

The Business Patterns of 20 Greek-Owned Shipping Companies: What Explanations Can Be Given by Management?

Alexandros M. Goulielmos^{1,2}

¹Former Professor of “Marine Economics”, Faculty of Maritime & Industrial Studies, Department of Maritime Studies, University of Piraeus, Piraeus, Greece

²Professor Emeritus of Shipping, Transport & Logistics, Business College of Athens, Athens, Greece
Email: am.goulielmos@hotmail.com

How to cite this paper: Goulielmos, A. M. (2025). The Business Patterns of 20 Greek-Owned Shipping Companies: What Explanations Can Be Given by Management? *Modern Economy*, 16, 226-249.
<https://doi.org/10.4236/me.2025.161010>

Received: September 17, 2024

Accepted: January 23, 2025

Published: January 26, 2025

Copyright © 2025 by author(s) and Scientific Research Publishing Inc. This work is licensed under the Creative Commons Attribution International License (CC BY 4.0).

<http://creativecommons.org/licenses/by/4.0/>



Open Access

Abstract

The purpose was to write the business history of a number of Greek-owned shipping family-companies and reveal their past strategies. Three out of the 20 were traditional, having more than 1 member & 1 generation, some starting in 1900, or before, and 7 out of 20, came from a Greek island. All companies grew by increasing their number of ships, but few undertook a serious shipbuilding program. Almost all companies opened a London or New York or Piraeus office, given the limited Greek trade for the expanding fast Hellenic Merchant Marine towards a global cross-trader. The majority of the companies were organized in partnerships, mainly among relatives, where a frequent splitting-up is expected. Greeks established about 1150 companies, owning/managing 4507 large vessels of 436 m dwt (18.5% of the world fleet) by 2024! Greek shipowners, however, could not face efficiently & effectively the shipping depression of the 1980s, which we have described in detail. In one company, out of the 20-specialized in Product Carriers, we consider it to be the prototype example of the Hellenic maritime entrepreneurship, for which we have, as Greeks, to be proud of!

Keywords

The Long-Term Patterns of the Greek-Owned Family Shipping Companies, The Role of the Greek Islands, The Importance of Shipping Tradition, 107 Ships Built in USA for Liberty Sold to Greeks, The Play with Company's Assets, Fleet's Specialization

1. Introduction

This study is indeed rare, though interesting, because it reveals companies'

strategies for growth, but also their mistakes, which have led them towards an undesirable final bankruptcy! Such analysis, however, can become pedagogical, no doubt, for the reader, so that, he/she, will not commit the same mistakes. For this we have to assume, obviously, that maritime history is, more or less, repeatable (Goulielmos, 2009)! Moreover, the 1980s depression, analyzed here in detail, has many similarities¹, we believe, with that of the 2024.

The Greek-owned shipping, in 2023, owned/managed 4507² large, (over 20,000 dwt each), vessels, most of them bulk carriers, (230 m dwt or 53% of the 436 m dwt total) of 11.5 years of average age. The tankers represented the 36%, or 157 m dwt, (10.3 average age), reduced by 5 m dwt in one year (Goulielmos, 2024) due to the “Russia-Ukraine” & the “Israel-Palestine” Wars.

The Greek-owned shipping companies, which owned/managed, somehow large ships, were 592 in 2023. The 30% of them owned/managed 1 - 2 vessels, 60% from 3 to 24 vessels, & the 10% of them more than 25 vessels. This last category, however, owned/managed 320 m dwt or 68% of the total. Moreover, worth mentioning is that 30 companies only owned/managed 377 m dwt or ~79% of the total (Goulielmos, 2024). In 2007, the number of the very small Greek-owned shipping companies estimated to be about 600.

The plethora of the small Greek-owned shipping companies is an apparent proof, we believe, that for every Greek citizen, belonging to a shipping family, from a Greek island, in particular, it seems to have a secret desire: “to establish, one day, his/her personal shipping company by buying an over-aged 2nd hand tramp³ ship”.

2. Aim, Structure & Contribution of This Work

It aims at analyzing the business history of 20 Greek-owned family shipping companies, selected randomly, by summarizing their published CVs, & revealing their main strategies. Moreover, we applied the modern global Management to explain their strategies.

This work is organized in 4 parts, after the Literature Review: Part I, dealt with the Shipping Industry, which faced the 1980s depression; Part II, dealt with a brief historical account of 10 Greek-owned family shipping companies; Part III, dealt with a brief historical account of additional 10 Greek-owned family Shipping companies. Part IV, dealt with the advantages that the family shipping companies have. In 8 appendices, we analyzed companies’ strategies. Finally, we concluded.

The contribution of this work can be considered as the revelation of the business strategies of the 20 Greek-owned shipping family companies and their patterns, with a view that the reader to be informed about the reasons of their success,

¹Two serious local wars; a rise in the oil price and of natural gas; a rise in global inflation; a rise in the cost of living; obstructions in tanker & other sea trade routes.

²The World fleet in March 2024 had 63,174 vessels of 2.35b dwt for ships of 1000 dwt & over (UNCTAD). Greeks had 7.1% of the world total in numbers & 18.5% in dwt.

³A tramp ship carries cargo everywhere she has to. This type of ship is the easier, the simpler & of the lower-cost vis-à-vis liners and containerships.

or failure, in their about 100 years history for certain of them.

3. Literature Review

Stokes (1997) mentioned the problematic companies, which emerged between 1973 & 1977, at a time when a serious tanker depression occurred (starting in Oct. 1973). This was the result of: 1) the Arab-Israeli War, 2) the resulting oil embargo & 3) the about 5 times rise of the oil price. It seems that the above depression was the forerunner of the present crisis in 2022. The tanker freight rate index was as follows (Figure 1).

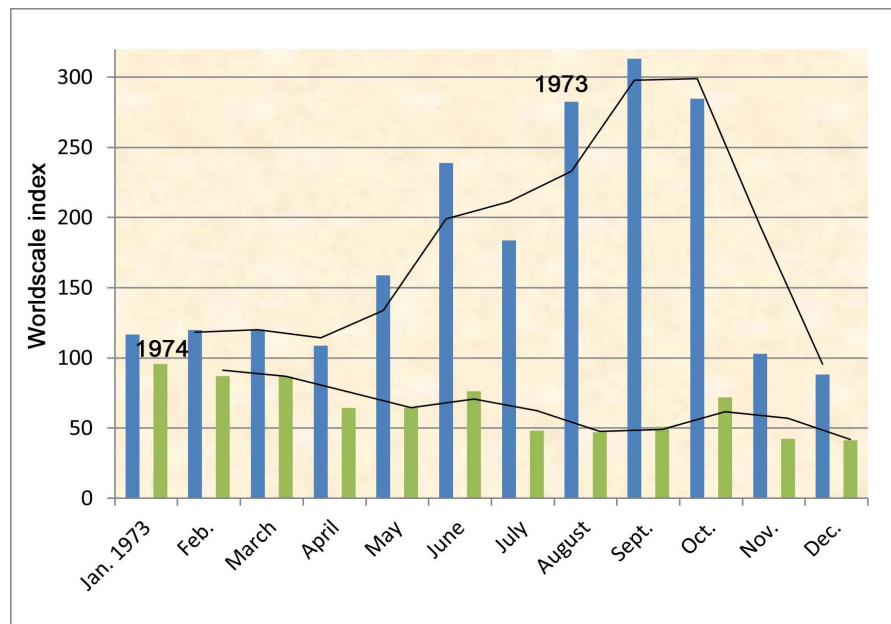


Figure 1. Monthly (weighted average) Worldscale rates in the spot market of dirty fixtures from Arabian Gulf to N. Europe (costs in \$), 1973-1974. Source: author; data from Stokes (1997).

As shown, the rise of the oil price, (per barrel), (of the Arabian light crude oil), in Jan. 1973, was from \$2.4 to about \$11 by Jan. 1974, a rise of about 5 times. This was indeed serious, & moreover, happened for the first time! Additionally, the tanker fleet, at that time, was 215m dwt, but the extraordinary fact was that the tanker tonnage on order was ... 197 m dwt (~92% of the existing fleet), with particular emphasis on VLCC⁴s & ULCC⁵s ships, based on Economies of Scale!

For the 1980s shipping depression responsible were not the Charterers (= i.e. the *demand*), (which sustained till 1975) or the distances (5% longer), but the ship-owners, who used their free will to order a plethora of giant tankers... which, it has been proved that they were not needed.

The bitter conclusion of the above depression is that no Greek-owned shipping company was ever being prepared to face it, effectively & efficiently. Couper et al.

⁴Carrying about 2 m barrels (of about 200,000 dwt each)!

⁵Carrying over 320,000 dwt each or the equivalent of 3 m barrels!

(1999) recorded the failures, the frauds and the abuses, committed by the international shipping companies in the 1990s, with a special emphasis on the Greek-owned company of “Adriatic Tankers”. Goulielmos (2024) analyzed the business history of 30 Greek-owned shipping companies & revealed their business patterns/strategies.

Worth pointing-out is, however, the frequency that the members of the Greek shipping families, in particular, or maritime partners, in general, split-up to establish separate shipping companies. This, he considered it as mainly responsible, for a small country, like Greece, to create as many as about 1150 shipping companies!

4. Methodology

The business history of the Greek-owned family shipping companies is interesting, but rare. The material comes from published interviews. We ignored companies’ performance during the steam area, and tried to single-out their common patterns so that to build-up a uniform practice. We tried to answer the question: “how our fathers did that and why?” Though the sample⁶ is about 3.3%, its interest is much greater, we believe.

Another question is: why to deal with the 1980-1990 depression? First, as shown in parts II and III, the 1980s depression caused quite a number of shipping companies to stop. Secondly, in 1975, the shipping environment changed⁷, where sea trade fell, followed by a major dip, in the 1980s, at a scale in trade rivaled that of the 1930s (Stopford, 2009: p. 120).

Economic Principles before business strategies

The Managers of the shipping companies have to understand, we believe, that Economies of Scale is a sound economic principle to follow, but provided that there is the proper⁸ quantity of demand. This means that in order to build an UL/VL tanker, a shipping company has to find first these large quantities of oil, and also for some time, e.g. by signing a rather long-term charter party (15 - 20 years).

A shipping company, by increasing its capital, by adding ships to those it operates, or by growing company’s carrying capacity in tons of cargo (net dwt), given prevailing distances, certainly it can reduce the average cost of its vessels! This situation is known, especially among the economists, as one of “increasing returns to scale” (Arthur, 1994).

We introduced below, indirectly, the demand, by indicating the 100% of ship’s capacity utilization (Figure 2). This means that in order for a vessel to produce her maximum ton miles, at the minimum average cost, per voyage, demand has to fill-up the net dwt of the vessel every time per each voyage for a year. This

⁶This work is the 2nd in a series. The 1st (Goulielmos, 2024) presented the business life of 30 Greek-owned family companies. Our expectation is to present additional 100 in about 5 papers.

⁷The political events that have taken place during this period are worth-mentioning: the oil crisis in 1979; and the Gulf war in 1990.

⁸Charterers’ economic health has to be examined especially during a shipping depression!

further means, to minimize the off-hire time of the vessel or to maximize her ton-miles, in the unit of her production time (360 days).

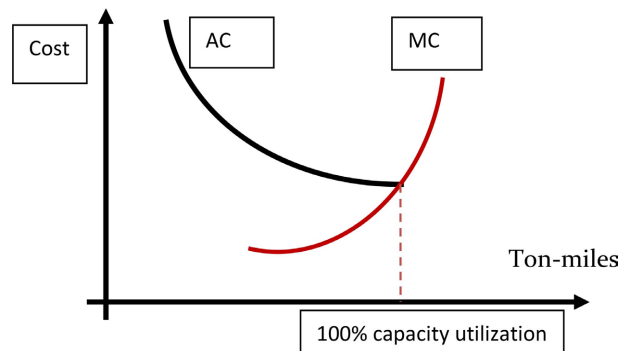


Figure 2. The equilibrium of a vessel, where $AC = MC$, provided that demand fills-up 100% of ship's net dwt. Source: author.

As shown, the average cost, AC, is falling as soon as ship's capacity is used-up. Of course, a medium & large shipping company manages⁹ not one, but many ships!

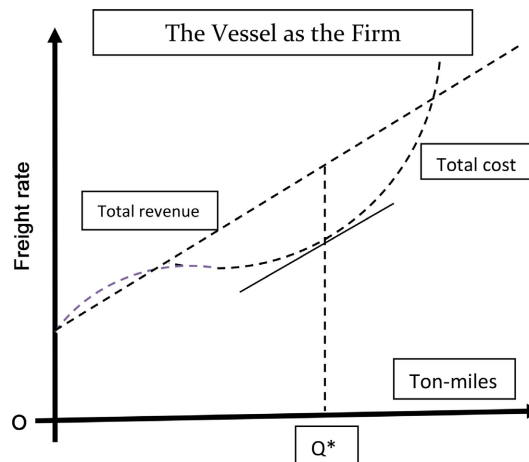
What then a multiple-plant company has to do according to Managerial Economics? Let us draw on its mathematics: let the production function, in thousand of ton miles, for each of say 2 vessels, be: Vessel 1 = $Q_A = 24M_A - 5M_A^2$ (1) & vessel 2 = $Q_B = 20M_B - M_B^2$ (2) (Samuelson et al., 2022: p. 155). Let the Marginal products-MPs be: $MP_A = 24 - M_A$ (3) & $MP_B = 20 - 2M_B$ (4). The optimal solution is thus: $M_A = 8000$ ton miles & $M_B = 2000$ ton miles, where $MP = 16$, or 196,000 ton miles p.a. for a total joint production. The problem solved was to maximize $Q = Q_A + Q_B$ s.t. $M_A + M_B = 10,000$ ton miles (5), where $M_{A,B}$ = the marginal product of the two vessels together.

The 2nd ship is less productive, & according to managerial economics, she has not to be used as much as the 1st more productive vessel! In shipping, however, every vessel is 1 shipping company & we do not have to allocate production, even optimally, among ships! This means that we have to apply the classical rule of Microeconomics: $MC_{\text{voyage } x} = MR_{\text{voyage } x}$ (6).

As shown in **Graph 1**, the vessel-firm produces at Q^* , at her 100% capacity, where also the difference between her total cost, for the voyage, (which at the

⁹Shipping companies take the price of their services, (the freight rate), as given, after trying their best in negotiations, determined basically by Supply & Demand. Given the valid economic rule: total Profit = $TR - TC$, where TR = total revenue (ton miles times the unit freight rate) & TC = total cost, the managers have to achieve TC as low as possible, or: $TR_{\text{fixed}} - TC_{\text{minimum}} = \text{total Profit}_{\text{maximum}}$. In shipping the long run is equal to the time required to sell (final), or buy (provisional), or scrap (final) or lay-up, (provisional), a vessel. The capital - labor (crew) ratio is fixed & ship's isoquant is a right-angled one, (production with fixed proportions, meaning that if the crew wages increase, the company cannot reduce crew numbers, (fixed also by law), but only to change crew's nationality)... meaning further that the substitution between factors of production is a very expensive endeavor, (a vessel, can install a new main engine or more powerful gears or cleaning ship's bottom or lengthen ship's size, or install a new/modified propeller, etc.). Ship's production is time dependent, where the total real time is given. Crew's productivity means to do the job faster than competitive crews and capital productivity means to increase ship's speed given fuel cost, & minimize ship's port stay given market conditions.

beginning is rising, & then falling, & then rising again), & her straight line total revenue, which is the result of net dwt OQ times the given OP (i.e. the price determined by supply & demand), is greater. At Q^* , the MR & the MC are equal, because the tangents to the lines at Q^* , (shown only one), are parallel, & the difference between the 2 lines is nowhere else greater.



Graph 1. Maximizing vessel's normal profit per voyage.

It is true that as the total net dwt produced, by a ship, increases, voyage after voyage, within a year, so the number of the profitable¹⁰ voyages (=total production) is apparently a very important factor. Here, the voyage cost per net dwt, given distances, falls, as cargo carried increases, & revenue per net dwt increases too.

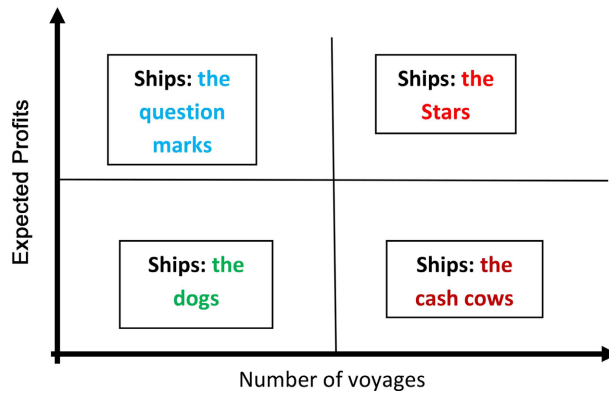
When a medium or a large shipping company adopts a corporate strategy, this naturally concerns all vessels-companies, in which case management (Robbins & Coulter, 2018: pp. 322-323) recommends using a tool which we will call it a “corporate portfolio matrix”, CPM (our definition). This is a tool for allocating resources by priority. The company's vessels are then distinguished to those having a high or a low market share & a high or a low expected growth rate (Quarls et al., 2006; Boston Consulting Group, 1970).

To adapt CPM to shipping, we will correlate the “expected net profit” of a voyage to the “number of voyages” (Graph 2).

Even the uneducated Onassis (Goulielmos, 2021a, 2021b) was able to understand economies of scale! Economies of scale (Goulielmos, 2021c) can be easily obtained by building a larger ship(s) than hitherto!

Important is also the Marginal Economies of Scale (our definition), obtained when a company, timely, buys a larger ship, given demand/distances and sells a smaller one in her place. Moreover, one can buy, timely, a relatively young vessel in the place of an older one.

¹⁰In practice, shipping companies tolerate losses by their few ships, even perhaps for a whole year, till it is decided what to do with them, given that the other ships in the same company provide profits.



Graph 2. The CPM matrix tool: the “expected net profits” versus “number of voyages”.

5. Part I: The Shipping Industry Facing the 1980s Depression

Figure 3 indicates the world’s shipping situation, as far as fleet’s employment is concerned, over the 13 years of the triple, for tankers, bulk carriers plus combos, depression (1980-1992)!

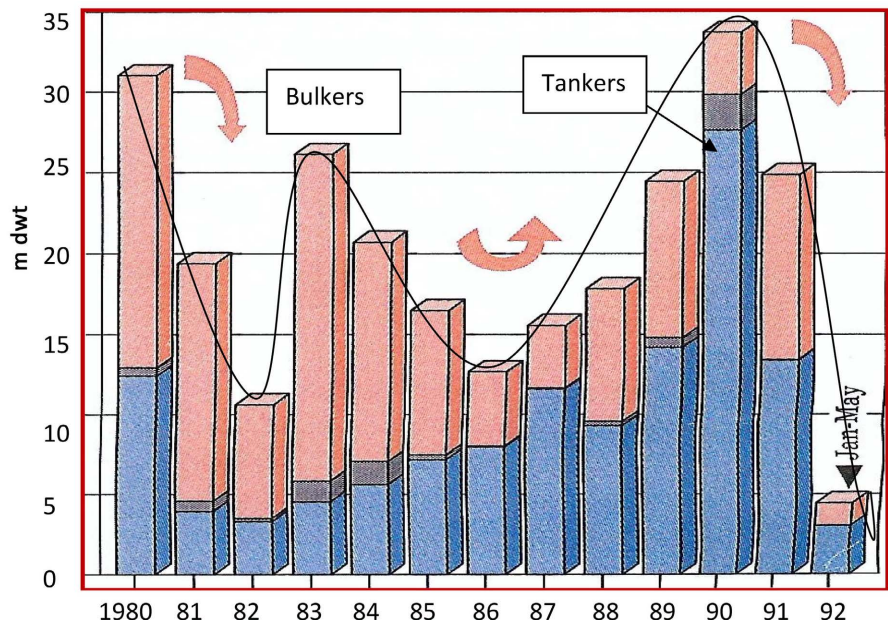


Figure 3. The contracting activity of Tankers, Combos & Bulkers in 1980-1992 (in m dwt). Source: modified by the Author/data from Clarkson.

As shown, the cyclical character of the 2 main shipping markets, plus Combos (Combination Carriers), is clear. Moreover, shipping is not an easy business because: 1) no one can predict its price (the freight rate) & 2) it produces frequent medium-term cycles. On the other hand, shipping is simpler than other industries because nothing can be done to fix (to influence) the price of the services (a price-taking & not a price-making industry).

The victims of the 1980s depression, which was widely spread, were, at least, 12

large international shipping companies¹¹. The reason of the above shipping collapses was (Stokes, 1997: pp. 8-9) because all 12 companies attempted an “excessive debt-financed expansion” by over-ordering their new tonnage (between 1970 & 1990)!

A basic principle in shipping is that the demand (Figure 4), for ships’ services is a derived one, simply because cargoes have to be transported from the port of production to the port of consumption!

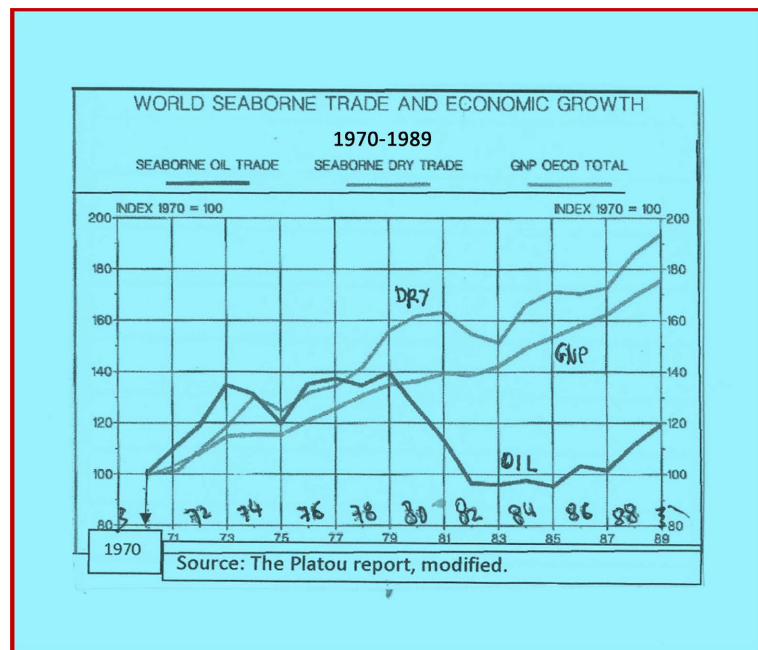


Figure 4. World seaborne trade & economic growth, 1970-1981.

As shown, seaborne oil trade, fell from 140 index units, in 1979, to 98 in 1982-1985, or from 36.5 m barrels per day in 1979 to 22 mbd in 1983-1987 (not shown here), despite the fact that the GNP of the OECD countries was rising... (1983-1989). The 1980s depression can be characterized by: a renewal & expansion of capital period, pre-requiring, however, both rising cash flows & asset prices, meaning that otherwise an investment (in new buildings) is definitely ill-timed.

The above situation is better understood if we admit that a ship-owner, when ordering vessels, does not take into account what the other shipowners ordered, or will order (Figure 5)! The result is that the deliveries of ships (Figure 6), which will take place eventually, (less cancellations), during the next 1 or 2 years, will most probably collapse the whatever good freight market was, in a situation where high freight rates are needed to pay for substantial loans!

As shown, scrapping of the Bulk Carriers, between 1980 & 1989, could not cope with the high deliveries (15 m dwt deliveries vis-à-vis 5-9 m, in certain years,

¹¹Sanko, Japan Line, Orient & Overseas-Holdings, Wah Kwong & Wheelock Maritime, Hellenic Lines, Reardon Smith Line, Lyle Shipping, Saleninvest, Jebsen group, Wilh. Wilhelmsen, Leif Hoegh & Co, & McLean Industries, belonging to Japan, Hong-Kong, Greece, UK, Sweden, Norway & USA.

scrapping). The deliveries are a function of the orders of 1 - 2 years before (allowing for the time required to build the vessels).

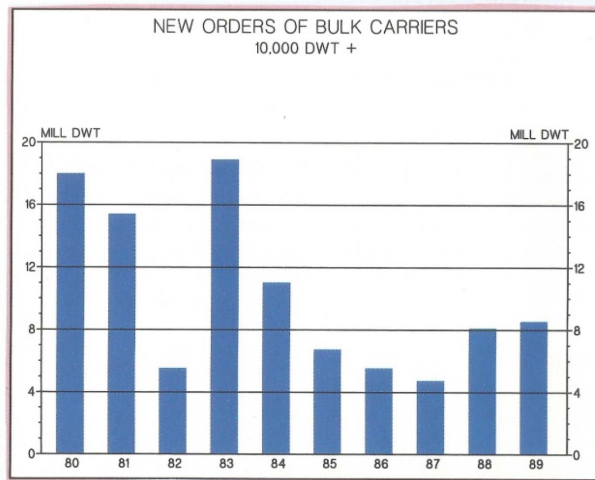


Figure 5. Orders of Bulk Carriers (1980-1989) (in m. dwt). Source: modified by that in the 1990 Platou report.

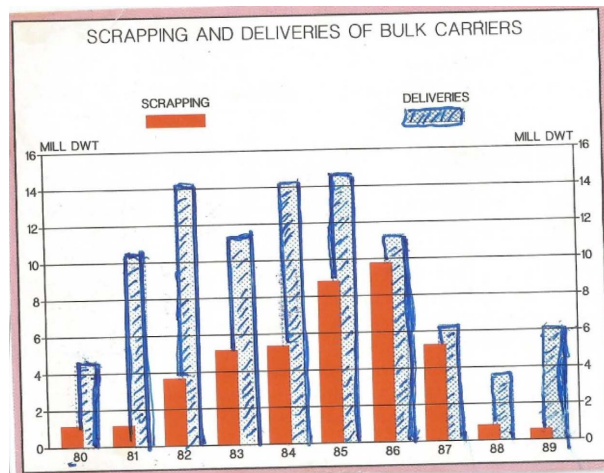


Figure 6. Deliveries/Scrapping of BC (1980-1989) (in m. dwt). Source: modified by that in the 1990 Platou report.

What, however, happened after 2004 as far as the orders of ships are concerned?

As shown in **Figure 7**, shipowners have learned since the 1979-1987 depression, because in 2005-2024 they ordered, with the 2008 (August) exception, from 40% in 2010 to 10% - 12% of their existing fleet, in 2017-2024. Shipowners hope, according to our experience, on scrapping for the markets to improve fast, but this is a very slow mechanism, depending on the demand for scrap iron, its supply, its price & the state of the freight rate market, as well the tonnage in lay-up & its time of stay there¹² (requiring least 1 - 2 years in lay-up till to be scrapped?) (**Figure 8**)!

¹²The scrapping of tankers between 1980 & 1989 peaked-up in 1985, with 27 m dwt, while the tankers in lay-up peaked-up in April 1983, with 75 m dwt (2 years before)! This means that it takes time for the owners to admit that their large tankers bring-in losses.

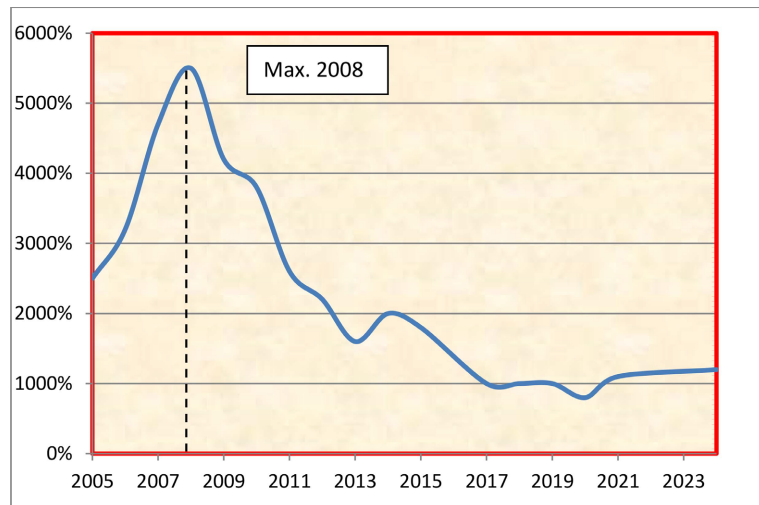


Figure 7. Global ship orders as a % share of their active fleet, 2005-2024 (July). Source: author; UNCTAD's data.

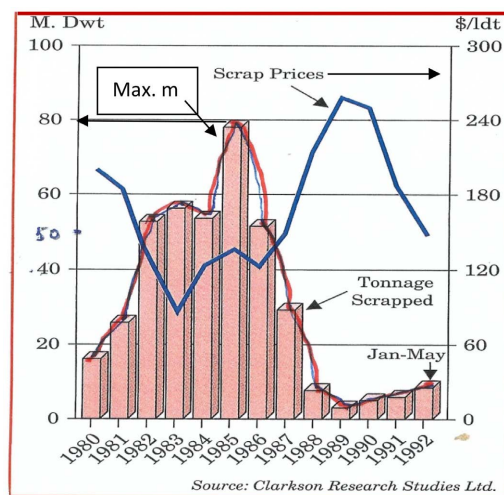


Figure 8. Scrap prices & Scrapping, in m dwt, 1980-1992. Modified by the author.

Shipping companies, as a rule, respond, (our experience), to a depression by liquidating their most profitable assets (ships), because this way they collect a higher amount, but by this they drop their asset prices... The consequences of the above mentioned 12 collapses were also, for the companies survived, to avoid the new-buildings thereafter, especially of large tankers, together with a resort to stock exchanges, away from the commercial banks, which suffered the greater losses!

This is why we always recommend to shipping managers to build-up a “facing-up-a-depression-fund-FUDF”, so that the company to be adequately liquid when a depression comes. This policy has to be also coordinated with company's policy on depreciation as well that concerning the distribution of profits to shareholders (dividends' policy)! Our experience, has taught us, that neither company's shareholders, nor company's bankers, will be willing to help during a shipping

depression!

6. Part II: A Brief Historical Account of 10 Greek-Owned Shipping Companies

All *shipping* companies presented here are *family* ones!

- This traditional company appeared in 1840s, where the Father, his 4 sons & his brother, worked together. The 3rd generation participated (2 sons & 1 husband of family's daughter) establishing offices in London and NY. The company obtained 1 of the 107 Liberties (**Appendix 1**) in 1946. It opened also an office in Piraeus. In 1965, the group owned 170,000 dwt (12 ships) & by 1970 more than 300,000 (14 ships). In the 1980s' depression the fleet fell to 150,000 dwt (5 ships) & by the 1990s fell to 2 ships. A low growth strategy (**Appendix 2**).
- This established in 1960 by 2 brothers, while by 1970, owned tankers of 67,000 dwt (12 units), running also a small shipyard. Subsequently, family's fleet fell to about 10 ships. In 1990s, the 2nd generation joined, managing of 132,000 dwt (7 tankers). A low growth strategy.
- This traditional company had 2 branches (1900). The 2nd generation joined in about 1935, which (studied *maritime law*) collected an insurance compensation. This amount, with finance provided by a relative industrialist, used by the company to buy 1 ship in the 1940s to carry the fertilizers for its financier (1969) (vertical integration case/**Appendix 3**). Since 1974, the company started a shipbuilding program in England by building 1 SD14 (1977), & also 4 in 1978-1983 (in Japan). It managed both liners & bulk carriers, thus surviving from the 1980s depression. The *asset* play strategy applied (in bulk carriers) (**Appendix 4**). In 1985, the 3rd generation joined made-up by 2 women, 1 nephew & 1 son from a sister. In 2000-2003 the company built handy-max bulk carriers in Japan. Another family branch, in about 1946, mobilized 2 sons, ex-Captains, one of which owned 2 ships by the 1990s. A low growth strategy.
- This company, indirectly, shows the pattern: "Greek families, especially of an island, establish as many shipping companies as possible". Here, 3 & 4 families in partnership, from Piraeus this time, established a company in about 1970, by 4 ex-Captains. In 1966, it obtained 1 vessel & in 1969, 1 tanker, while in 1980s it decided to specialize in Product carriers. In 1985, (it built double hulls-as early as in 1986), it decided to build only sister¹³ ships! By 2000, it managed product carriers of 1.13m dwt of 7.5 years average age (20 units). It obtained finance in USA, under the XI title (!), & obtained \$140m from the NY Stock exchange, with offices in London & USA. A 2nd generation joined too.
- This Andros' island Company established in about 1963. The Father had 3 sons (1895-1980) in charge of the Piraeus & London offices (1900-1985) (he has opened also an office, in 1896, in Cardiff). One family member established a shipping office in 1969 in Piraeus & 1 in London, & by 1975 managed 14 vessels

¹³The "sister ships" policy has positive characteristics!

& by 1985 28 (managing tankers, OBO, & bulk carriers). In 1995, one family member ran another London office, where the 2nd generation joined (about 1963). Three family members (1868-1982) established another office in Greece, while in 1947 managed 5 ships & by 1958 35 (Liberties & tankers). Three family members ran also another London office. In 1970, the fleet reduced from 21 to 11 (1981) & 3 (1990), as various owners took-over¹⁴ the management of their ships. In 1994 the company stopped.

- The founder of this island company, established in about 1906, ran offices in England, Odessa & Piraeus (1920). He established an office in NY & in 1946 he bought 3 from the 107 Liberties, establishing also a Piraeus office again. The 2nd generation joined, of an ex-captain & took-over the management in 1956 of the Piraeus office. The 3rd generation joined being in charge in 1970-1990 (managed 2 - 4 vessels). A low growth strategy.
- This company established in 1953 by 2 partners. In 1965, one of the companies ran a London office, made-up by 3 families, & a new shipping company also established (1968) by splitting-up. In 1971, an extensive shipbuilding program took place. The 2nd generation took, also part, by establishing a new company, in 1973, with an office in London with a partner. By 1980 the company managed about 200,000 dwt (10 units). In 1995 managed also RoRo ships. A low growth strategy.
- This company, from a town near Smyrna, established in about 1900 by an ex-Captain, who bought 1 vessel (1924), plus additional 4, establishing a London office. The 2nd generation joined in about 1938. The family obtained 1 of the 107 liberties, & 2 thereafter (1948) from the market. In 1952, it decided an extensive shipbuilding program (14 units of 13,000 - 40,000 dwt each). By 1970, the family managed over 300,000 dwt (14 units). In 1975, it owned over 1/2 m dwt (18 units) & passed successfully the shipping depression of the 1980s, owning/managing a fleet of over 400,000 dwt. The 3rd generation, of 3 members, took also part, where 1 member owned 2 - 3 vessels in 1980. A medium growth strategy.
- This company, from a Greek island, established in 1945 by 1 of family's members, with his 3 *brothers* & 1 *brother in law*. In 1985-2000, the 2nd generation took-part, together with 1 from the 1st generation, where a total of 6 family members participated in the office. A low growth strategy.

Concluding this part, the dominant moving power of the growth of the 10 shipping companies, was the ship owning family in an island, together with its many generations, establishing, this way, a long tradition. Without this, having also many members, Greek-owned shipping could not grow the way it grew, we believe.

However, only 1 out of the 10 family companies adopted a rapid growth strategy; 5 had a low growth strategy & 1 a medium one. Four companies came from a Greek island; while 3 obtained liberty ships from the 107. One company

¹⁴In Greek shipping is difficult to know the number of ships owned & the number of ships managed.

mobilized 1 generation, 4 companies 2 generations, & 3 companies 4 generations! One company played with its assets & 1 specialized, while 2 companies were traditional. Tradition, we believe exists, among companies, if one company used to make businesses over more than 1 generation, & certain *business principles were also applied again*, by the generations which followed¹⁵!

The majority of the companies established a London, &/or a NY &/or a Piraeus Office, (total about 14 offices). Two companies undertook an extensive shipbuilding program, something which characterizes the Greek ship-owners. One company applied the vertical integration strategy.

Almost all the above companies had partners, in particular with relatives, or people coming from the same island. The trend of creating shipping companies through splitting-up was not frequent in this group. This can be explained, as all 9 families in this group, had a strong dominance of a father.

Our opinion that “shipowning/ship management” among Greeks is not a profession, but a way of life, is supported by at least 1 Greek shipowner (Pappadakis, 2006, his interviews in “Efoplistis” Journal). He argued that Shipping is not simply a way to make money, but a way to live... He mentioned his father saying that “a shipowner has to make businesses remaining... unnoticed!” This principle was universal among Greek shipowners, because Greeks are people of envy! He also admitted that to manage people today one has to provide motives (motivation theory).

7. Part III: A Brief Business Historical Account of the 2nd Group of 10 Greek-Owned Shipping Companies

All *shipping* companies mentioned are *family* ones!

- This island company appeared in 1935, establishing 1st a small manufacturing firm. In 1947, it established a shipping company, buying 1 of the 107 Liberties, & in 1948 another one, in partnership, opening an office in USA. By 1958, it managed 16 ships, & 9 by 1970, having offices also in London & Piraeus, & a fleet of 360,000 dwt! By 1980s, it owned 1m dwt! The 2nd generation, of 2 sons, took part by running the offices in London & in NY. By 1990s, the fleet reduced to 1/2 m dwt. It applied the diversification strategy (**Appendix 5**) investing in 3 different industries. A medium to rapid growth strategy.
- This company had 2 branches. The 1st established a shipping company in 1960. In 1970s, the fleet reduced to 1 vessel & during the 1980s crisis it stopped! The 2nd family branch had a Naval Architect in charge dealing heavily with shipbuilding, but also establishing a shipping company in end-1960s, owning/managing 120,000 dwt (6 units) (2000). A low growth strategy.
- This company came from Asia Minor & appeared in 1974. It grew mainly in

¹⁵A 2nd generation in an interview said that his 1st generation told him that the value (price) of 2nd hand ship declines per annum by about 4%! To confirm this we used Stopford's (2009) regression: Price = $-0.73737AGE + 18.803$, & we were able to derive the following prices: new \$18.8 m; 1 year/\$18.1 m; 2 years/\$17.3; 3 years/\$16.6; 4 years/\$15.8; 5 years/\$15.1 & so on. This sequence of prices gives prices lower per annum by \$600,000 - \$800,000 or ~4% p.a.!

1990, & applied the asset play strategy, where the 2nd generation (3 children) took part (2000-3).

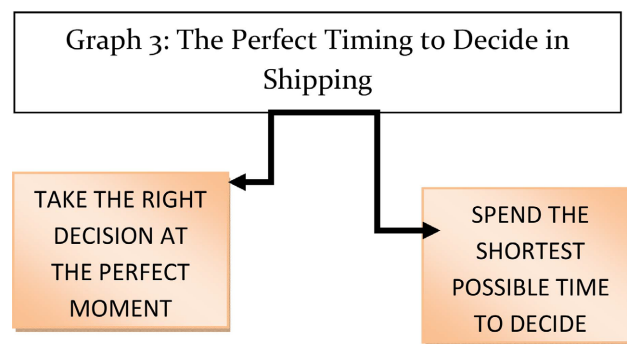
- This is a traditional island company, starting 1st in having 3 small factories established by father, having 5 sons! After the 2nd WW it obtained 1 ship & 1 Liberty from the 107, opening a Piraeus office & a London one by 1954. The 3rd generation took part having 7 sons. In 1963, 3 families established a common shipping company, increasing at times to 4 - 6 families in partnership. One company, in 1967-1973, undertook an extensive shipbuilding program of 22 ships, running also offices in London & Piraeus. In 1985, the 4th generation (3 sons) joined, & the splitting-up of the families started & finished by 1991. In 1999, one family branch owned/managed ships of VLCCs & Capes. A medium growth strategy.
- This island company established in about 1925 by a Captain, where in 1966 bought 1 small vessel in partnership & bought larger ships by the 1970s. In 1977, it built a Freedom (in Japan). The 2nd, (2 sons; 1 naval architect), generation joined, & by 1984 the partners split-up. The asset play applied, which caused the company to find itself with no ship (-1990). After 1990, the company owned 2 vessels, bulk carriers of handy size. A low growth strategy.
- This non-island company established in 1930s, dealt with *liners* (an oligopoly market, **Appendix 6**). His 1st profession was the coal trade. He bought 5 out of the 107 Liberties, & many thereafter from the market, establishing an office in NY. By 1975 the company owned 45 ships, till 1984, when company stopped. The 2nd generation appeared in 1962, owning/managing bulk carriers & other ocean-going vessels. It specialized, in end-1980s, with 25 ships in the supply of oil platforms, cable laying, diving support, standby safety & anchor handling ones.
- This company came from a town near Smyrna, appearing in about 1900, established by a Captain, buying 1 ship in 1924, plus 4 thereafter. It opened a London office, where the 2nd generation joined (~1938). A Liberty from the 107 obtained in 1947, & 2 thereafter, with partners, in 1948. In 1952, the company undertook an extensive shipbuilding program in 3 shipyards, ordering up to 40,000 dwt max. each (18 units). By 1970, the company owned/managed 300,000 dwt and over (14 units) with offices in London & in Piraeus! By 1975, the company owned/managed vessels of over 1/2 m dwt (18 units), keeping the fleet round the 400,000 dwt mark (8 - 9 ships) (in the 1990s). The 3rd generation joined, having 3 children, & 1 son, who obtained 2 - 3 bulk carriers by splitting-up. A medium growth strategy.
- This island company established in 1945. The family consisted of 1 Captain, 3 brothers & 1 brother in law, who bought 1 vessel & a number of ships thereafter, in the 1950s & 1960s, till 1980. In 1985 the 2nd generation joined (6 members; 3 from the 1st generation). The company dealt with the transport of 1/2 m tons of cargoes in “contracts of affreightment”. Beginning 2000 the company managed 4 ships of handy-size-handly max. A low growth strategy.

Concluding this part, 4 out of the 10 companies came from an island, having also partners. Three shipowners had 1 at least prior small manufacturing company. Four companies obtained 8 liberties from the 107. Twelve companies established offices in USA & in NY (3 companies), in London (5) & in Piraeus (4).

Three companies split-up & 1 company was traditional. Two companies had an extensive shipbuilding program & 1 specialized. One company had a medium to a rapid growth strategy, 3 had a medium growth strategy & 2 a low growth strategy. Six companies had 2 generations, 2 had 3 generations & 1 had 4 generations!

8. Part IV: Is There Any Advantage from Running a Family Shipping Company Versus a Publicly-Traded One?

Shipping companies have been distinguished in 2 (Lorange, 2009: p. 285): 1) those run by a successful individual entrepreneur¹⁶ and 2) those run by a family. The crucial characteristic of doing business in shipping, however, is timing (Goulielmos, 2021d), meaning not only the perfect time to decide, but also the shortest one (Graph 3).



Graph 3. The perfect timing to decide in shipping.

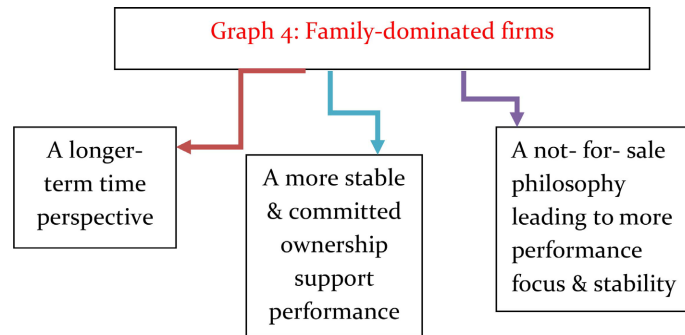
As shown, one advantage that a family shipping company has to exploit is the timely and prompt action that can be taken from a single leader based on family's hierarchy. In shipping is important not only to take decisions, but also to take them at the perfect timing, and faster than one's competitors.

The majority of the shipowning companies are privately owned: 64% of the VLCCs; 82% of the Panamax; 81% of the Handymax bulk carriers and 75% of the Aframax tankers (Schwass, 2005: p. 108; Lorange, 2009: p. 236).

Denison, Lief, & Ward (2004) showed that well-managed family dominated firms tend to outperform well-managed publicly traded ones. The reasons for this outperformance may be the following 3 (Graph 4).

As shown, the family firms have a longer business life, related, however, to the lifespan of their members, and the number of their generations. As mentioned in parts II & III, a number of family companies hit by death, and wives had to step-down and manage husband's company.

¹⁶He mentioned Maersk, Seaspans, Frontline, & the Greek General Maritime.

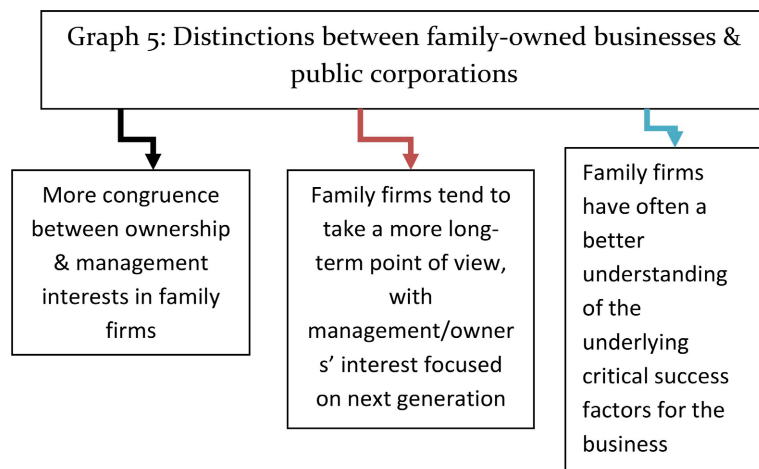


Graph 4. The main characteristics of the family-dominated firms, Source: author.

Surely, there are also the cases where a son can be untalented for the job, though his father keeps also an eye on his former company, or he is even present till death parts him. As this is understandable the future of a family shipping company depends on the quantity and quality of family's succession.

To be a son of a shipowner does not mean also suitability to run his company. This matter, of course, is the responsibility of the generation before. In Greece, we have witnessed sons to fail, and daughters not to be interested in shipping, and families to ask for more from the manager, and wives to convince husbands to split-up from their brothers. Wives do not prefer partnerships and musketeers' principle: one for all and all for one, but they want to know, if the husband dies, what the wife is entitled to inherit.

Schwass (2005) made 4 distinctions (Lorange, 2009: p. 285) (**Graph 5**).



Graph 5. The advantages of the family-owned firms vis-a-vis public ones.

As shown, family companies have an agony as to what their next generation will be. There is also the matter whether the father has the ability/time to teach business to his son(s), though most Greek shipowners provide the means for their children to study at university level, especially the complex subject of finance. Onassis e.g. failed as a father.

Methodology

The business history of the Greek-owned family shipping companies, though extremely interesting, is rare. The material used here comes from published interviews. We ignored companies' performance during steam area, and tried to single-out common patterns among all family shipping companies so that to build-up a uniform practice. We wanted to be able to answer the question: "how our fathers did that and why?" Though the sample is about ~3.3%, its interest is much greater, we believe.

Another question perhaps that had to be answered is: why to deal with the 1980s depression? First, as shown in the relevant parts II and III below, the 1980s depression caused certain shipping companies to disappear. Secondly, in 1975, the shipping environment changed¹⁷, where sea trade fell, followed by a major dip in the 1980-1990 at a scale in trade rivaled that of the 1930s (Stopford, 2009: p. 120).

Appendix 1: The 107 Liberties¹⁸ sold to Greeks by USA (1946)

With the 2nd WW over, USA decided to dispose 2580 Liberty (EC2-S-C1) ships. Greece requested 100 of these ships to be sold to Greeks so that to help them to *restore* their Allied merchant marine, & revive the post-war global trade. Responding to this petition, Congress, approved the "Merchant Ship Sales Act" (1946), authorizing the disposal of war-surplus cargo vessels, such as the Liberty freighters & some T-2 tankers!

Greeks explained to the Admiral, in charge of the sales, the bad condition of the "Greek Merchant Marine" & the lack of \$ money to employ the idle crews scattered all over the ports of USA, Canada & Britain! Thus, Greeks were permitted to buy 98, plus 2 C1-M-AVIs, plus 7 tankers T-2¹⁹ (a total of 107 units).

The problem with Greeks was that they had no \$s to pay, as required by USA, but only £, (due to the war-losses insurance compensations paid by the UK insurance companies). The ships finally sold on credit, (\$138,000 cash & the balance in 16-17 6-monthly installments, at 3.5% interest rate) guaranteed by the Greek Government²⁰ & by the sterling deposits of the shipowners, which in turn guaranteed Greek Government.

Appendix 2: The Corporate Growth Strategies

A corporate strategy (Robbins & Coulter, 2018) is an exclusive task of company's management. A corporate strategy in shipping industry means to decide in what branch of ocean going sea-transport the company wants to be in, & deal with, adopting also its mission & its goals: "bulk carriers, tankers, containerships, LPG/LNG, product carriers, gas carrier" & so on?"

Moreover, the shipping companies had to decide on 3 related issues (i.e. the

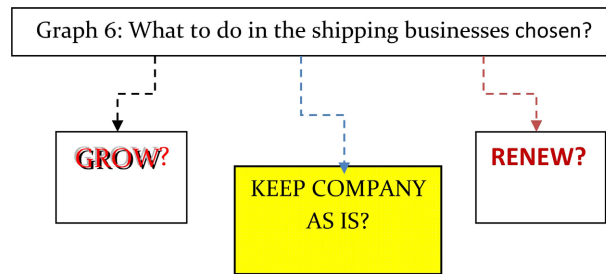
¹⁷The political events that have taken place during this period are worth-mentioning: the 2nd oil war crisis in 1979; and the Gulf war in 1990.

¹⁸Kelly, D. F. (no date), Foundation of the modern Greek merchant marine: the US sale of 98 world II Liberty ships to Hellenic shipping interests returned the Greek ensign to global sea lanes, ABS publication. The numbers are as follows: 98 Liberties; 2 smaller liberties & 7 T-2 tankers.

¹⁹Thirty-three nations finally purchased 1,117 surplus ships, including 575 Liberties, till 1948. Britain bought 117.

²⁰The Greek Government asked for a Greek flag & crew in those Liberties!

main types of a corporate strategy) (**Graph 6**).



Graph 6. Three growth strategies can be shown in Greek-owned shipping companies.

The rapid growth of the firms corporate strategy adopted by rather few Greek, owned shipping companies, especially the ones achieved it through new buildings. This, because the new-buildings bear a higher risk. Shipping industry, however, is a risky business rather because sky's is the limit, in our opinion, (through the "ship mortgage" system), & as soon as a shipping company reaches a minimum critical level! In fact when this level is acceptable by its bankers! Thus in shipping the worst enemy is the character of its manager/owner!

Growth in shipping, however, is successful if it makes the cost of the vessels lower, & if possible, below that of one's competitors, in our opinion! Thus is not strange in shipping to adopt, above all & first of all, the competitive strategy (mentioned below), meaning to search & discover methods & practices, at vessel's level mainly, so that to compete company's competitors!

We decided, arbitrarily, to define the low growth strategy as the one targeting at, or under, the 1/2 m dwt mark; the medium growth strategy as the one targeting at, or above, the 1/2 m dwt & the rapid growth strategy as the one targeting at, the 1 m dwt, & over.

Growth may be attempted also by *concentration* &/or by *vertical integration*. Concentration entails to increase the number of services supplied, or the number of markets served, but round company's primary businesses.

Appendix 3: Vertical integration

This is backward & forward. In the 1st, the company becomes its supplier; in the 2nd the company becomes its own distributor. Clearly here is to control either company's inputs or services. The horizontal integration, moreover, is to grow by combining with one's competitors. There is also the diversification strategy mentioned below.

Appendix 4: Play with company's assets

Ships obtain prices which depend on the gross profits (rents), which provide to its owner (volume & time). These prices are 1st determined by supply & demand & 2^{ndly} by total seaborne trade to be carried-out, given volumes, & distances. The greater the variations of those prices, in the calendar time, the higher the demand for them, from the speculators, because it only matters the price which one can buy & the price which one can sell. Of course, shipping companies should not become speculators, though the asset play can provide up to 3 yearly operating

profits with 1 timely sale. So, the asset play is an activity, occurring at intervals, while shipowning is an everyday and continuous activity!

The asset play can be expressed in symbols: Maximize: $P_{sx} - P_{bx} + \text{depreciation}$, where P_{bx} is the buying price of vessel x & P_{sx} is her selling price. The asset play applies to all types of ships during all times of their businesses, & par excellence in ships of high value, having the larger deviation between their buying & selling price (**Figure 9**)!

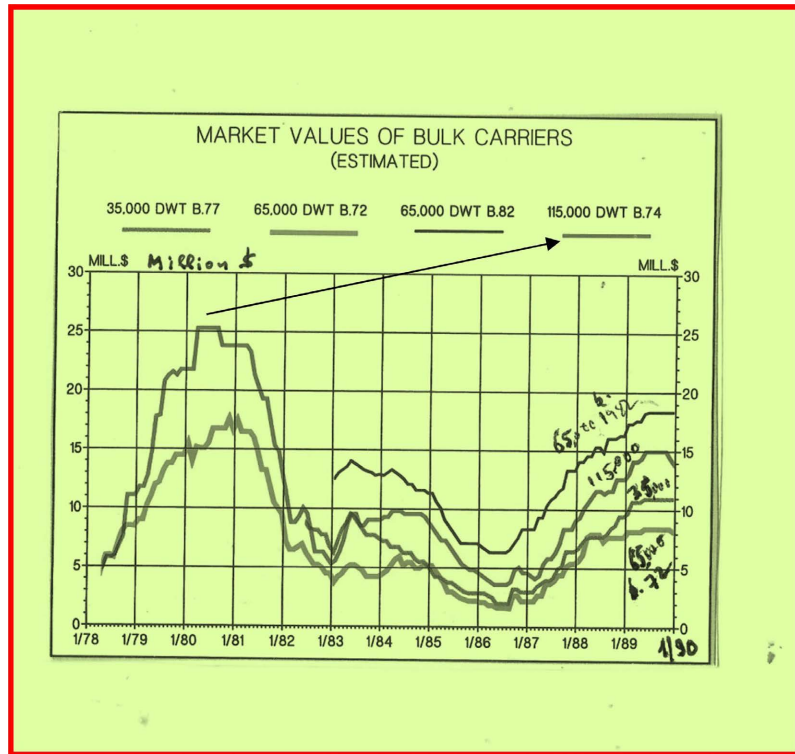


Figure 9. Market values of Bukk Carriers (est.) (1978-1990). Source: modified from that in “Platou 1990 report”.

Table 1 describes what to do with the 115,000 dwt case playing with the asset.

Table 1. The results of playing with an 115,000 dwt asset, 1978-80 & 1986-89.

Year to buy	Price m	Year to sell	Price m	Depreciation	Profit m
1978	\$4	1980	\$25.5	\$400,000 for 2 years	\$21.90
1986	\$3	1989	\$15.0	\$450,000 for 3 years	\$12.45
Total					\$34.35

Source: **Figure 9**.

The same story one can see with the new-buildings (**Figure 10**).

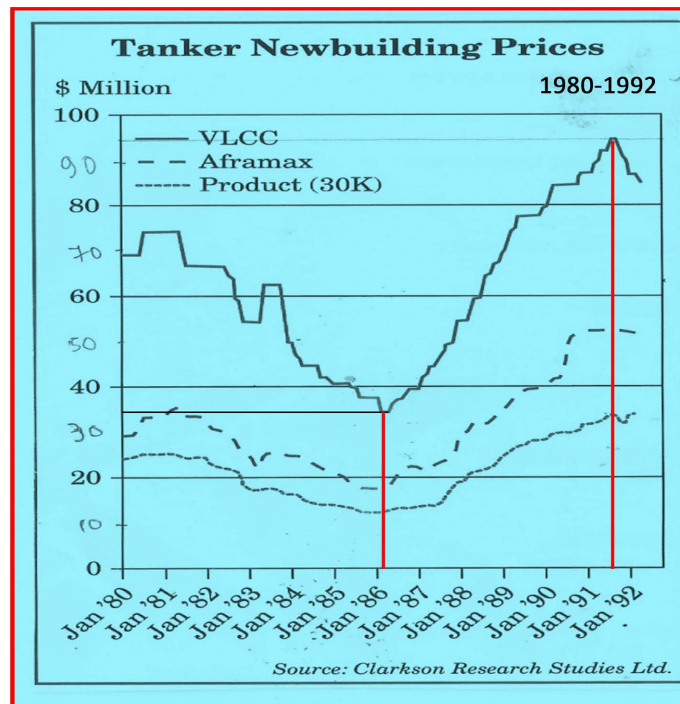


Figure 10. New-buildings prices of 3 tanker types, 1980-1992.

As shown, a VLCC can be, timely built in 1986, at \$35 m, while if she is going to be built in 1991, it would cost \$95 m, providing, (in 1986), a capital saving of \$60 m, plus a low depreciation of \$1.75 m p.a. The impact of the size of the vessel on her price is clear...

The price of the vessel, however, is surely affected by her ability to bring-in revenue, as shown in Figure 11.

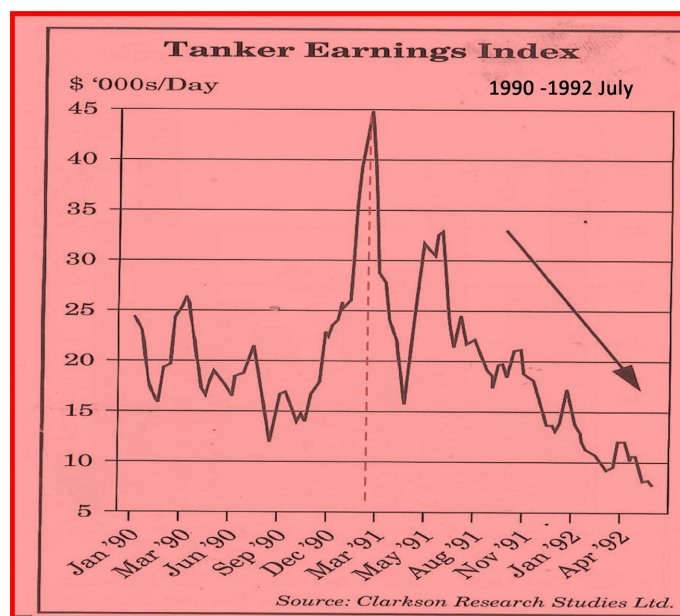


Figure 11. An index of the daily Tanker Earnings, 1990-1992.

As shown, the high earnings are closely correlated with the higher price (Figure 10), at exactly the same time (VLCC case).

Appendix 5: the diversification strategy

This is related or unrelated. The 1st means to combine with other companies in different-related industries. The 2nd means to combine with firms in different-unrelated industries.

Appendix 6: The Oligopoly Market in Shipping

This type of market appeared in shipping as early as 1875 (August), in the liner connection between UK & Calcutta. In fact, this is a Cartel, meaning a “formal agreement between companies in a market, of few sellers, to co-operate, following agreed procedures, as far as price & production are concerned”.

Sys (2009) investigated whether the “container liner shipping industry” is an oligopoly. She found an increased concentration over time, leading the companies serving the various trade lanes to form either a loose oligopoly or a tight one.

Goulielmos (2018) also investigated the oligopolistic character of the Containerships by adopting the theory of the “dominant firm” (Figure 12). This assumes that there is a firm which possesses a dominant market share & acts as a leader by setting the price for the whole industry (Samuelson et al., 2022: p. 267).

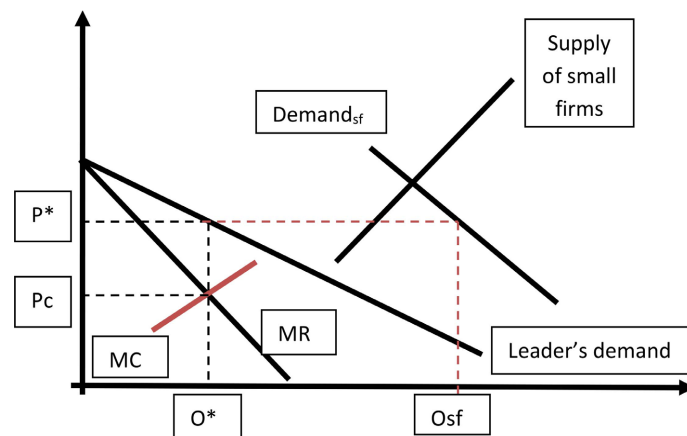


Figure 12. The optimal production of a dominant firm in Oligopoly. Source: inspired by Samuelson et al. (2022: p. 268).

As shown, the dominant firm sets the price at P^* , producing O^* ton miles, while the small firms, equally each, produce O_{sf} , at the same price (P^*). The P_c price is lower than the one determined by the supply & demand of the small firms, acting competitively (i.e. $MC = MR$; not shown here).

The dominant firm produces less than the small firms together. This is a characteristic of the imperfect markets, where also demand determines price, (price-making), at the equality of MC to MR . The oligopoly price P^* is clearly higher than the competitive price P_c .

Two Greek shipowners faced the international cartels in cargo liners, one is mentioned above, & 1 was in ocean-going passenger shipping (Piraeus-NY &/or Piraeus-Australia; late shipowner Chandris A.). The way Chandris did it was by

supplying cheaper qualitative services based on owning ships of lower cost. This of course depends on whether the services supplied by the Greeks were close substitutes²¹ of the services offered by the cartel...

Appendix 7: A cost leadership Strategy

In shipping the most important strategy is the “Cost Leadership” one. The company has to compete on the basis of having the lowest cost in its industry... This entails a higher efficiency! Overhead cost, in particular, has to be kept at the minimum possible, including depreciation.

In shipping, the differentiation strategy is of a limited, perhaps ineffective, application. “Safety” & “Security” that could differentiate the services of the shipping companies are obligatory by international conventions (see Paris MOU; ISPS code). Shipping services are considered as homogeneous & as perfect substitutes, while the efforts of the shipping companies focus now on Public Relations²² with Charterers & their Bankers as well their Suppliers.

Shipping companies must follow the functional strategy, meaning that all departments, plus vessels, have to support company’s competitive strategy. In shipping companies, especially those growing from small companies to medium & large ones, the mentality that the department is the company may still exist. In such cases the interests of a department may not be in line with company’s strategy! Take e.g. the case where the technical department has decided an expensive repair of a vessel, which after 6 or so months is about, most probably, to be scrapped!

Appendix 8: Specialization

We saw that certain companies concentrated their effort in one type of vessel, like e.g. product carriers. According to theory, this means to concentrate company’s activity in those lines of production in which the individual or the firm has some natural or acquired advantage. We saw one company to specialize in ships having double hull before the law, & also in sister ships! The “sister-ship” provides advantages in the spare parts & in crew’s knowledge of them etc. Specialization of course bears the risk of bad economic results, if the market in which the company specialized, falls into a depression (e.g. the Sanko case).

9. Final Conclusions

The Greek-owned shipping companies found themselves unprotected from

²¹The close substitutability among services exists if the user is absolutely indifferent between any one offered by the one firm or the other. In such a case the price plays a decisive role to choose between the two. Firms nowadays have many tools (e.g. advertising; marketing etc.) to show that one’s services are closely similar, or even better, than its competitors! It does not matter if e.g. the ship is 2nd hand, or modernized, as soon as she is safe, having a similar speed & a similar quality in cabins, restaurants etc. with the ships of the cartel!

²²The “good relations”, either with the voyage charterers, or the time ones, is expected to lead to charterers’ satisfaction from Captain’s attitude & from the services of the ship. The point is for the charterers to make them to want to fix the vessel performance again, perhaps in more favorable terms/conditions... The master e.g. has to load as much as possible cargo, given the safety margin. The voyage has to be ended with no breakdowns & stoppages by the effective maintenance of cargo gear/winch. The reasonable requests of the charterers should be satisfied with no harm of owner’s interests.

shipping depressions, & in particular of that of the 1980s! Moreover, they were unprotected from their irrational over-ordering of new ships! These facts made the timing of building, or buying, ships, more crucial than ever! Shipping managers have learned (2005-2024), as shown indirectly, however, that “economies of scale” are beneficial, if demand for them is there & thus to avoid to order ships, which almost double their existing fleet, given demand/distances!

The new orders should be equal to the tonnage scrapped and lost in marine accidents, plus the increases in seaborne trade, as well the rise in distances, given the productivity of the fleet (Stopford, 2009). This is the weak point of shipping, meaning that there is no coordination center, which shows the gap between “global demand & supply” of tonnage in helping shipping managers to know what all global shipowners ordered in a particular moment!

Conflicts of Interest

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

References

- Arthur, W. (1994). *Increasing Returns and Path Dependence in the Economy*. University of Michigan Press. <https://doi.org/10.3998/mpub.10029>
- Boston Consulting Group (1970). *Perspective on Experience*.
- Couper, A. D., et al. (1999). *Voyages of Abuse: Seafarers, Human Rights, & International Shipping*. Pluto Press.
- Denison, D., Lief, C., & Ward, J. L. (2004). Culture in Family-Owned Enterprises: Recognizing and Leveraging Unique Strengths. *Family Business Review*, 17, 61-70. <https://doi.org/10.1111/j.1741-6248.2004.00004.x>
- Goulielmos, A. M. (2009). Is History Repeated? Cycles and Recessions in Shipping Markets, 1929 and 2008. *International Journal of Shipping and Transport Logistics*, 1, 329-360. <https://doi.org/10.1504/ijstl.2009.027679>
- Goulielmos, A. M. (2018). “After End-2008 Structural Changes in Containership Market” and Their Impact on Industry’s Policy. *International Journal of Financial Studies*, 6, Article 90. <https://doi.org/10.3390/ijfs6040090>
- Goulielmos, A. M. (2021a). Managing Shipping Companies, the Way Their Pioneers Did: The Case-Studies of Aristotelis S. Onassis II and Angeliki Frangou. *Modern Economy*, 12, 247-273. <https://doi.org/10.4236/me.2021.121013>
- Goulielmos, A. M. (2021b). Managing Shipping Companies, the Way Their Pioneers Did: The Case-Studies of Aristotelis S. Onassis II and Angeliki Frangou. *Modern Economy*, 12, 247-273. <https://doi.org/10.4236/me.2021.121013>
- Goulielmos, A. M. (2021c). Scale Economies: An Economic Blessing? Should We Build Still Larger Ships? *Modern Economy*, 12, 1296-1319. <https://doi.org/10.4236/me.2021.128068>
- Goulielmos, A. M. (2021d). Why the Perfect Timing Achieved by the Managers of Shipping Companies Is So Important? *Modern Economy*, 12, 597-622. <https://doi.org/10.4236/me.2021.123031>
- Goulielmos, A. M. (2024). The History of the Main Business Patterns of 30 Greek-Owned Shipping Companies: What Explanations Can Be Given by Management? *Modern*

Economy, 16, 1-21. <https://doi.org/10.4236/me.2025.161001>

- Kelly, D. F. (n.d.). *Foundation of the Modern Greek Merchant Marine: The US Sale of 98 World II Liberty Ships to Hellenic Shipping Interests Returned the Greek Ensign to Global Sea Lanes*. ABS Publication.
- Lorange, P. (2009). *Shipping Strategy: Innovating for Success*. Cambridge University Press.
- Pappadakis, N. A. (2006). Shipping Is a Way of Life. *“Efoplistis” Journal Interview*, 72-88.
- Quarls, H., Pernsteiner, T., & Rangan, K. (2006). *Love Your Dogs, Strategy & Business* (pp. 58-65). Spring.
- Robbins, S. P., & Coulter, M. (2018). *Management* (14th ed.). Pearson.
- Samuelson, W. F., Marks, S. G., & Zagorsky, J. L. (2022). *Managerial Economics* (9th ed.). Wiley.
- Schwass, J. (2005). *Wise Growth Strategies in Leading Family Businesses*. Palgrave Macmillan business.
- Stokes, P. (1997). *Ship Finance: Credit Expansion & the Boom-Bust Cycle* (2nd ed.). Lloyds of London Press.
- Stopford, M., (2009). *Maritime Economics* (3rd ed.). Routledge.
- Sys, C. (2009). Is the Container Liner Shipping Industry an Oligopoly? *Transport Policy*, 16, 259-270. <https://doi.org/10.1016/j.tranpol.2009.08.003>