiming at revealing their strategies since their foundation in about 1850s till recently. Furthermore, we showed the strategies that Nonlinear Management suggests which certain of the companies followed. The majority of the managers of the Greek-owned shipping companies, as revealed, controlled their companies feeling *four fears*: the first derived from the new-buildings; the 2nd came from the premature death of their owner; the 3rd derived from the Stock Exchanges' and the tentative take-over there, and the 4th came from the shipping depressions. We underlined, especially those companies, *which grew faster, and* the main facts, which "made Greece a great shipping nation again", after the almost total destruction of its fleet during the 2nd WW. Moreover, we analyzed the business patterns applied, almost uniformly, by all Greek-owned shipping companies, following an unwritten *tradition.* Two case-studies of Greek-owned shipping companies also presented. In the 2nd, we used a nonlinear analysis of company's cash-flow and of its income statement. Last, we showed the recommended successful business strategy, which Greek shipowners have to follow working in a *cyclical* and *unpredictable* industry like shipping.

Keywords

The Business History of 25 Greek-Owned Shipping Companies, Seven Growth Strategies, The Greek Shipowners' Win-Win Strategy, The Failure of the "Adriatic Tankers", The Establishment of the "CP", the Nonlinear "Cash Flow" and "Statement of Income" Analysis

1. Introduction

We aimed at revealing the business patterns of the Greek-owned shipping com-

panies. By having the capacity (the tonnage) is only a *necessary* condition for shipping, but not a *sufficient* one. Greece reached eventually the 10th top shipping global position between 1947 and 1964, owning 50m GRT. Japan is a familiar example where its fast shipping growth retarded during the 1981-1987 depression. *Depressions create a great number of victims lacking a win-win strategy like the one proposed here in part VII.*

Onassis (Goulielmos, 2021a, 2021b) was the first to prove, in the 1950s—by ordering 18 big tankers in the German shipyards—that the traditional investment policy of the Greek shipowners i.e. using only cash for their growth, was wrong, provided: 1) a long term charter-party could be signed for their newly-built ships with the major shippers, like e.g. the 7 oil companies, and 2) one could borrow other people's money, "laid-up" in the banks and in the large insurance companies…This clever growth strategy made "Greece a great shipping nation again" after the 2nd WW. Greeks, nevertheless, found themselves at the mercy—as all other shipowners—of their frequent depressions, like the one in 1929-36, in 1981-1987, and in 2008-2018. Moreover, certain shipping companies lost their owners from a premature death, including a car accident.

Finally, the "split up syndrome"—i.e. the trend in a family shipping company of its members to wish to establish each one a new company—is a characteristic of the Greek Race. There all managers are continuously criticized by their partners, and upon their death, their successors, argue that all that time, *they* could carry company's management much better. Finally, interfamily marriages completed the above picture, where partners knew that the property of two families is surely stronger than one.

2. The Aim of This Work

The aim was to present, as *briefly as possible*, the business history of (25) Greek-owned shipping companies. These managed exclusively ocean going vessels mainly after 1947. Our further aim was to indicate those, certainly, *few,* companies, *which grew very rapidly* through ordering a serious number of *newbuildings*, based on economies of scale, and applying also a low-*risk* chartering policy.

3. Methodology

This work was 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 in Greek), Stopford (2009) and Lorange[1] (2009). Most of the relevant material came from published interviews.

The reader may think that 25 companies is a small sample in order for one to derive representative conclusions, but in our 5 papers so far (Goulielmos, 2025a, 2025b, 2025c, 2025d, 2025e), we have presented already 108 companies plus 25 in here, i.e. a total of 133 companies.

[1]Lorange 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.

The methodology here is based on the principle that companies are nonlinear systems and they should be managed using the tools provided by chaos theory. There are at least three fundamental approaches to the study of chaos: 1) to take some mathematical equation and use it to generate fractal patterns; 2) to explore the purely mathematical questions chaos theory provides; and the 3) used here and being more practical is to take real corporate performance data and reveal the underlying chaotic behavior.

4. Structure

This work is cast in 7 parts. Part I, dealt with the business life of 16 Greek-owned shipping companies; Part II, dealt with the business life of 9 Greek-owned shipping companies; Part III, dealt with "Adriatic Tankers"; Part IV, dealt with the importance of company's Cash Flow; Part V, dealt with the available Growth strategies; Part VI, dealt with the nonlinear "income statement" analysis; and Part VII, dealt with the Goals & objectives of a successful shipping company. Finally, we concluded.

5. The Contribution of This Work

We mentioned the Greek shipowners, who built-up a close cooperation with their big charterers, like Onassis, Niarchos (Goulielmos, 2021c) and others, through appropriate new-building programs, and they proved to be *industry's Champions*. These are very good examples for the new prospective maritime managers to follow.

6. Part I: The Business Life of 16 Greek-Owned Shipping Companies

- ✓ Established in 1989 by JAX, and his 2 sisters: Ch.S and KX-L. It managed containerships, general cargoes and bulk carriers.
- ✓ Established in 2002: in favor of newbuildings. Within 7 years, it built 9 containerships (4 in Türkiye and 5 in China). MJX, in 1997, *split up*; he owned up to 3 bulk-carriers. By 1999, *his 2 daughters*, K and TX, owned 2 handy-sized bulk carriers: this company achieved *a low growth*.
- ✓ Established by AMX (b. 1897). He acquired 1 vessel in cooperation with members from the shipowning family of his sister. In 1963, AX, MP and PP, in partnership with 2 other shipowning families, formed a "*joint shipowning venture*" by *ordering 22 ships* (Freedoms, Bulk carriers—Panamax & Handymax). In end 1980, one family, and beginning 1990, another one, *split up*, and by 1997 the other 2 families did the same. The X, husband of IAX, continued the activities of the AX family afterwards: this company achieved *a low growth*.
- ✓ This island, traditional, company (1916), had a Captain in charge—with his 4 sons: 1) PP—a Captain (b.1911), and his grandson S. He established a shipping company with 2 partners, and in 1964, acquired 1 ship. 2) S—a naval architect/mechanic—owning, by 1969, 3 units. In 1972, he formed a ship manage-

ment company. Soon, he obtained 12 *car carriers* of *double loading*. More than 140 ships passed from company's management, meaning a very *active Game of Assets.* In 1996, the company turned to newly-built sister bulk carriers and containerships (b. in Poland & S Korea). It controlled 10 Panamax of 2.5 years of av. age, from 2 shipyards. Also, 2 containerships 1,700 TEU (b. in Poland) each, 2 open hatch-type 25,000 dwt, (b. in China), each, and 2 containerships of 5000 TEU each (b. in S. Korea). Its fleet had also: one containership of 2800 TEUs, and 1 multipurpose of 22,000 dwt: this company achieved *a rapid growth.*

- ✓ Established in 1967, by AP, with a partner; they opened also a Piraeus office. Beginning 1970, the partners *split up*. G took-over—after his studies in the Athens "Graduate School of Economic & Commercial Sciences"—(his father died in 1978). The son was in favor of the larger (dry cargo) ships, and by 1981, the company managed 61,000 dwt (6 units), while it affected by the 1981-1987 *depression* by turning to bulk carriers and tankers. By 1999, company's fleet arrived at more than … 1m dwt (26 units): this company achieved *a rapid growth*.
- ✓ Established in 1968 by EDP, a Captain, who acquired 2 small dry cargo ships, with a partner. They opened a Piraeus office. By 1975, they owned 112,000 dwt (5 tankers & 2 general cargoes). In 1980, the partners *split up*. In 1987, the company turned to bulk carriers (4 units, replaced by 7 younger ones). By 2000, the company managed 2 newly-built Panamax bulk carriers plus 1. His daughter, Chr., joined (b. 1970). The father, since 1980, diversified in the Hotel industry. This company achieved a *low growth*.
- ✓ An island company founded in 1880, in Egypt[2], by JP. His son D (b. 1871) had 9 children—*of which 4 sons*, who took-over in 1936. In 1962, the company nationalized. Their shipping company dealt first with general cargo ships and then with tankers and containerships, with DNP in charge. In 2010, the company owned 1.33m dwt and by 2015 1.2 m dwt: this company achieved *a rapid growth.*
- ✓ A Monte Carlo company, established in 1968 by IP (b. 1923), who *married* the daughter of a shipowner. By 1970, the company managed 100,000 dwt (6 dry cargoes & 1 tanker). Between 1971 and 1973, it ordered 3 tween-deckers and 1 bulk carrier of 37,000 dwt (built in Greece) (1974). By 1975, the company owned 200,000 dwt (9 units). Between 1978 and 1982, the company ordered 1 tween-decker in Japan and 2 in Bulgaria. During the 1980s, its fleet amounted to 120,000 dwt (5 units: dry cargoes & bulk carriers) and during 1990s at 60,000 dwt and in 2000, at 50,000 dwt (3 units). The 2nd generation of NTP-L joined also: this company achieved *a low growth*.
- ✓ Established by NP (b. 1914), a Captain, by obtaining a vessel in end-1940s, and forming also a company (1958), by acquiring 1additional vessel. By 1981, the company managed 1.8m dwt (76 units), meaning *a rapid growth*. It, in 1979-

[2]The Greek shipowners, who invested in UK, and in Egypt, were "deprived" of their companies after nationalizations.

81, ordered more than 10 units[3]. During the 1981-1987 depression the company *stopped its activities* (1985). Two orders had to be cancelled at a cost. Company's vessels passed to the management[4] of the lending banks. The owner, and his son DP, in end-1980s, *returned* to shipping, by owning a small number of bulk carriers. They managed them from their London office. His grandson NGP joined in about 1997, owning by 2000s, 4 bulk carriers, with *diversification* in Trade and Real estate: this company achieved *a low growth*.

- ✓ A non-island, company, established by a tobacco merchant (b. 1901), who owned ships in Canada (1930s-1940s). He studied Economics in the University of Lausanne (1927). In 1946, he bought 9 Canadian Liberties (from 4,700 to 10,000 dwt each). In 1955, he ordered 2 tankers 20,000 dwt each (in Belgium), and *chartered them to oil companies*. In 1957, he ordered 1 tanker (in Canada) of 45,000 dwt and *chartered* her bareboat to an oil company. In 1960s, he dealt with the iron-ore trade and the exports of wheat in the Great Lakes (the St. Lawrence area, 1959). Between 1960 and 1965, he ordered 6 tankers 26,000 dwt each (in Canada), with Canadian finance. He owned also 2-3 other ocean going ships. In 1965, his son—a PhD holder from a USA university—(b. 1944) —joined. They ran offices in London, Piraeus and Montreal, and they ordered ships in Japan, financed by their charter-parties. In 1974, they obtained 2 VLCCs 285,000 dwt each—long time-chartered. In 1970, they owned 225,000 dwt (8 units) and by 1981, 1.82 m dwt (8 tankers, 1 combination carrier & 5 bulk carriers), meaning *a rapid growth*. The father died in 1981. The company (in 1985) specialized in tankers (managed from Piraeus). He bought-over the 51% of 6 VLCCs owned by "Loews Corp." (1990). By 1990, the company managed 3.7 m dwt (24 tankers) (a further *rapid growth*). In 1999, he ordered 4 VLCCs of 303,000 dwt and 4 ULCCs of 442,000 dwt (S. Korea). By 2000, it managed 2.3 m dwt (7 tankers), where 2 with *double hull* (2002 June): this company achieved *a further rapid growth. If we wanted to tell to the prospective young Greek shipowners what business history to study and follow: this is the company.*
- ✓ An island, traditional, shipping company, established by a Captain, (who died in 1905). His wife, and his daughters M & E, and his son A (1900), were in Egypt. M married a shipowner. A (in 1928) became a shipowner by buying 1 ship, and by 1935-6, additional 3, with offices in 3 cities. He married the daughter of a shipowner (1937) and moved to NY, where he managed 3 - 4 dry cargoes. He bought one of the 107 Liberties, opening also a London office. Between 1955 and 1957, he ordered 3 dry cargoes and by 1965 additional… 12. He managed 250,000 dwt (19 units including 4 tankers). His tween sons G (b. 1938) and N worked in the London office (1961), and opened also an office in Switzerland. By 1975, they managed 18 units (tankers and bulk carriers—most new). In 1992, the management was taken-over by A's sons (from Piraeus of-

[3]Finance at that time was abundant.

[4]Greeks in order to derive loans from the banks provided a "1st preferred mortgage". This entitles the banks to *take-over management* in case of default.

fice). In 1981, they managed 75,000 dwt (15 dry cargoes bulk carriers & tankers). By 1986, they delivered 6 newly-built bulk carriers. By 1990, they owned also RoRo ships. In 1992, G died. By 2001, the company managed 10 bulk carriers and ordered ships in S Korea, Japan and China. By 1999, he received a 75,543 dwt bulk carrier (built in China): *this company achieved a medium growth*.

- ✓ An island, traditional, company established in 1860, by DP. His son J (b. 1874) appeared in 1926. After the 2nd WW, the son of J and Captain (b. 1904), took-over, together with his brothers M (b. 1907)—a Captain too, E (b. 1908)—an economist and S (b. 1911)—a chief engineer. They managed general cargo ships (1948-1963). In 1967, D split up, owning 2 units (1969—1978), *when his son J—a brilliant economist—(who I met)*, and G—a captain, took-over. DP stopped in 1978, while EP and MP continued till 1984. Between 1967 and 1984, they owned 4 units: this company achieved *a low growth*.
- ✓ An island, traditional, company—which made-up by 3 sons of JX: M, Mich. and G—established by MMX (b. 1899). He married (1931) the niece of a shipowner, and bought ships in partnership with him. In 1947, he went to London and opened, in 1948, an office/company there. In 1958, AK joined (the husband of the daughter of one of the shipowners)—when also his nephew AJX (b. 1921) joined, and married also the daughter of one of the shipowners.

This company made-up by 2 families (of PGX) plus 2 others and even more families (i.e. this was *a multi-family company*) as follows:

- ✓ In 1963-4, 2 shipping companies established in Piraeus, ran by A & M (b. 1913). AK *split up* in 1975. In 1982, AX took-over management (he died in 1987). Then, the next generation took-over with NK-X in London office and JAX in Piraeus. *This company is an example of newbuildings, amounting to more than 40 units* (1950-1985) (*Freedoms, Fortunes & Bulk carriers) (in UK and mainly in Japan*) (1968-1988). This company achieved a *rapid growth*. In end 1980s, family's members *split up*. MX-E and her son NK-X managed general cargo ships and bulk-carriers via their Piraeus and London offices, *by deciding to manage fewer and larger ships*. In 2001, they built a bulk carrier (in Japan). They diversified in Real estate and Investments. This company achieved a *rapid growth.*

Concluding this part, we saw that one company failed, despite its sound philosophy to "order a number of new-buildings" due to its lacking of proper timing. This endeavor required a strong freight market upon delivery of the ships, or a pre-existing adequate liquidity… The "Colocotronis" failure has been based exactly on the same cause (Stokes, 1997). *This was due to company's mistake to continue ordering ships in 1981, and thereafter, when the depression has started already in April* (**Figure 1**).

The company in question, in order to avoid bankruptcy, *had to* secure the required liquidity for all its new-buildings... in our opinion. In low markets, like the ones in 1981-1987, neither shareholders, or Banks, or Stock exchanges, *can help a shipping company in distress, except itself*…

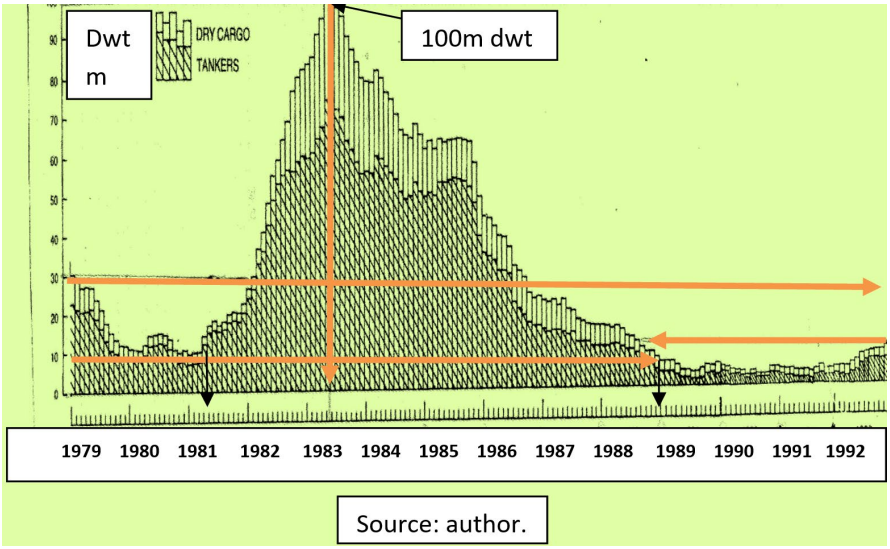


Figure 1. World laid-up tonnage of Tankers & Bulk Carriers, 1979-1992.

As shown (**Figure 1**), in April-May 1983, the laid-up tonnage, of both tankers and bulk carriers, *reached their top of 100m dwt*. A situation like this means for the *prudent* shipowner to stop *immediately* all his/her new *orders*. *However, the more prudent shipowners stopped their orders 2 years before (i.e. since 1981, March), till end-1988,* when laid-up tonnage reached again its low 10m mark, and falling. This company had also the philosophy—new[5] for its time—"*to start with 2nd hand, over-aged, ships, but eventually to move to new-buildings, so that to face competition more effectively*".

As far as the other company above is concerned, it decided to become competitive through specialization by managing only reefer ships—by 1975. Unable to antagonize the containerships, however, the company *abandoned reefers* in 1980s, and turned to tankers, and by 1990s to multi-purposes and then to containerships.

Moreover, one c*ompany "made Greece a great shipping nation again" after 1947. This company used to charter its newbuildings to oil companies with long term charter parties minimizing, by so doing, the risk of a low market after delivery.*

All companies mentioned above were family ones, where 5/16 split up and an equal number established by persons coming from a Greek island. Most companies had a father and Captain and 4 - 5 sons, also partners of ex-Captains and ex-Chief engineers, where inter-shipowners' marriages were common. Only 4/16 was traditional shipping companies, established before 1947. Tradition, however, was supplemented by a new generation of young dynamic shipowners.

The above 16-companies were *very dynamic*, because 6/16th of them achieved a very rapid growth (1,000,001 dwt and over), 1/16th a medium one (500,001 dwt and over) and 5/16th a low one (below 500,001 dwt). Four companies out of 16, had partners and 1/16th made-up by 4 shipping families. One/16th played the Game of assets heavily by buying low and selling dear.

[5]This company was not the only one to have this strategy.

The partnerships, the many sons and the inter-shipowners' marriages, were necessary in Greek shipping at that time, we believe, given that Greeks had only the "shipping knowhow", especially in the islands, but they were lacking the proper finance as well the necessary cargoes, and thus they had to be cross-traders. The first shipowners were Merchants, mainly abroad, where the cargoes were substantial (e.g. in the Danube countries and Russia). The 1981-1987 depression diminished the Greek-owned shipping by sending about 100 companies to bankruptcy (about 12% of the total).

When specialization separated "shipowning" from "cargo owning", Greeks opened "chartering" offices in London, New York, Piraeus and Tokyo, and also pursued public relations with their big charterers (e.g. the oil companies). The tiny country, bearing the name of Greece, destined to carry soon the 1/5 of world's cargoes, provided it became international, as it did.

7. Part II: The Business History of 9 Greek-Owned Shipping Companies

- ✓ A traditional company, from Peloponnesus, established by SD in 1949. In 1958, he managed ships in partnership with 2 brothers and merchants. In 1970, he ordered 1 Freedom (in Japan), 1 SD14 and 3 multi-purposes (in UK & Japan). In 1975, he owned 117,000 dwt (10 units). *During the 1981-1987 depression, he* renewed his fleet with 3 multi-purposes and 1 handy-sized bulk carrier. By 1985, he managed 128,000 dwt (11 units) (of 9 years av. age). The 2nd generation, by 2001, built 2 Panamax bulk carriers (in Japan). His daughter joined, as well the children of PK (2 daughters and 1 son). This company achieved a *low growth*.
- ✓ GO founded this company in 1960. He married the daughter of a shipowner. In 1965, he opened a London office. He managed 200,000 dwt (7 units) of tankers and general cargoes, increasing to 476,000 dwt (10 units) with 4 new buildings (1973-1975) (in UK) (3 Panamax bulk carriers & 1 tanker). By 1985-1995, he owned 4 bulk-carriers, while beginning the 1990s, he renewed his fleet with 3 Panamax bulk carriers (built in S Korea) (of 4 years av. age). In 2000, he owned 221,000 dwt, of 93 bulk carriers) and by 2001, 1 Panamax bulk carrier (built in S Korea). This company achieved a *low growth*.
- ✓ This company, from Peloponnesus, established by 2 brothers: TAP and JKP, Greek-Americans. They established, in partnership, also a medium-sized refinery in Thessaloniki (in 1960s). In 1964, they obtained 2 tankers to serve it. Then they ordered 2 Panamax tankers (in Japan) and 3 tankers Aframax (in Sweden). They opened an office in NY. By 1970, they owned 485,000 dwt (11 tankers; 8 years average age). In 1970, TPP joined, when the company managed combination carriers and gas ones. The 1981-1987 depression affected this company by managing 280,000 dwt (3 tankers built in 1981 in Spain). Between 1990 and 1995, the fleet arrived at 480,000 dwt (2 bulk carriers, 2 tankers and 1 combination carrier). This company achieved a *low growth.*

- ✓ An island and traditional company having 4 family branches made-up by: DGP, DJP, NJP and GMP. DGP (b. 1958) had 3 sons: G (b. 1890), a Captain, D (b. 1895) and N (b. 1902). G married the daughter of a shipowner and obtained 3 daughters and 1 son. The son 1939 managed, together with his 2 brothers, dry-cargoes (2 units), replaced in 1947 by 1 Liberty from the 107. D's son (b. 1924), (a graduate of Athens "Graduate School of Economic & Commercial Sciences"), took-over, when his father died (1947), in partnership with his uncle N. They obtained 1 cargo ship. He *split up* in 1954 by buying 1 vessel. By 1957, they opened a London office (-1965). He ran another company and office in Piraeus. In 1980, his son GDP joined—a naval architect, with studies in UK and USA. He dealt with the Game of 25 from company's Assets and other 2nd hand ships. Between 1999 and 2001, his fleet of more than 10 units, sold, while by 1995 he bought 4 bulk carriers of handy max. This company achieved a *low growth.*
- ✓ An island, traditional, company established by CP, having 2 sons: M and P. It was made-up by 4-families in 3 at least shipping companies. In 1955, the two brothers M and P, with their uncle AX, co-operated. Then another 2 families, those of I and A/L (1963), added, where all partners were *relatives*. In 1963, they ordered 1 vessel and by 1970… 23: freedom and bulk carriers (Panamax and handy-max) (b. in Japan by majority). In end-1970s, they ordered 4 ships Mark-II (in Japan) and additional ones during the 1980s. The company played also the *Game of assets* (1985-). In end 1980, the A family split up; another one, i.e. the I family took place in the beginning of the 1990s, and then, a third one, the PP family took place; in 1997, a split up of the fourth, X, family, accomplished. MP was in charge in this last one. In beginning of 1990s, MP, with his 2 sons C and N, bought a Shipyard at Elefsina (Greece), *an ill-fated endeavor*, which resulted in the assassination of CP (1997) by terrorists. In end 1990, NP obtained $150m finance from junk-bonds issued in USA, during, however, *an ill-timed period*. By 2003, the company passed on to its lending banks. The KPP managed, since the beginning of 1990, a number of tankers (Panamax) and combination carriers…*Really a sad business history...* This case-study proves that one needs also the protection of God.
- ✓ A traditional, island, company, being round since 1907, ran by NFP (b. 1837). He had 5 sons: G (b. 1869), J (b. 1871), F (b. 1873), D (b. 1880) and A (b. 1888). Certain of them were ex-Captains or ex-Engineers. After the 2nd WW in charge were A and D, obtaining a vessel in 1947, with a partner, and 3 ships thereafter, and forming a company. In 1960, the brothers N and J joined with the brothers Is and DK, and established a new company in London, becoming also relatives through a marriage. In 1960, a Piraeus office/company established with NGP in charge. In 1970, another company established in Piraeus. In 1991, A and N, together with their cousin APP, co-operated with PP, in a new Piraeus company. In 1995, the brothers AP, N and M formed a new company dealing with dry cargo ships and latter with containerships.

- ✓ Established by EP (b. 1929), a prior Captain. In 1963, he obtained 1 dry cargo vessel, with EK, also a Captain, and in 1965, obtained another one. In 1971, a new company established with EP as main shareholder and the *people working in the company as minor ones*. In 1974, they cooperated with N.NT in a new management company. By 1975, EP managed almost 190,000dwt (13 units), and *split up* by 1978, opening a London office. By 1990, company's fleet arrived at 8 units, mainly bulk carriers vis-à-vis the prior general cargo ones. By 1990s, company's fleet shrunk to 3 handy-sized bulk carriers and 1 RoRo of 77,000 dwt. In 1985, the 2nd generation joined, of 2 sons (S & M) and 1 daughter). This company achieved a *low growth*.
- ✓ Established by AP (b. 1920) by opening an office in NY and 1 in Piraeus. By 1975, the company managed 7 tankers and bulk carriers and a small shipyard. Ten years later, it managed 12 vessels and by 2000 two. This company achieved a *low growth.*
- ✓ This company established by the sons of JDP—a Captain, by buying 1 vessel in 1954 (a Canadian Liberty). A new company established in 1969 in Piraeus by owning Liberty-types, general cargo, tween- and single-deckers and later bulk Panamax carriers. After 1970, the fleet consisted of 4-6 units of dry cargoes. His sons D and A took-over together with their brother in law LK. This company achieved a *low growth.*

Concluding this part, we saw that 7/9 of the companies achieved a low growth. Six out of nine had partners and 4/9 was traditional—founded before 1947. Only 3/9 came from a Greek island, while at least 9 offices opened in Piraeus, London and NY. Two companies played the Game of Assets, and two also were made-up by more than 1 family. Two out of 9 obtained ships from the 107 Liberty-type ships in 1947. Worth noting is to see also families with 5 sons. The split up was common where 7 companies out of 9 did that.

8. Part III: The Case-Study of the "Adriatic Tankers"

Adriatic Tankers was a Greek-owned personal company founded in 1978, which failed by 1995-6. In charge was Mr. P Zissimatos (b. 1948)—a former Captain (Stokes, 1997; Couper, 1999).

- ✓ Company's characteristics

The company lacked an "integrated corporate structure". It was a typical, unconsolidated, Greek shipping operation, run by a not top-classified manager (nationally or internationally). The company transferred to PZ by his father Andreas, (a grandson of Andreas Vallianatos—a 19th century shipowner). Tradition seems to be an influential characteristic. By 1985, company owned… 110 units, (61% chemical tankers & product/parcel tankers) (including 14 dry cargoes and 8 crude oil tankers). Company's owner was PZ by 95%.

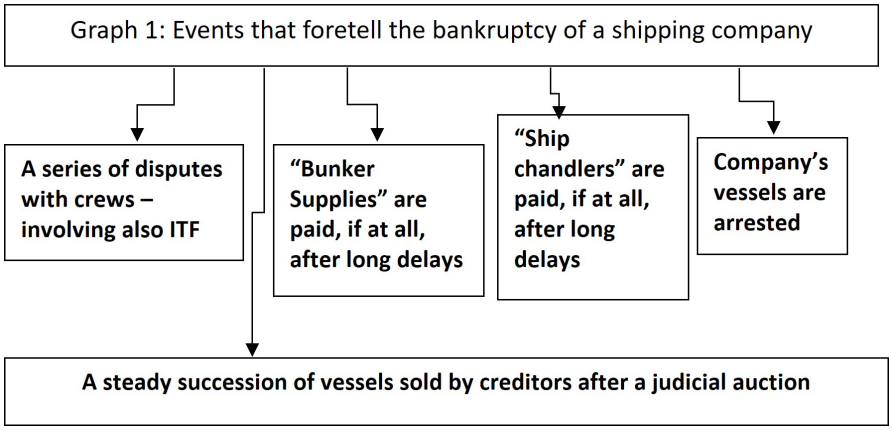
- ✓ Company's failure was a surprise

Given also that by the early 1990s, its manager was considered as an unremarkable, but apparently, quite successful, owner, and operator, of mainly chemical

and oil tankers, which gradually they arrived at 30 - 40 units. The company also maintained good banking relationships with such major lenders like BB and RBS. In addition, PZ was considered as an extremely persuading personality.

The cause of company's failure attributed to an unsupported high *ambition* of its manager, since 1992, namely: "*his desire to expand into one of the largest Greek shipping concerns, fast, i.e. within a couple of years, and increase his fleet to about 100 units…*" The company failed to take into account management's ability to maintain at least the proper technical standards. It also failed to consider the impact of a *lower cash flow,* and of an *increased off-hire time of company's ships*. Chemical tankers are especially sensitive to safety requirements, which concern deeply both charterers and ports.

Worth noting is company's decision to switch the main thrust of company's fleet financing, from its 13 Piraeus, and elsewhere, banks, to "US bond investor market" to raise $240 m in a series of placements. There, mainly large insurance companies took part (9, including trusts), where the approval of the prospectus by the "Securities and Exchange Commission", *was not required…* The company presented only "vessels' valuation certificates". Graph 1 indicates the signs when a shipping company is near bankruptcy.



Source: author; data from Stokes (1997).

Graph 1. Events that foretell the bankruptcy of a shipping company.

Very crucial, in trying to survive financially, were the attempts of the company to retain a *cash flow* by *delaying* the payment of crew wages and allotments. By 1994, a number of suppliers of *bunkers*, *stores*, and *equipment,* were complaining that they were not paid, and where *repair* bills were further cut resulting to an increased deterioration of ships' safety. The company was at the mercy of the lending institutions worldwide. By 1995, the time for the company was running out.

✓ In more details

The company specialized, since 1983, in a *niche* market, i.e. on arterial routes delivering small parcels of products to outports, which were unable to be accommodated by the larger vessels of the chemical tanker majors (company's ad-

[6]A detailed account of the *quality* of company's fleet, is given by Couper (1999: p. 66).

vantage). By 1993, the fleet[6] had 80 units compared with 2 in 1978, and 111 by 1995-96. Company's situation had as a result to mobilize reactions from company's 2 main classification societies, and the worldwide Port State Controls... The lack of a particular amount of $5m led also the company to lose its P&I cover in Jan. 1996...

The company also criticized for the more than 3 times higher valuation of its vessels, compared with their actual value—which revealed after ships were sold... The valuations were used by the company to get loans from the banks, which as at is known these are based on a % on the value specified by a *trustworthy valuer*. This creates suspicions that the owner influenced the valuer to over-estimate company's ships to be bought, to an extent so that the loan to exceed the actual price of the vessel as much as possible... so that to provide also a working capital. This further indicates the lack of the required funds in the company. This is why banks have their own valuer who *they trust for its integrity*, located mainly in London.

Concluding this part, the opportunities to obtain a plethora, of even distressed, ships in the worldwide markets, and even at low opportunity prices—for various reasons (damaged etc.)—are always possible. Possible is also to obtain finance provided at least that one vessel is previously obtained. To find also crews, is very possible internationally after all those crew agencies established the last decades after the ISM Code in 1996. The company e.g. employed 417 Russians, out of 800 (52%; including 88 Koreans).

The company reported to have cash-flow problems. PZ, the manager, was the only major shareholder of the company, meaning his inability to raise more "own" capital. Thus, the banks, or SEs, as well Bond Markets, were the only sources left to him to obtain the required cash.

A lot of discussion took place, we believe, about Cash Flow, and thus we are going to analyze it by using a nonlinear management analysis.

9. Part IV. The Importance of Company's Cash-Flow

Company's Cash Flow shows if *cash*, (*for one accounting period)*, *flows…* within it. In particular, the "operating cash flow—OCF"—is made-up: 1) by company's *net profit*, 2) plus (or minus) the results from a *capital transaction*, (e.g. the sales of ships), and 3) plus company's *depreciation*. To this, one has to add/subtract: 4) the possible *inflow/outflow of capital*, 5) the funds, which *purchased* assets (ships) using cash and 6) the *repayment of debts*.

In Table 1, we showed the cash flow of a Greek-owned shipping company over one year.

As shown, depreciation[7] *boosts* company's cash flow, and this is why managers love it; of course, *the net profit is the prime factor*, on which managers *should be judged*, compared with their "equivalent" competitors. A positive *cash flow* is, however, very important, because it enables the company to: 1) *buy vessels,* 2) *re-*

[7]The company in 07/1985-31/12/1986 "retained" from profits ~$11.6m for depreciation. This means, in our opinion, a plan by the manager to accumulate liquidity to buy one day a vessel (as he did in 1991).

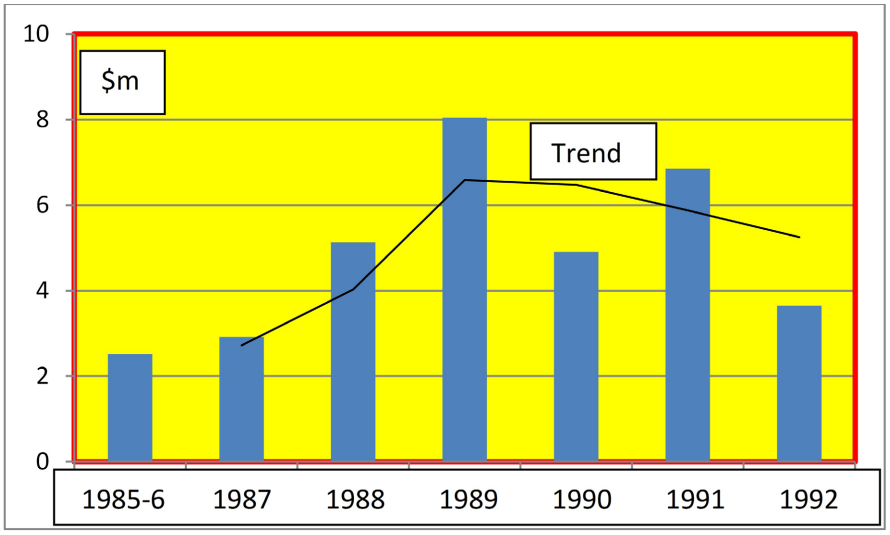
pay debts and 3) *pay dividends. Cash-flow is also a statement that bankers pay attention when lending money.* Moreover, the accumulated cash over the previous—profitable years—found above to be very valuable to bridge company's gap (a ~$2.79 m gap).

Table 1. The Cash-flow account of a Greek-owned shipping company, 1990.

Net profit (1990): $2.74 m	Plus *depreciation*: $1.48 m	Minus the net *change* in company's "*assets/liabilities*" ($0.82 m); minus the "cash flow created from company's *financing*" (**): ($5.8 m); minus the "cash flow created from company's *investing*": ($0.55 m)	$4.20 m paid to *dividends (***); $4.34 m cash from previous years* used to bridge the gap of $2.79 m
	+$4.38m total (*)	-$7.17m total	
		Gap = $2.79m	

Source: author; data from company's balance sheets; Notes: (*) plus a deferred charge of $0.16m; (**) $1.54m paid to reduce company's long-term debt; (***) management paid dividends (in 1990 for the first time after 5 years of operation).

It seems, however, that the CP company had a rather prudent manager, as the long-term debt at company's start (01/07/1985) was only ~49% of the total source of funds. *However, we suggest a* 100% *contribution of the shareholders to acquiring company's initial ships.* Moreover, the company seems that it had the policy to buy over-aged vessels—in need of improvements—e.g. at a cheap Greek repair shipyard—with a noticeable ability to achieve rather positive net profits (**Figure 2**).



Source: author; data as in **Table 1**.

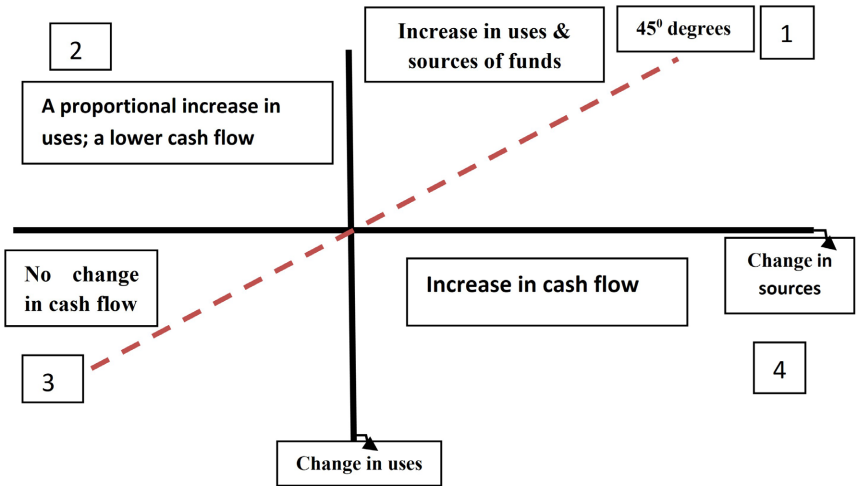
Figure 2. Net Profit from vessels' operations, 1985-1992.

Company's Net Profits (Income less Expenses) *had to be maximized* according to economic theory. The company did not do that. As shown, it *could do better,* if it bought its ships in 1987-end, and started its operations in 1987-end, *or even better in 1/1988*, when market improved. The net profit (NP) from vessels' operations (Figure 2) is derived from company's income (from voyages) less company's expenses (from voyages). The NP shown is *before* interest, (on long term debt), plus the gain or minus the loss from the sale of vessels, *and before*: depreciation, retained earnings and dividends.

NP is obviously the most important of all company's figures. In addition, this shows how "threatening" the *interest* to be paid is, which cannot remain unpaid without serious consequences. While both the "retained earnings" and the "dividends" are at company's discretion.

✓ A nonlinear cash flow analysis

Worth noting is the fact that the "cash flow statement" is the only common financial linear report, which focuses on *changes* in receipts and disbursements, known as "the sources & the uses of funds". The difference between the two indicates an increase (or a decrease) in company's cash flow. In Figure 3, (a Descartes' diagram with all its 4 quadrants), we placed the "*sources of cash*" on the horizontal axis and the "*uses of cash*" on the vertical one (Priesmeyer, 1992).



Source: author; inspired by Priesmeyer (1992).

Figure 3. The "sources of cash" and the "uses of it" in a shipping Enterprise.

If a company is found in quadrant 1, (upper half), then there is no change in its cash flow, because company's uses of funds and the sources of them, increased in proportion. Being in quadrant 2, it means increased use of funds, and reduction in sources of them, resulting to a *decrease* in cash flow. In quadrant 3, both uses and sources of funds, *decline in* proportion, and thus cash flow also does not change. In quadrant 4, the source of funds increased and the use of them decreased, while company's cash flow increased. *This is the desired position.*

The performance of the company in question, judged by its cash flow, was as follows (Table 2).

Table 2. Company's cash flow performance, 1985-1990.

Source of funds (1)	Use of funds (2)	Cash (at the end of the year) (1)-(2)	Remarks
$24.3 m (01/07/1985-31/12/86)	$23.4 m ($21.3 m paid to buy ships)	+$0.9 m difference	Used as working capital
$2.2 m, (1987), (reduction from previous years)	$2.0 m, (reduction)	+$0.2 m	Quadrant 3; (a further increase in SF is suggested)
$5.8 m 1988, (increase)	$5.6 m, (increase)	+$0.2 m	Quadrant 1 (*normal growth*)
$10 m 1989, (increase)	$8.4 m, (increase)	+$1.6m (A good rise in sources of funds)	Quadrant 4; (1st best; maintenance of this position is suggested)
$4.4 m 1990, (a 56% decrease)	$6.0 m, (a ~29% decrease)	−$1.6 m serious reduction	Quadrant 3; a disproportional reduction; an increase in SF is suggested

Source: author; data as in Table 1.

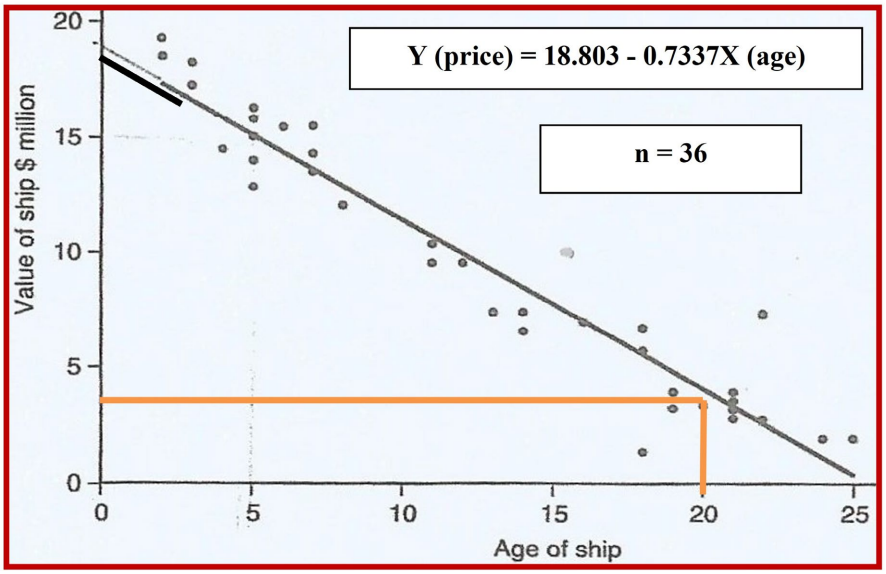
The company found itself in quadrant 4, which means that it arrived at its 1st *best position* by achieving a serious increase in its cash flow (1989). More important is that company *sustained it*, *as it should*, also in 1991-1992, by creating (not shown in Table 2) $5.99m and $3.84m additional cash ($9.83m total for 1991-1992). For a company in quadrant 4, we suggest, however, to increase its "*earning*" ships by *reducing* its accumulated liquidity…

In any fleet expansion, we suggest to its management to consider carefully first *if a depression is coming* (as in 1981 and 2008). It seems that the company bought an "earning" vessel, because in 1991, the company bought a ship spending ~$29 m, financed, *however,* by obtaining ~$31 m from a long-term banking loan… and *not using company's accumulated liquidity*… Perhaps this was due to the fact that the company wanted to pay first the long-awaited dividends.

In a 2nd best strategy, the company could decrease its *liabilities* by paying-off any expensive debt (i.e. a debt running at interest rates higher than company's cost of capital). This is a very important strategy as in shipping the funds derived from the banks are sometimes substantial and the rates of interest are very high. When a company is in quadrant 1, moreover, meant to have achieved a *normal growth,* where there it could decrease further its UF, by e.g. paying dividends (in 1988, and not in 1990, as it did). *Many Greek shipping companies prefer, as shown in parts I and II, to achieve a normal growth.*

In addition, being in quadrant 3, this *suggests* increases in SF (via e.g. the *sale* of vessels). The impact from this source of funds in reality was negligible, however (except in 1988, when the company collected ~$1 m of net proceeds from a ships' sale; 1995-6 was more profitable to sell however). *We have many examples proving that the company in question failed to time perfectly its decisions…*Worth

noting is to say that by having the policy to buy over-aged ships, companies deprive themselves from a meaningful Game of Assets (Figure 4), because of the limited remaining economic life of the over-aged ships.



Source: modified from that in Stopford (2009).

Figure 4. A regression line of the prices of a Panamax bulk carrier on her age (2002 first 9 months).

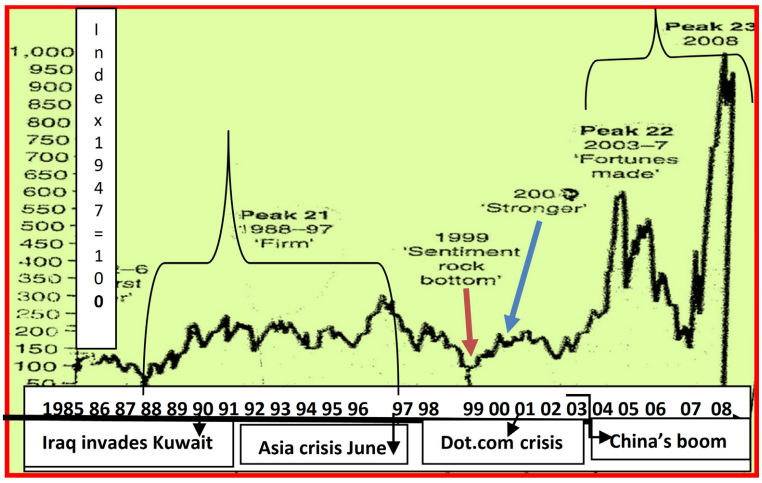
As shown, buying a ship at her 16 years of age, and operating her for say 4 years, her expected (statistical) value will be not higher than $4.13m, at her age of 20 years (based on data in 2002 and for a Panamax bulk carrier). This vessel is also destined statistically to be scrapped at her 25.6 years.

Particular attention is called, however, when the company finds itself in quadrant 2, where both UF and SF *fall*. There are two solutions here: 1) to sell ships, and 2) to cut-down UF. This means either: a) to increase company's liabilities, or b) to raise company's net worth, or c) to attempt a stock issue—but this one can only be done *when* company's cash flow is high.

✓ An attempt to forecast company's future action

The success of this, difficult indeed, task, is based on the assumption that a *future* action can be "determined" by company's *past actions*, as suggested by Priesmeyer (1992: p. 122). The company in question, as shown (Figure 3), found itself in the past *frequently in quadrant 4*, where the source of funds increased, (the net profit in particular), the use of funds decreased, (by acquiring vessels), and the cash flow as a result increased... These actions mean that in 1993 and thereafter, till 1998, (our assumed forecasting period) that the *company's past pattern can be repeated…*

Let us remember what the market condition between 1993 and 1998 (Figure 5) was.



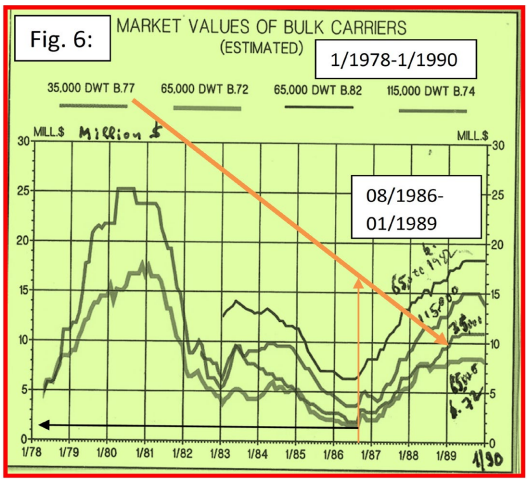
Source: modified from that in Stopford (2009).

Figure 5. The freight rate index of bulk carriers (US Gulf to Japan) of grain (for a 72,000 dwt unit), 1985-2008.

As shown, in 1988, the market was firming-up (the index = 300; 1947/12 = 100) and continued to do so till 1997 and till 2008 (15 years), with a temporary fall in 1999 (index = 100 again). 1999 was surely best to buy ships. In 2004-2006 market improved (index = 300 again) and in 2007-2008 topped up (index = 1,000).

✓ Our strategy, suggests to the companies, to buy ships at rock bottom prices, (i.e. at their lowest turning-up point), to lay-them up, by upgrading them as well, if the case may be, provided that *their market is depressed*, as it should be. Then, charter these ships only *when* market recovers.

Of course, laying-ships-up entails costs, but the difference in prices is worthwhile to attempt it (**Figure 6**). The above strategy is recommended, because when the freight market is at its high, the prices of ships are at their high too. So, a shipowner cannot have both the dog fed, (rock bottom ship prices), and the pie intact (high freight rates).



Source: Author.

Figure 6. Market values of bulk carriers (estimated).

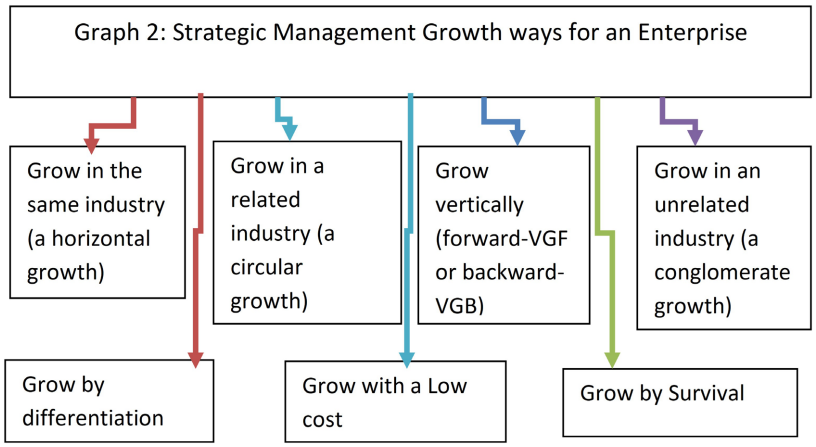
As shown in Figure 6, the company in question, had better to buy one, or more, let us say 4, 35,000 dwt bulk carriers, b. in 1977, (~10 years of age), *in 08/1986 (*instead of 07/1985 it did, i.e. *15 months later*), at about $1.5m each, (a total of $6m for the assumed 4 units) and lay them-up till 1/89 (29 months). At that time ships' prices increased at $10m, and thus an extra amount of $8.5m will be added in company's books *from each ship (a total of $34 m)*.

The laid-up cost in a cheap Greek anchorage cannot be more, of say, $0.20 m for one year for the whole fleet (assuming also 5 months for improvements). The company used to improve anyway the ships it bought (e.g. it spent $1.5 m in 1991). The laid-up ships of course have to obtain a longer than the usual 1 year "grace" period from company's banks, if bought with the aid of a loan.

It is advisable of course for the company to have bought these ships with no lending at all. The shareholders would be happier to pay $6m instead of ~$10 m, which they paid to obtain only the ½ ownership. Banks, we believe, would be negative to finance a ship destined to be laid-up, and also with a longer grace period. Banks have to understand what it means to buy ships at rock bottom prices, and charter them during top freight markets, when, in particular, *these two events do not occur at the same time*…

10. Part V: The Growth Strategies

It is interesting to know the *growth* strategies for an Enterprise (Graph 2).



Source: author; data from Priesmeyer, 1992, p. 208-211.

Graph 2. Strategic management growth ways for an enterprise.

The 1st and the 6th strategies were common among Greek shipping companies, meaning especially to buy, or even build, more ships, by exploiting, at the same time, the economies that the increased size provides (primary advantage; Table 3); also an experienced management knows this story very well, by avoiding only to expand the number of company's ships that show "revenue instability". Moreover, by minimizing cost, a manager widens the gap from revenue creating a higher *net profit*, as this is suggested by economists.

The 2nd strategy is based on a shipping company's safety/security reputation, we believe. This can be also countercyclical, giving a better utilization of company's ships and stabilizing its cash flow. This endeavor works, however, if Demand is greater than Supply. This, also, may change company's structural characteristics and make company stable, or even unstable.

The 3rd strategy means for a large shipping company to buy-over another small one (a VGF case). A shipping company, which buys-over its suppliers, (e.g. a shipyard), is a VGB case. A secondary motive here is to eliminate the profits of all those supplying goods or services to the company (the middle-companies). Primary examples are here to establish a ship repair yard, or a travel agency, or an insurance company, or even a bank, and/or a crew agency. Vertical growth-VG may result, however, to a greater commitment to a *single market or industry*. This strategy may create opportunities, but also it may create risks. Many shipping companies applied the VG strategy, but soon abandoned it, particularly projects in shipyards and/or in insurance companies.

The 4th strategy creates a serious diversification *risk*. The company here acts in 2 *different* and *independent* markets, with no economies of scale, and where management may be unaware of their technicalities. Important are also the interest rates prevailing in the two industries. The 5th strategy is a differentiation one, meaning the development, the production and the sale of services, which differ *fundamentally* from those offered by company's competitors.

In shipping safety and *security* and good *reputation* may differentiate company's quality of services. Here also counts company's *reliability*. But differentiation does not provide higher revenue, but only less off-hire times. Differentiation also fades overtime as competitors adapt one to the other. The 6th strategy—of a low cost-concerns company's possible other services from its ships of similar size and age. The 7th strategy means adaptation, which is so far neglected, but which is very important, as markets continuously change.

Concluding this part, there are several reasons to expect that the market conditions, and competitive forces, are *nonlinear* (Priesmeyer, 1992, p. 211). If markets evolve, so have the services. We may, after all, rely on innovation, quality—as defined above—and market responsibility. The relevant trajectories should be managed with *visioning* and *adapting*.

11. Part VI: The Nonlinear Income Statement Analysis

Here we have to deal only with *changes, i.e. changes* in "*income" statement*. Our aim is to find-out a way to study the behavior of *Profit* (and/or that of a major *expense*). We have to plot changes in company's "Revenue", (or Sales for non shipping companies), on the horizontal axis, against changes in Net Profit. Revenue reduced by Expenses gives company's *Net Profit* (Priesmeyer, 1992). Moreover, the changes in a major expense, like e.g. capital cost, (or interest on long term debt or crew bill) (or in payroll for non-shipping companies), can also be plotted on vertical axis against changes in Revenue.

The Gross Profit-GP divided by Revenue, shows Company's *profitability* (though it *excludes certain expenses*); a 40% "GP Margin" e.g., means that 40% of the revenue (from voyages) is net profit. Moreover, as much as 60% of company's revenue is needed to *cover Expenses*… This information is particularly important for shipping companies. E.g. companies with excessive long term debt have to work more for the banks, and not so much for its shareholders…Banks work to gain LIBOR plus a spread; shareholders work for dividends; the less expensive of the two has to be preferred...

Every shipping company has to increase its "GP Margin" as far as possible, and this can be done mainly by *reducing company's expenses*. The "Operating Cost Margin"—Op. C. Margin, expresses the expenses as a % of Revenue. This increases, when expenses rise, and revenue does not, and when revenue falls, and expenses do not. Any company has to *decrease* its Op. C. margin, so that to increase *company's profitability*. When Revenue increases and GP is not, expenses increase. If Op. C. falls, and Revenue increases (falls), then many expenses remain *constant*, by improving the NP margin (which falls). If NP margin falls, and certain expenses do not, Op. C. margin increases.

Table 3 shows the Gross Profit of the company in question.

Table 3. The gross profit of the case-study shipping company, 1985-1992.

1985-86	1987	1988	1989	1990	1991	1992	Remarks
10.03 m$ (Vessels' Revenue) R	9.51, (fall)	11.47, (rise)	13.50, (rise)	11.95 (fall)	15.41, (rise)	16.86, (rise)	
6.80 m$ Vessels' Expenses E	5.76, (fall)	5.22, (fall)	4.64, fall	5.91 (rise)	7.21, rise	11.34, (rise)	Serious rises in 1991 (22%) & especially in 1992 (57%)
3.23 m$ Gross Profit; GP = R less E	3.75, Rise)	6.25, (Rise)	8.86, (Rise)	6.04, (Fall)	8.20, (Rise)	5.52, (Fall)	

Source: author; data as in Table 1.

As shown, Gross Profit rose from 1987 to 1989, and in 1991, due to market improvement; the fall in 1990 and 1992 was due to the faster increase in company's Expenses.

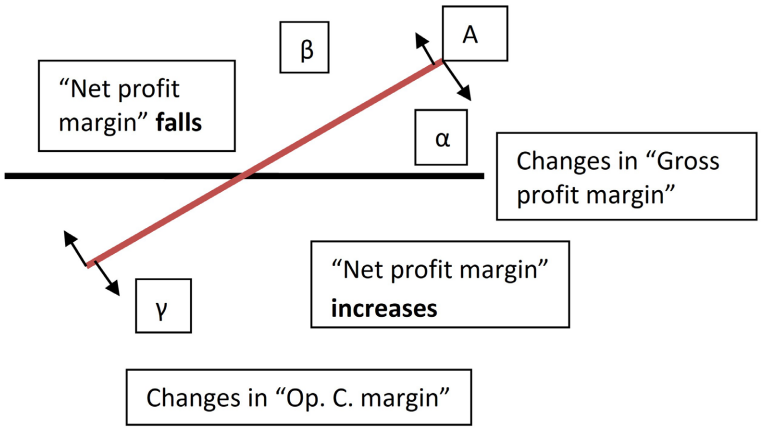
Table 4 describes the differences between GPM and Op. Cost M (= the Net Profit margin).

Table 4. The differences between GPM and Op. Cost M (= the Net Profit margin).

1985-86	1987	1988	1989	1990	1991	1992	Remarks
32% Gross Profit margin % = gross profit as a % of R (*)	39 (rise)	54 (rise)	66 (rise)	50 (fall)	53 (rise)	33 (fall)	
Op. cost margin as a % of R 68% (rounded)	60, Fall 8%	45, Fall 15%	34, Fall 11%	49, Rise 15%	47, Fall 2%	67, Rise 20%	
NP Margin (rounded) −36%	−21	9 (rise)	31 (a good rise)	1 (fall)	6 (rise)	−35 (fall)	The difference between GPM and Op. Cost Margin

Source: author; data as in Table 1; (*) a gross profitability measure (rounded).

As most managers know, it is the *difference* between "gross profit margin" and "op. cost margin", which indicates company's… "*net profit margin*". If this improves, then company's *profitability* improves. If "R" goes up, and "GPM" does not change, or changes slightly, then costs increased proportionally. The "Op. cost margin" will fall fast, if "R" goes up, provided many expenses, (e.g. rent and utilities), remain constant. And "NP margin" will increase. Now, if "R" falls, the opposite reactions are to be expected. "Op. Cost margin" will rise fast, if some expenses cannot fall in proportion (a falling "NP Margin").



Source: modified from that in Priesmeyer, 1992, p. 109-110.

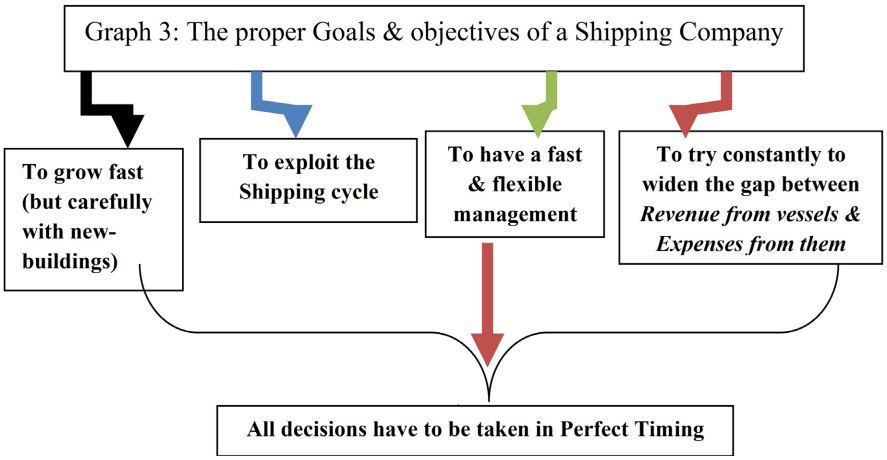
Figure 7. Interaction of the "Gross Profit % margin" and "Op. cost margin %".

Figure 7 is a phase plane—but also a *window*, through which management can watch company's course, and take a corrective action. If the company visits quadrant 1, e.g., on line A, this means improvement in its "GP margin", even if "op. cost margin" increased. Along A, the "Net profit margin" does not change. Total profit increases on A and at α. At point α, "net profit margin" falls mildly with an increase in "Op. C. Margin" (the cost absorbed the rise in GP margin). At point β, the "net profit margin" improves (though "Op. C. margin" increased, but GPM increased faster). At γ, the GPM% falls, but "Op. C. M %" falls faster. NP margin improved ($ profit fell). Only in 1989, the case study company had a serious NP margin % of 31%.

12. Part VII: The Goals & Objectives of the Win-Win Shipping Company (Proposed)

For a shipping company, we believe, that its basic goals/objectives ought to be (Graph 3).

As shown, author's recommendation is for a shipping company to grow, but carefully, especially in case when this is done via newbuildings. Also, care to be paid in buying 2nd hand ships, preferably of 5 or 10 years of age, but *only* when they are sold at their rock bottom prices. *The presence of a cycle suggests perfect timing.* Given that markets, freight rates and ship prices move rapidly, *company's management has to act at the same speed.* Given also that freight rates cannot be



Source: Author.

Graph 3. The proper goals & objectives of a shipping company.

controlled by the shipping company, the expenses have to be scholastically controlled so that to be as much as possible below company's revenue per day per vessel. The best management is the one that controls company's expenses in the proper way by exploiting market's cyclicality in all stages concerning chartering, buying and selling ships, and building and scrapping them.

13. Conclusions

The companies analyzed founded, as a rule, by an ex-Captain, born in one of the numerous Greek islands, and having up to 5 sons. Soon these companies established a London, New York and Piraeus office[8]. An extra motive to establish a NY office was the "lent-leased" of the 107 Liberty-types ships to Greek shipowners by the USA government (1947), with the guarantee of the Greek government. This was a "divine gift" to Greek shipowners who had lost 2/3 of their capacity during the 2nd WW. This made Greek-owned shipping a great industry again after 1947.

In addition, the published material concerning the business patterns, especially of the shipping companies, is considered to be valuable and rare. We believe we showed how shipping managers have made their great fortunes from one day to the next… Marine economists, we believe, have to help shipowners, by analyzing the existing strategies, especially those advanced, also here, by the author.

In the case of a premature death of the owner, science cannot help much in such a case being a matter of the companies themselves. But, as we showed, wives and daughters stepped-down and took-over the management of the deceased. *The above persons of course were unprepared and uneducated.* Surely, no Greek shipowner ever is prepared, psychologically, for his death, and many successions were made-up on "trial and error". As Lord Keynes (1936) argued, in his "General Theory", *no enterpriser expects his coming death while he is healthy (p. 162). So, companies have to educate wives and daughters in the business of shipping…in*

[8]Not excluding also other places as dictated by companies' ability to find-out cargoes for their vessels after the separation of ships and cargoes in the same person.

case…

Certain Greek shipowners felt what we like to call it the "newly-built ships' syndrome": i.e. "the fear that a new-building may bring bankruptcy to the company if she has been ordered—during top markets—and delivered to the company in a starting depression, 1 or 2 years later". This had as a result the majority of the Greek shipping companies to save money, (one way was to maintain excessive "depreciation" and another to maintain "generous retained earnings"), so that to be in a position to buy, or even to build, a vessel using only cash.

The above fear further ended in a very low growth strategy for the companies, and the industry. Onassis was the very remarkable exception treating banks as partners, with honesty and punctuality. Onassis, and a few other Greek shipowners, was successful in reducing the "economies of scale" risk.

In addition, we were able to reveal the "beneficial" for the industry "split up syndrome", which led to the creation of a plethora of newly-formed personal shipping companies. Most Greeks believe that they were born in order to become one day great shipowners, like Onassis or Niarchos, and thus they tried to grasp such an opportunity when it arose by establishing their personal company.

Conflicts of Interest

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

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