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M.Sc. IN MARITIME STUDIES**

**THE ROLE OF THE SHIP OWNER AND THE
MANAGER IN BUILDING SHIPPING
COMPANIES' STRATEGIES**

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Masters' Dissertation, which has been submitted to the Department of Maritime Studies as part of the prerequisites for the acquisition of the Masters' degree in Maritime.

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ABSTRACT

The shipping industry is one of the world's most complex, unpredictable, difficult-to-manage, yet interesting, lively and profitable business sectors. It goes without saying, that the Greeks have been a maritime nation since the times of ancient Greece. Today, shipping continues to be one of the country's most important industries. Throughout the years the Greeks managed to become literally leaders in this specific industry and to cultivate and maintain a huge legacy of knowledge and expertise. Successful strategy implementation, along with other elements such as intelligence, insight and nerve, has always been one of their aces up in their sleeves. Without a targeted strategic plan, nothing of what they have accomplished and brought them to the top would have been true. The way strategy is constructed and applied in the Greek firms is the main point of the dissertation. The many types of strategy in the shipping firms are also analyzed. The role of the owner and the manager when implementing a specific strategy are furthermore discussed in the pages to follow. Finally, a relevant questionnaire is conducted, distributed to firms and analyzed, in order to have a more detailed point of view on the subject. After having studied this essay, the reader will be in position of understanding what shipping strategies are, how they are implemented in the shipping sector, and to what purposes/goals they aim.

Keywords: *Strategy, implementation, Greek shipping, owner/manager.*

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Πανεπιστήμιο Πειραιώς

CHAPTER 1

1.1 INTRODUCTION

The Greeks, more than any other people in the world, have remained, during their entire, very long history, mariners without interruption, they have loved the sea, they have thought of it as a beautiful element, they even believed it had godlike powers. Sea and Greece have always been closely related and thus the fact that today Greece is a worldwide leading power in merchant shipping is easily explained. The very existence and evolution of Greece as a nation has been, throughout its history, strongly associated and dependent upon activities in the marine environment. It is well known that in ancient times, the creation and maintenance of naval and merchant fleets, in addition to developments in naval architecture, rendered Greece a dominant maritime power in the Mediterranean. It is also well known historical fact that shipping, during the 1821 uprising of the Greek nation against the Ottoman Empire, was the backbone of its success and played a significant role in the creation of the contemporary Greek state. After such a long tradition in the sea, it was easy to forecast that slowly and steadily the Greeks became almost the world's leaders in the shipping sector. Today, Greek owned ocean going fleet is one of the most powerful national fleets worldwide. In fact it is considered to be one of the most important competitive advantages of the country. It has remained at the top of the world fleet over the last 30 years, increasing its share almost without interruption. For example, in 1975 Greeks controlled 14, 1% of the world tonnage, in 2006 their relative share was 16, 5% (Theotokas, 2007), while during the next years the total share "took off" reaching the amount of 25% in 2014. The shipping industry is one of the most vital branches of the national economy, providing employment for some 20.000 Greek seafarers, representing approximately 3 % of the Greek labour force and providing at the same time subsistence to 5 % of the Greek population. Moreover, Greek shipping renders indispensable the supply for various ancillary services, such as agencies, suppliers, banking, shipbuilding and ship - repairing. The above shipping related activities, provide employment for a further 1, 5 % of the country's labour force and support thereby 3 % of the population. Being a worldwide leading power in maritime transportation, Greek owned shipping operates on

a world scale covering the transportation needs of countries well beyond the Greek state. Indeed, the fleet serves the trade needs of many countries throughout the world. Greek owned shipping survives and develops thanks to the flexibility, knowledge and adaptability of Greek ship operators and ship owners, in relation to a series of international variables that affect the industry and influence business decisions in a number of choices. For all the above mentioned reasons, it is of great importance to occupy ourselves with the Greek shipping firms and figure out the way they have reached to this point through choosing the right strategy.

1.2 GENERAL INFORMATION REGARDING THE SHIPPING INDUSTRY

The shipping industry is one of the world's most international industries. Seaborne trade is, in a sense, at the apex of the world economic activity, and the first reaction of ship owners when hearing about global events would be to consider what effect they will have on the shipping market. The shipping industry has some characteristics that need to be considered and which differentiate it from the other industries. It is a capital intensive one because it requires high investments in expensive capital goods (vessels).

There is also a cyclical component in the shipping market, which is generated by business circles and reinforced by the time lag taken to adjust supply to demand and the frequent miscalculations by ship owners of the future level of demand. (Ballas & Triantafylli, 2010).

Another characteristic is the distance between the office and the "production unit", the vessel. This fact causes communication problems and the existence of a capable captain who communicates smoothly the information about the vessel's and cargo's condition to the office is of great importance.

The technological changes in the shipping industry, the high volatile economic environment and the effort to find ways of managing ships more efficiently and at the same time try to reduce the costs led to the development of the shipping management.

Many studies have been conducted regarding shipping management. Some of these focus on the necessity of finding the right strategy in order to practice management the right/effective way.

The shipping industry is as mentioned above, a universal activity. It consists of businesses that derive their contributor units from the global trade market and at the same time offer their services in the global trade market. That means that they face no geographic restrictions regarding the allocation of their resources and the provision of their services. However the shipping industry is composed by a set of markets, both local and international, with special features. It operates in an environment of constant uncertainty and complexity. Depending on the service provided and the specialization of the fleet, the industry is not uniformed, but divided into submarkets. Consequently, the shipping companies are divided into the following categories:

- ✓ *Companies specializing in bulk cargo shipping (Bulk Shipping)*
- ✓ *Companies specializing in liner shipping (Liner Shipping)*
- ✓ *Companies specializing in passenger shipping (Passenger Shipping)*
- ✓ *Companies of diversified specialization*

Despite the differences between the companies, the main object of the operations of every single shipping firm is the efficient and effective management of ships for the provision of sea transport services.

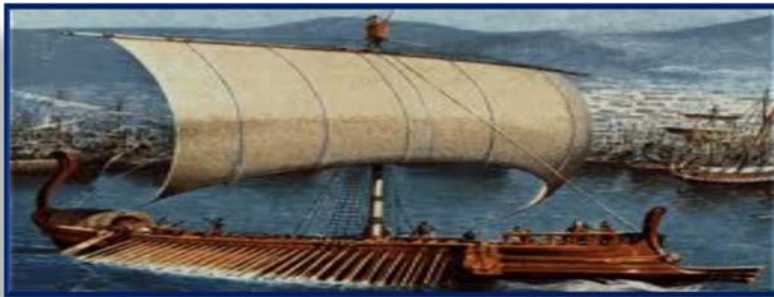
1.3 METHODOLOGY

The methods that are used in this research are the following:

- ✓ A depth analysis of the published work concerning the relevant issue.
- ✓ The author's personal structured questionnaire, which was contributed to executives from Greek owned shipping industries and are closely related to the right choice and implementation of strategies.
- ✓ Presentation of results; the survey was approached by the quantitative method and the results were analyzed using the SPSS statistical package.

- ✓ The bibliographic reference system in this survey follows the Harvard system.
It is believed that through this structure, the purpose of the essay succeeded to reach the desirable result. With this method important information has been derived about the strategies that the shipping companies follow.

Image 1: Ancient Greek ship (trireme)



Source: Google

Image 2: Post WWII Greek-owned vessel



Source: Google

Image 3: Today's Greek-owned bulk carrier



Source: Google

Πανεπιστήμιο Πελοποννήσου

CHAPTER 2: WORLD LEADING SHIPPING ORGANIZATION AND MANAGEMENT OF GREEK SHIPPING COMPANIES

2.1 ENTREPRENEURSHIP AND THE RESOURCE BASE OF THE GREEK-OWNED SHIPPING

The absence of conditions that could explain the success of the Greek-owned shipping industry in the international commodities markets, including the favorable conditions in demand or the strong related and supporting industries, brings to the fore the role of the factorial conditions and particularly the human resources and knowledge. In this section, the resource base of the Greek-owned companies will be analyzed from the perspective of the companies' resources (Barney, 2001). Moreover, including entrepreneurship among the strategic elements of a company and the ability to coordinate resources, along with the business knowledge as a resource (Alvarez & Busenitz, 2001), the analysis focuses on the role of maritime entrepreneurship.

2.2 MARITIME ENTREPRENEURSHIP

Entrepreneurship is one of the factors that may determine the development of shipping companies and nations (Svendsen, 1981; Metaxas, 1988; Evangelista & Morvillo, 1998). Metaxas (1988) emphasizes the role of entrepreneurship in the development of the Greek-owned shipping industry. Other authors were wondering that if there were in fact in some shipping countries a continual emergence of entrepreneurs, then what was the reason for that phenomenon. The impressive growth of the Greek-owned shipping industry during the last decades caused the same question asking for an elaborate ad hoc answer.

The vast majority of Greek ship owners, particularly those that entered the ownership of fleets after a successful career as maritime officers, established their company assuming the risks. In most cases, they were imitators/followers, meaning, they implemented the strategies of their predecessors who had been crowned with success. The companies that

were originally formed belonged to what Hoy, Boulton, and Garland (1984) define as small business ventures. As a rule, during the start-up phase, the Greek ship owners created, acquired the ownership and operated a business with a single ship to promote their personal goals. The company was certainly not dominant in its field and it certainly was not original. It should be noted that the skills required running a business is not the same as those required to be an entrepreneur. Managerial skills required for the first and innovation skills for the last (Corman-Lussier, 1996). Entrepreneurs who seek change see it as an opportunity (Drucker, 1985). It is also argued that small business owners have features that are most compared with those of managers than those of entrepreneurs (Stewart, Watson, Garland, & Garland, 1999). Would the adoption of such a perspective imply that Greek ship owners, particularly those that establish and manage small businesses should not be regarded as entrepreneurs?

If we customize the views of Cantillon and Schumpeter, we believe that the entrepreneur is the person who undertakes risks and innovates and that a small business owner does not automatically mean an entrepreneur. This is because small business owners are less risk-oriented and not always define innovation as a strategic objective (Stewart et al., 1999). From such a perspective, the Greek ship owners may be characterized as entrepreneurs only if they have demonstrated that they promote innovative practices. Indeed, there are owners who innovated, either by introducing or establishing new types of ships, such as Livanos, who introduced the mini bulk carrier during the 1960s, Aristotle Onassis who built the first tanker (Beth, Hader, & Kappel, 1984) and Lykiardopoulos who built the first double hull VLCC in 1990. There are also those who exploit their resources and capabilities to expand into new markets, such as Konstadakopoulos, who became the largest independent owner of freight containers in the shipping lines companies (Fafaliou & Theotokas, 2006). However, in order to draw a definitive conclusion on the innovation of Greek ship owners empirical data sets would be required, which are currently scarce. In general, Greek ship owners have taken risks without necessarily innovate, at least until the time that the companies they established passed the first phase of their existence, that of their consolidation, to the third phase (success) or even at such a late stage of development as the fourth phase.

This is due to the fact that the exploitation of innovations requires resources that are not available to small businesses (Keasy & Watson, 1993). It is no coincidence that the cases referred to above, relate to owners whose companies have finally passed the stage of success or that of the “take-off”. In this analysis, we adopt the view that relates entrepreneurship to the ability of critical decision making (Casson, 1990), and we consider the entrepreneur as a person who makes such decisions. According to this approach, the entrepreneur, who makes his own start-up with the establishment and organization of a company and takes risks to promote his personal goals, and the owner of a small business, may well be the same person. Thus, the Greek ship owners who have their own start-up with the founding of small businesses are also considered as entrepreneurs. This is particularly true for those who were owners without having engaged to any business activity before, namely the large group of people who was employed before in the shipping sector as employees. Watching their large number, it could be argued that entrepreneurship in the Greek shipping is a strategic asset arising from the human resources employed in the industry. The ships officers or employees of shipping companies, which were based on their ability to coordinate resources, their business knowledge and critical decisions in order to create their own business ventures, were the driving force behind the phenomenal growth of the Greek-owned fleet. According to a recent study, in a sample of 79 first-generation owners, 39% of them had served as officers on ships, while 28% were employed in shipping companies before setting up their own business. The remainder includes merchants (6%), industrialists (8%) and 19% consists of others, including civil engineers, lawyers, doctors, etc. registered as owners after the 1960s (Theotokas & Harlafti, 2004). The case of the Greek ship owners offers an example of maritime entrepreneurship which is unique in the maritime sector, at least for the last four decades, during which a large number of new Greek ship owners entered the world shipping markets, succeeding in most cases in the creation of a sustainable competitive advantage. Their success is even more remarkable considering that they come from a country which does not have to show something similar to any other of its industries in the world economy.

2.2.1 COMPETITIVE ADVANTAGE

Taking into consideration the fact that throughout this survey, the reader will be many times confronted with the term competitive advantage, it is of great importance to present below the definition of this term in the framework of the shipping firms. In general, in the business dictionary, it is referred as an advantage that a firm has over its competitors, allowing it to generate greater sales or margins and /or retain more customers than its competitors. There can be many types of competitive advantages including the firm's cost structure, offerings, distribution network and customer support. In other words it gives the company an edge over its rivals and an ability to generate greater value for the firm. The more sustainable the competitive advantage, the more difficult it is for competitors to neutralize the advantage. Competitive advantage achieved through co-operative decision making process is about creating the right organisation, offering product or service to the market at the right time, at the right place, at the right price so that the customer is satisfied. A firm should utilize its sources and capabilities in order to create competitive advantage. A firm can create a suitable and competitive environment when the management and owners are well informed and make effective decisions. In other words, when they make strategic decisions. A strategic decision is the one that governs the direction the firm takes for the future. This brings us to the main topic of this research, which we will examine in the following chapters. As Jack Welch once said *"if you don't have a competitive advantage, then don't compete"*...

2.3 HUMAN CAPITAL AND KNOWLEDGE RESOURCES – GENERAL OVERVIEW OF GREEK SHIPPING FIRMS

The view about the resources of companies focuses on the resources and capabilities of a company, which can be a source of competitive advantage. The enduring competitive advantage comes from resources that are valuable, rare, cannot be copied and which the company can utilize effectively (Barney, 2001). Resources can be classified into three main categories, namely the physical capital resources (facilities, equipment, funding),

the organizational capital (organizational structure, control systems, manpower) and resources of human capital (skills, judgment and intelligence of employees) (Barney, 1991). The human resources and human capital can be valuable, rare, and cannot be copied so as to form the basis for a sustainable competitive advantage and may ultimately be the most important resource of the companies (Barney & Wright, 1998). Human capital refers to the natural and social resources and the resources of knowledge and reputation, which the people contribute in a business (DeNisi, Hitt, & Jackson, 2003). The importance of knowledge as an intangible resource was strengthened in terms of a company that focuses on creating a competitive advantage from the knowledge-based resources, i.e. the mental skills of employees who have the knowledge and ability to learn. The theory of knowledge relates the kind of knowledge to the possibility of transfer. Explicit knowledge is capable of articulation, while tacit knowledge is manifested only in practice and is not susceptible to transfer (Grant, 1997, 451 p.). Tacit knowledge provides the basis for the unique competitive advantage (Lubit, 2001). In fact, institutional economics indicate that the most important resources of a shipping firm are intangible. Resource advantage theory views the firm as a combiner of heterogeneous and imperfectly mobile resources. Heterogeneous resources may include a firm's knowledge base about markets and specific expertise. Imperfectly mobile resources are those that can be traded but are of more value within the firm. In the shipping industry, companies may have an assortment of resources, which are in some ways unique and costly to copy, and also more difficult to trade in the market place. Based on this analysis the human resources in the Greek-owned shipping industry, both for owners and employees, should focus on the knowledge resources they possess. The majority of Greek shipowners has very deep knowledge of ships and shipboard operations and is generally regarded as experts in the technical ship management. This tacit knowledge was acquired during their career, as well as for ship officers or employees of shipping companies. This was particularly the case for the vast majority of ship owners of the first generation that entered the shipping industry since the 1960s. For all those people, owning a business was the only option that would allow them to utilize their expertise. The tacit knowledge of the operation and management of

ships formed the basis for the development of distinct opportunities in their businesses, which in turn enabled the profitable operation of ships. This was a critical success factor for companies that managed older ships with high operational costs, usually a major cause for their sale by their previous owners. This specific knowledge-skill, distinguishes them from other newcomers in the industry, like the merchants, industrialists, civil engineers and all the others who entered the ship owning area by investing their capital in the purchase of ships. Regarding the latter group ("all the others"), it was proved that those who invested were many more than those who finally succeeded! For those who did not succeed, the lack of expertise in shipping became apparent immediately after the first fall of tariffs they had to face. They failed to overcome the consequences of the crisis in the markets of chartering and either went bankrupt or withdrew from the shipping sector. In contrast, those who had tacit knowledge through experience from the past as employees were able to organize and manage their fleets more efficiently. Because of their distinct skills in the technical management of ships, they were able to control the operating costs, which proved to make a difference in times of recession. By being able to overcome the crisis, they were able to implement strategies that provided them with funds to expand their businesses (Theotokas, 1997). This critical tacit knowledge has been passed on to their successors in the business, traditionally their descendants or close relatives (Harlafti, 1996; Theotokas, 1998). Although the methods used by the older generations of ship owners in the training of their offspring (Harlafti, 1996) are being applied to a lesser extent (Theotokas & Harlafti, 2004), they continue to be an important tool in maintaining the Greek competitive advantage in shipping. The descendants of ship owners, alongside or after their studies in economics, management or marine engineering, etc., still work in the family business and often still go to voyages of their families' ships in order to gain firsthand experience in the operation of ships and learn the codes of communication with the naval personnel. This practice serves as a means to update the knowledge base of the company, since the future business leaders are able to combine their academic knowledge with the tacit knowledge acquired through their service as trainees. Thus, they are able to succeed their parents in the family business or to take risks themselves,

creating their own shipping company. The human resources of the companies, whether in the office or the ship was and continues to be an additional source of competitive advantage of the typical Greek shipping company. This is achieved through the specific skills, knowledge, experience and commitment of human resources of the company. Starting from the naval staff, if one wishes to understand its contribution to the competitiveness of the shipping companies, one should take into account the composition and the average age of the fleet commanded by Greek companies during the post-war period. While the long established companies manage fleets that in most cases are new, the majority of new businesses run old ships (Theotokas & Harlafti, 2004). For the businesses that operated fleets of increased average age, a critical factor in their ability to generate profits was the employment of skilled seafarers on their ships. Greek sailors with their skills, their knowledge, their willingness to take initiatives, to solve unforeseen problems on board, contributed to their efficient operation. Their existence was one of the factors that kept the shipping entrepreneurship on market entry, through investment in obtaining ships of low price and old age. Even today, where the average age of the Greek-owned fleet has decreased significantly, the contribution of the Greek sailors in the effective operation of the ships remains valuable (Theotokas, Lekakou, Pallis, Syriopoulos, & Tsamourgelis, 2006). This explains the fact that the majority of Greek-owned shipping companies continue to employ Greek officers, even on those vessels that are registered under flags of convenience, although the Greek crews are more expensive than their counterparts from low-cost countries. As for the staff in the land office, it should be taken into account that, even today, a large proportion of employees in shipping companies ashore, are former officers crossing positions ashore after a successful career at sea. Whether from ships of the employing company or not, the former sailors were, at least until the 1990s, the main group of office employees in the Greek-owned shipping companies. This relates to the fact that most of the owners themselves were former officers, and maintained the naval tradition and temperament that made them trust the employees who share the same culture and values. The major contribution of this group to the staff of the shipping company has constantly enriched and renewed the knowledge base of the shipping companies, thus

enhancing their unique ability in the technical ship management (Theotokas, 1997). During the current decade, the shipping companies have started to replace their former officers with employees of university education. This takes place to a larger extent in companies run by owners of the younger generation. They are trying to expand the knowledge base of their businesses by recruiting university educated employees, although they still prefer to place former officers in key positions in the management of ships. However, it should be noted that in the small and medium enterprises the replacement process is still very slow.

Even though the percentage of former officers engaged in maritime offices on land has decreased in recent years, it is still the core of the staff associated with the main tasks of the technical and operational management of ships, allowing the continuation of a pattern in the transfer of knowledge on the technical ship management at the land offices. The continuing reduction in the minimum number of Greek seafarers employed on Greek ships, however, will inevitably lead to a reduction of Greek seafarers that threaten this kind of knowledge transfer and could be considered as a future threat to the maintenance of excellence in the Greek technical ship management.

2.4 ORGANIZATIONAL STRUCTURES AND MANAGEMENT STYLES

The Greek merchant fleet is managed by a large number of family firms i.e. firms controlled by families. The archetype of the Greek-owned shipping company is a small or medium-sized company, which was established by a maritime entrepreneur who is the strategic business leader (Harlafti, 1996; Theotokas, 1998). In addition, they are operating a family business with family members that work in critical positions in the managerial hierarchy. The archetype proved to be successful and enduring in the international bulk shipping which survives even today amid the growing trend towards consolidation. The current analysis focuses on the structural characteristics of Greek shipping companies, which are critical factors that enabled their internal integration. Although the factors associated with particular companies are more important for the

interpretation of the development of Greek-owned shipping industry, there are also factors that relate more specifically to the country and are important. However, the discussion of these factors remains outside of the scope of this analysis.

2.5 STRUCTURE AND SIZE OF GREEK MARITIME COMPANIES

The Greek-owned shipping companies are defined as companies that operate ships controlled by Greek shipowners. Basically, the ship owning companies are located in a country that provides corporate and fiscal freedom. Each ship belongs to a separate shipping company, which entrusts the management of the ship in a management company which was also established in a country that provides institutional and fiscal freedom. The shipping company is acting as the principal company and the management company as an agent. But in most cases, the two companies relate to the same person(s) or family. The management company establishes an agent company in Piraeus, London and/or other shipping centers, which undertakes the operation of ships. Using as a criterion for the classification of shipping companies the nature and degree of integration, we can distinguish six groups, i.e. the subsidiaries of large industrial enterprises, the companies incorporated in the shipbuilding industry, the maritime brokerage companies, the forwarding companies and travel agencies, the purely transport companies dealing exclusively with the shipping and the companies that have expanded to non-maritime sectors (Svendsen, 1978). The majority of Greek-owned shipping companies fall into the fifth category, the purely transport companies dedicated to shipping. Even in cases where the owners are investing in non-shipping activities, the company generally absorbs the majority of their time and this maintains their character as shipping operators who only seek additional profits from other industries. A number of owners of established major shipping companies have implemented strategies of vertical integration or diversification into non-shipping activities. A key feature of the Greek-owned fleet is that it consists of a large number of companies. The dynamics of the Greek-owned shipping originates from the maritime entrepreneurship and the ability of the Greeks to renew and expand the number of the shipping companies. Ships of Greek interests are controlled by companies of all sizes, from small companies of one ship to large diversified companies with whole fleets. There are companies that belong

to ship owning families with a long tradition. Being established companies, they base their development mainly on the new ships and still do, though not as aggressive as in the past. However, if one wishes to seek the group that marked the evolution of the Greek shipping industry during the last decades, the small businesses that were established by owners who started the shipping business since 1960s are distinguishing (Theotokas & Harlafti, 2004). This happens not only because they represent the vast majority of Greek-owned enterprises (Table 2.1), but also because they were the breeding ground for the most dynamic and fast-growing companies today. Even in the current context of fierce competition, where regulatory changes and stricter conditions on capital markets promote integration (Grammenos & Choi, 1999), the vast majority of Greek-owned shipping companies are still small. Despite the reduction of their share by 8.1% over the past 35 years, the companies that manage fleets up to four ships were 64.5% of the total number of Greek-owned shipping companies until the middle of this decade.

The family character of the Greek owned firms can be divided into two categories: Small and medium sized companies that base their management on their founder as well as large and diversified companies. In both styles, ownership and general management happen to be in the hands of family members, who occupy positions of the managerial hierarchy, while the owner could be defined as the strategic leader of the company, who controls almost every aspect of the firm's operations.

The current trends in the shipping environment do not seem to provoke substantial changes in the governance form of Greek owned shipping firms. The adoption of various types of corporate structures might change aspects related to the need for transparency, but it will not necessarily lead to the separation of ownership from company control.

It should be also noted, that the transition from the older to the younger generation has led to a change in the entrepreneurial philosophy in a variety of directions. Today there are ship owners of second and third generation, who adopt a more modern philosophy, which makes the whole company more modern, updated and flexible. Again though, this does not mean that there will be enormous changes in the way that family firms run,

as it seems that the Greeks throughout the years and despite the partial changes, they have found their way to success. It is worth to mention that Greek firms, with this family character, have managed to obtain absolute control of the business at strategic and operational level and to refuse outsourcing what they consider as their core competency and source of their competitive advantage. The latter proved to remain sustainable for the last four decades. One might wonder, to which extent this advantage will be sustained in the future, given the fact that the shipping environment is constantly changing. The answer to that question is that although characteristics related to the structure of the companies remained unaltered, this did not prevent them from exploiting opportunities of facing threats. As a result, they became flexible and adaptive. It goes without saying that past success does not always guarantee future success as well. In this sense, the future of Greek owned companies will depend on their flexibility and adaptability, as well as on their ability to renew and expand the knowledge of the industry and to practice the entrepreneurial talent of their people targeting to the continuing key role of the human resource in shaping the future of Greek owned shipping.

In the following table, we can see the rapid growth of the Greek owned fleet from year 1969 until 2005. Those times have been the golden era for the Greek maritime industry and many families with tradition and history enter the shipping sector giving Greece the opportunity to enter successfully the international competition. Greece might be a small country, but has people whose persistence, faith and power made it respectable in this field from the whole world.

Table 1: Size of the Greek-owned Shipping Companies (1969-2005).

Year	Small(1-4) ships		Medium(5-15) ships		Large(16+) ships		Total	Greek owned (,000 grt)
	Number	%	Number	%	Number	%		
1969	268	72,6	78	21,1	23	6,3	369	26,932
1975	488	76,1	107	16,7	46	7,2	641	48,928
1981	522	73,5	124	17,5	64	9	710	54,317
1985	346	67	113	21,9	57	11,1	516	46,908
1990	361	65,9	131	23,9	56	10,2	548	49,233
2000	565	67,6	225	27	45	5,4	835	90,227
2005	445	64,5	183	26,5	62	9	690	109,377

Source: Data for the Greek Shipping companies for the years 1969, 1975, 1981, 1985 and 1990 in Theotokas (1997). For the year 2000 in Petropoulos (2000) and for the year 2005 in Naftemboriki (2005). Greek-owned fleet for the years 1969, 1975, 1981, 1985 and 1990 in Naftika Chronika, various issues and for 2000 and 2005 in Lloyds Register-Fairplay in Naftiliaki (2006).

Note: For the years 1975 and 1990 the classification is based on the registered tonnage of companies, while for the years 2000 and 2005 on the number of ships they managed.

CHAPTER 3: THE ROLE OF THE OWNER AND THE MANAGER IN THE SHIPPING COMPANY

3.1 OWNER OF THE SHIPPING COMPANY

As we have seen so far, the owner of a shipping company is the one who in fact takes all the decisions. Apart from being the one who literally created the company, he/she is responsible for all the operations that take part in it. As we can understand, this role is of great importance for the firm. In order for the owner to be in position of taking care of everything, there are other people, placed in managerial positions, who share the responsibilities and assist in the smooth running of the business. An owner is always difficult to approach, so within the limits of the current research, an owner will be represented by the firm's general manager. In fact, a general manager is at the top of the business, always in contact with the owner. To be more specific, perhaps the title of this chapter should be rephrased into "the role of the general manager of the shipping company"! In the following pages, there are presented the responsibilities and the authorities of a general shipping company manager. It should also be mentioned, that the relevant questionnaire which was conducted for the purposes of this research, was distributed to general managers of the firms, given the fact that it would be impossible to approach an owner for comprehensible reasons.

A general manager (gm) is delegated by the Board of Directors, head of which is in most cases the owner, and to which the gm reports and is accountable. During his absence, he is replaced by the fleet division's operation manager, whom role we will examine in the next chapter. His general responsibilities and authorities are the following:

- ✓ Implements the firm's long and short term strategy according to the directions of the Board of directors, but within the frames of the approved budget.
- ✓ Follows and controls the correct implementation of procedures, measures and guidelines of the SMS (Safety Management System). Proceeds to the annual Management review of the SMS and is responsible of any corrective actions.

- ✓ Reviews the incoming correspondence and approves the outgoing according to the approved relevant procedure of the company.
- ✓ Supervises the correct implementation of the internal personnel policy in cooperation with the other managers.
- ✓ He is responsible for ensuring safe and correct working conditions onboard and in the offices.
- ✓ He follows up the right function of the of the organization chart of the company, he proposes to the Board of directors required measures, he transfers to the managers duties and responsibilities.
- ✓ Monitors company's financial performance and reports to the Board of directors.
- ✓ Represents the company to the Authorities.
- ✓ Follows up all the evolutions of the market and the technology and suggests to the Board of directors their implementation to all the relevant fields of activity, bearing in mind the most profitable and safe management of the vessels and the renewal of the fleet.
- ✓ Supervises and coordinates the activities of the several divisions in the firm and provides relevant instructions to the division managers to the direction of the most profitable and economical exploitation of the vessels.
- ✓ Evaluates the managers and the staff in the offices and on the ships.
- ✓ Proposes and approves the leaves of the managers.
- ✓ Organizes unscheduled meetings to deal with special aspects and emergencies.
- ✓ Monitors fleet's operational performance.
- ✓ Controls, approves and proposes to the Board of directors major projects, such as repairs specification of the vessels and follows up the execution through the relevant departments.

All the above mentioned duties/ responsibilities/authorities referred to the gm of a shipping company make him in simple words the right hand of the owner. He, in fact represents not only the physical presence of the owner, but also his/her opinion, in order for the company to be managed efficiently. The firm's strategic plan is literally in his hands, and that is the reason why he is so important in implementing the right strategy.

3.2 MANAGER OF THE SHIPPING COMPANY

In the previous paragraph we examined the role of the general manager in a shipping company, while bearing in mind that he represents the owner. Now, it is time to approach the duties and the responsibilities of the operations division manager of a shipping firm. The operations department could be considered as the most important in the skeleton of a shipping firm. Everything begins and everything ends within its walls. As a consequence, its manager is considered as one of the most important people in a shipping firm. For the purposes of this study and as mentioned before, we sort of replaced the owner with the general manager. Now it is time to do the same with the operations manager. He is going to take the place of a general manager. In fact, his position is so important, as if he were the gm. As a result, he is also responsible for the strategic planning, the choice of the right strategy. His obligations and duties are discussed in the pages to follow.

- ✓ He is responsible for the most cost-efficient and effective operation of the fleet. To this end, he monitors and controls closely the execution of the voyages and the overall performance of the fleet, always in compliance with the charter party.
- ✓ He is fully updated from the incoming messages, phone calls, e-mails, and everything related to the vessels, so that the whole division is fully aware.
- ✓ Arranges for local agents appointment, where there is no one appointed.
- ✓ Gives his approval for all the outgoing documents issued by the division.
- ✓ Detects possible operational deficiencies or difficulties of the vessels and proposes solutions, so that these problems will not create obstacles for their chartering.
- ✓ Evaluates the staff of his division according to the specific policy of the firm.
- ✓ He is fully updated with the national and international bulletins, guidance, manuals and documentation in general related to the operation of the vessels and conveys information to the other departments of the company, while at the same time he keeps the senior management well informed.
- ✓ He is responsible for maintaining the safety standards and procedures.

- ✓ He is required to attend meetings or sit in committees established within the maritime industry to represent the company.
- ✓ Takes into consideration the agents' requests for advance disbursements. He approves relevant remittance after final approval of the gm.
- ✓ He is responsible for the timely and cost effective purchase and supply of fuel and lubricants that comply with required specifications to the company's vessels.
- ✓ Interviews and familiarizes senior deck officers and provides feedback on their qualifications and skills to join the vessel.

The above are only a taste of what an operations manager is obliged to do. In order to fulfill the above, he should bring together a lot of qualifications and skills. For example, it is of great importance that he is a good communicator and capable of report writing in a clear and structured way. Good negotiation skills are also needed. Strong problem solving and analytical skills are essential as well as forecasting possible future problems.

It is easy to understand that a person who incorporates all these features is very carefully chosen for this position. For this choice indeed, the owner and the general manager have agreed.

3.3 PROCEDURE OF CHOOSING THE RIGHT MANAGER – VARIOUS ASPECTS

As highlighted above, a shipping company owner is surrounded by a board of directors that helps him organize the company and assist him in taking the right decisions. Apart from the obvious results though, there are also other variables, when an owner in fact delivers the management of the company at his top management team, i.e. the general manager and the operations manager.

The owner gains the effect of flexibility, because one of the basic skills of a manager is the successful management of turnover. Managers thrive on change and as a consequence owners thrive on trading vessels. It is a common phenomenon for a shipping company to lose ships during one year and then gain them back, because of the volatility of this market. The ability to handle this change is hard to learn, and that is

another reason why an owner needs the assistance of his managers. They help him to maintain the stability of his operations and workforce. Also, because the managers are usually well trained and have years of experience on the vessels (experience that usually an owner does not have), an owner can switch market and vessel types, because he is sure that the new vessel will be operated effectively from the first of her delivery. A manager is furthermore of great help for the financial aspects. The owner places him in funds each month and the manager disburses and provides a full set of operating statements. The most experienced ship owners know that shipping is a game, where an enormous amount of money can be skimmed at various levels, so they have to feel comfortable that the accounts provided by their managers represent a true statement of facts.

Furthermore, an owner must be able to communicate with his clients/charterers intelligibly and quickly regarding a wide spectrum of aspects. That is the reason why managers are asked to maintain exceptional relationships with clients, keep records and are able to approach at any time needed. For all the above stated reasons, when an owner chooses a manager, he should be very careful, because he literally hands him over the total supervision of the fleet. There are therefore some things he could do, just to make sure that he made the right choice.

- ✓ Visit the managers' offices and get the feel of their operations. That means not only to rely on the information he gets verbally.
- ✓ Visit the vessels to evaluate their job.
- ✓ Ask for references, not only from previous jobs, but also from their colleagues. They are the best judges.
- ✓ Look at budget control rather than fee deduction. It is not always a matter of doing things the cheapest way, as it not always the most efficient.
- ✓ Maybe the most important would be to find managers who have emotional bonds to the company, who have been working there many years, so that they truly do their best for it. Traditional ship owners, like the Greeks have family relationships to their vessels. When they place them a manager, they are as concerned with the

quality of the manager as a parent would be when placing a babysitter to take care of their children (Spryut, 1994).

Πανεπιστήμιο Πειραιώς

CHAPTER 4: STRATEGY IN GREEK OWNED SHIPPING COMPANIES

4.1 DEFINITION OF STRATEGY

Strategy comes from the Greek word “strategos”, which means general. In the ancient years, in Greece, the military general was responsible for formulating a plan for bringing the legislature’s policy decisions to fruition and implementing that plan. In business, strategy is a design or plan for achieving a company’s goals and objectives. Strategy, as a term has been highlighted by researchers in several fields, including business, sociology and science. Researchers often have different opinions when it comes to give an exact definition for the word strategy. Whereas, policy defines the firm’s goals and objectives and its operational domain, strategy decides how these goals can be achieved and how the operational units should be structured. Strategy also determines what resources will be needed for this achievement and how the resources will be acquired. Strategy is a plan that defines how policy can be achieved. Strategy must include a plurality of inputs, a multiplicity of options, and an ability to accommodate more than one possible outcome. (Davies, 2000). From another point of view, it could be argued that there are two kinds of strategy: the unit strategy and the corporate strategy. Unit strategies are plans for achieving the goals of an operating unit, an industry or geographical operating area or business function. Unit strategies include a company’s marketing strategy, acquisition strategy, alliance, production strategy and financial strategy. Corporate strategy however refers to strategy that is used to achieve corporate goals.

Research in business strategy development has come a long way since the premature work during the 1960s. Economic strategy can be viewed as the development and utilization of the company’s capabilities in order to exploit existing or evolving opportunities in the competitive environment at an acceptable level of risk. Strategy is the primary means of reaching an objective (Thorelli, 1977). Business strategy is generally explained in terms of achievement and maintenance of competitive advantage. It is a common perspective that strategy is linked to planning and thus the long term

planning. Strategic planning consists of programs and plans that refer to the whole firm determine the general goals and point out the stigma of the business within the limits of its environment.

Initially, the practice that the firms used to follow was a simple temporal extension of what had happened in the past. During the two decades 1970-1990 some fundamental changes took place, some of which were the following: a) energy crises, b) deregulation of some business branches, c) acceleration of technological innovations and d) rise of the international competition. Nowadays, businesses have understood that they primarily need to analyze the business environment within which they operate, their weaknesses, their strengths as well as to detect possible opportunities that could lead to competitive advantages. In its most simple form, strategy means the setting up of a plan of moves that the company has to make, in order for it to go from the place it is today to the point it would prefer to be in the future. Nevertheless, managers have to obtain a specific idea of the point their company lies today, and of the point to which they dream of being in the future. They should always take into consideration that the plans they have, might be subjected to external forces that might lead to changes, such as the external environment of the company, the policies of the successive governments, the technological advantages and the strategies of the components. Eventually strategy means a plan, or a direction. It means a future course ahead for tomorrow, as well as a longitudinal behavioral method, a way in which the company acts and deals with people, situations and problems. Both strategy and planning mean steering to the future. (Goulielmos, 2005).

4.1.1 A BALANCED STRATEGY

Many firms build their strategies primarily as an aggregation of individual business initiatives. However, research shows that it is desirable to have a complementary point of view, that is to think how these fit together as a deliberate portfolio, assessing the returns and profits and not only those that are associated with each initiative. In other words, there is the bottom-up point of view, which focuses on creating fresh and dynamic businesses, but there is also the top-down point of view, which tries to put it all

together. Strategy and strategic value is made of the two above mentioned points of view. There is also another problem when it comes to strategy and that is the time limit of it. Does it succeed in bringing results for the short or for the long term? That is maybe the most difficult part regarding the managers. They are confronted with the challenge to establish a strategy that balances what it is to be done today for the future and what it is to be done today for the short term benefits. Thus there comes the need for a “dual” strategy. Managers have to come up with a balanced strategic focus and to instill a more explicit business growth dimension. In more detail, they are obliged to develop a strong ability to “see” new opportunities that are not yet obvious to others; for example to identify new needs that even the customer does not know he/she has. And, to develop the capability to “mobilize” the relevant resources to go after these opportunities. To that extent he will be helped by the modern technology, the financial resources and the team of people he has chosen to circle him.

4.1.2 FURTHER DEFINITIONS OF STRATEGY – RELATIONSHIP TO THE TOP MANAGEMENT

Strategy as a concept is the outcome of formal planning; an analytical process, which establishes the long term objectives, a process that usually initiated by top management and undertaken by staff strategists. (Ansoff, 1965). Mintzberg (1973, 1978) on the other hand has examined strategy as “a pattern in a stream of decisions”. Strategy then involves multiple levels within the organization and strategic process includes strategic analysis, strategic choice and strategic implementation (Andersen, 2000). Analysis of strategy is concerned with the strategic position of a firm in terms of internal and external environment as well as of stakeholders’ expectations and influences. There is also a great impact on the strategic position of a company, coming from the managers’ point of view. (Rindova, 1999). One of the responsibilities of the top management of a firm, i.e. the general manager and the operations manager, is to establish the strategy the company is going to follow, along with the policy and the objectives, and to evaluate the overall performance. That means, to continually check whether the initial strategic

plan is in accordance with the results and the opposite. This results transfers us to the previous chapter, where it the obligations of the top management were discussed.

4.1.3 STRATEGIC MANAGEMENT

Once there were two company managers, who were components in the same industry. They planned a trip together, to discuss about a possible merger. While they were hiking into the woods, a bear suddenly appeared in front of them. Instantly, the first manager got out a pair of jogging shoes and started to run to escape from the bear. The second manager said “You cannot outrun the bear. She will get you for sure”. The first manager then responded “Maybe I cannot outrun the bear, but I surely can outrun you!” In this little story is captured the whole notion of the strategic management. Strategic management can be defined as the art and science of formulating, implementing and evaluating the decisions that enable an organization to achieve its goals. These stages are also indicated in the relevant questionnaire that was formulated for the purposes of this study. Strategy formulation includes developing the company’s mission, identifying the possible threats and opportunities, establishing long term objectives, generating alternative strategies and choosing which in the end strategies to follow. It also includes deciding which new businesses to enter, which to abandon, whether to expand the already established operations or whether to diversify. Sometimes strategy formulation phase is called strategic planning, which will be discussed in the following chapters. The difference between strategic management and strategic planning is that the management includes implementation and evaluation. Strategy implementation is often called the action stage of the strategic management. It requires a firm to establish annual objectives, to motivate employees and to allocate resources in order for the formulated strategies to be executed. Implementation includes developing a strategy supportive culture, preparing budgets and utilizing information systems. It is considered to be the most difficult stage in strategic management. Strategy implementation activities affect all employees and managers in an organization. Every division and department has to answer questions such as “what should we do to implement our part of the firm’s strategy?” or “which is the best way to do our job?” Strategy evaluation monitors the

results of strategy formulation and implementation and includes measuring individual and organizational performance and taking corrective actions when needed. It is the last stage of strategic management but maybe the most important one, as success today does not necessary mean success tomorrow. External opportunities and threats and internal strengths and weaknesses should continually be monitored for change. It is not really a question of whether these factors will change, but rather when they will change and in what ways. When evaluating a strategy, questions regarding the validity of the company's strengths, opportunities, weaknesses and threats are important for the top management and need to be asked and answered frequently. Strategy evaluation can lead to strategy formulation changes, strategy implementation changes, both formulation and implementation strategies, and no changes at all. Strategists cannot escape having to revise strategies and implementation approaches sooner or later (David, 1991).

Although strategic decisions are the main priorities mainly of an owner of a company, the managers and the employees also have to be involved in the process of formulation, implementation and evaluation, as they are who in fact work in the company, know it from the inside, have to face the everyday problems that occur in a company. All in all, the strategic management process has to be a people's process to be successful. People, including managers and employees are the ones who make the difference. Not forget to mention that intuition plays very important role in strategic management. Intuition is particularly useful for making decisions in times of great uncertainty, like the periods of uncertainty that faces the shipping sector because it is a really volatile market, or when it is necessary to choose among many alternatives. To gather all the above together, strategic management can only proved beneficial for a company (David, 1991). Its benefits are the following:

- ✓ Allows identification, prioritization and exploitation of opportunities.
- ✓ Provides an objective view of management problems.
- ✓ Represents a framework for improved coordination and control of activities.
- ✓ Minimizes the effects of adverse conditions and changes.

- ✓ Allows major decisions to better support established objectives.
- ✓ Allows more effective allocation of time and resources to identified opportunities.
- ✓ Allows fewer resources and less time to be devoted to correcting false decisions.
- ✓ Creates a framework for internal communication among personnel.
- ✓ Helps to integrate the behavior of individuals into a total effort.
- ✓ Provides a basis for the clarification of individual responsibilities.
- ✓ Gives encouragement to forward thinking.
- ✓ Provides a cooperative and enthusiastic approach to tackling problems and opportunities.
- ✓ Encourages a favorable attitude towards change.
- ✓ Gives a degree of discipline and formality to the management of business.

4.2 BUSINESS STRATEGY IN SHIPPING - INTRODUCTION

As we have seen so far, strategy in general is a fundamental pattern of present and planned objectives, resource development and interaction of an organization with its market – competitors. Strategy is an aspect that takes place in every kind of organization and so, the shipping sector could not be left outside this pattern. One would wonder why it is so important to implement the correct strategy in the maritime enterprises. The answer would be the same for all sectors, as after having applied the preferable strategy, it is easier to: a) identify the opportunities, b) give an objective view to solve problems, c) provide a framework to improve the internal and the external collaboration, d) assist in controlling the activities and minimize the negative effects when threats arise, e) help in making better decisions, and f) provide methods to manage changes.

A well-developed shipping strategy should contain five key components.

- ✓ Scope – it refers to the breadth of a firm’s strategic domain (the type of industry, such as a third party logistics provider, a liner shipping industry, or a container operator) and to the market segments (such as European, North American or Asian markets) that the firm competes in or plans to enter.

- ✓ Goals and objectives – strategies state the desired levels of accomplishment, such as growth of volume over a specific time period.
- ✓ Resource deployment – it refers to the availability of resources that a firm requires to achieve its goals. For example, liner shipping companies deploy ships to launch new container services in emerging countries.
- ✓ Competitive advantage – an important part of the strategy is to specify how the firm will compete. For example, liner shipping companies may extend their services by providing integrated logistic services to their customers with a view to enhancing their competitiveness through maintaining a high level of services for years.
- ✓ Synergy – it can be defined as “the degree to which various resources’ deployment complement and reinforce one another. The formation of alliances in the shipping industry is a typical example of the creation of synergy among allied members.

The first step when formulating a strategy is to monitor and analyze the opportunities and threats by examining the business environment. To analyze this, one should consider the following. Shippers and consignees use the same container services, yet are located in different countries. Therefore, managers in shipping firms must be aware of the global business environment so as to identify opportunities and threats to their business. Formulation of strategy should reflect market demand and the competitive situation within the market. Formulation of successful shipping strategy requires an understanding of the following: a) the company’s internal resources and capabilities, b) the environmental context, such as political, economic and technological trends, c) the relative strengths and weaknesses of competitors and d) the needs and characteristics of current and potential customers.

4.3 STRATEGIC PLANNING

Strategic planning (i.e. the process for defining a strategy) is essential in the management of any operation subjected to uncertain and highly diverse conditions with potentially major impacts on the performance of the operations. (Drucker, 1970). Shipping is today affected by larger uncertainties and risks than ever before. These risks include not only market risks, but also risks that have to do with financing, special

terms, technology, operational restrictions and many more. As a consequence, it is now more important than ever to think of alternative strategies that will lead to more chances of success. While strategic planning may not guarantee future success, it provides though an effective means for the design of the best way for a company to reach its goals. (Andrews, 1971). Strategic planning should be performed from the top down and requires the commitment and involvement of the top management. This latter confirms for one more time the importance of the position of the general manager and the operations manager in a shipping firm.

A shipping company's goals differ from those of other enterprises, not in basic commercial terms, but in the very details of them. That means, that while the majority of firms cater for local or national markets, shipping usually deals with the world markets, the international trade and is confronted with the global economic conditions. (Frankel, 1989).

In order for the top managers to practice the strategic planning the effective way, they should keep in mind the following factors:

- i. Technological improvements
- ii. Competitive factors, those arise from other shipping companies
- iii. Market factors, such as rates' volatility
- iv. Availability of resources
- v. Threats
- vi. Changes in market demand that might affect the structure of competition
- vii. Changes in the environment, such as new regulations

All in all, one has to be very cautious when it comes to strategic planning. It is in fact, the decision which strategy to implement. Strategic decision therefore, requires a search for alternatives and structuring of alternatives in the context of requirements and objectives which are often conflicting. In other words, and to sum it all up, one should focus on the following three areas:

- i. The need to have enough entrepreneurs in the shipping firm – that is why an owner should be very careful when searching for people to place in his firm, especially in

top management positions, because they are going to take all the important decisions.

- ii. Build a network organization - draw the best services and knowledge one can get, and not only rely on in-house practices. That means outsourcing and strategic partnering, which can lead to great results. Sometimes the in-house point of view can be myopic, while the other aspect might be an essential help.
- iii. Learning – correct timing and correct judgment of the market are two elements that in fact represent shipping. To be realistic, nobody can forecast with accuracy what will happen in the future. Though, an obsession of trying to figure out what is happening, why, which factors caused it, is imperative.

4.3.1 OBJECTIVES OF SHIPPING COMPANIES

Strategic planning and strategy implementation are the means for a company of achieving its goals, as mentioned above. In fact setting goals is the keystone of strategic programming and goals are the desired results. Goals provide the direction for the managerial decisions and are considered as criteria with which the real results are compared to. Every company nowadays does not have not just one goal, but many. Some of them are the gain of profit, or the growth of the market share, etc. It is not rational to assess a company's success by measuring only one of the above factors. Apart from that, the accomplishment of only one goal will have as a result the skip of other equally important objectives for the well being of a company. The majority of the shipping companies have as the objectives the gain of profit, the effectiveness of the operations and the financial stability. Some of them have also other goals, such as flexibility, which can be achieved through the ownership of different kinds of vessels. There is also the social responsibility, especially in issues regarding the protection of the environment. There is international legislation which imposes the compliance of the shipping firms and their fleet to the regulations. Regarding the Greek shipping companies, the flexibility is not always among their goals. Every Greek shipping company usually specializes in one type of vessels. The protection of the environment though, is of course among their top responsibilities, which can be evidenced from the

fact that non major incident has occurred from Greek owned vessels. There are also shipping companies that focus on the prosperity of their executives. In the table below, we can see a hypothetical approach of the goals from international shipping companies in comparison to the Greek ones, where it is clear that for the Greeks, profit in comparison to social/environmental responsibility, quality and effectiveness of services and efficiency play a very important role, while gaining a bigger share of the market is not so essential.

Table 2: Hypothetical percent (%) of Greek owned shipping companies

Objectives	Hypothetical % of acceptance of objectives from international shipping firms	Hypothetical % of acceptance of objectives from Greek owned shipping firms
Gain of profit	89	100
Increase of total income	82	0
Market share	66	0
Social responsibility	65	100
Prosperity of executives	62	20
Quality and technical infrastructure	60	20
Research and development	54	5
Effectiveness	50	100
Flexibility	51	20
Financial stability	49	100

Source: Robbins and Goulielmos, 1999.

The above mentioned objectives are called “stated objectives”. Are the ones a company decides to include in formal meetings and also informs her clients and shareholders about them. Especially for Greek owned shipping companies, that have their ships manned with Greek personnel, the public image is something of great concern. Public image has to do with all these goals and if the firm succeeds in fulfilling them, means that her public image gains a lot of respect. (Goulielmos, 2004).

4.4 COMPETITION IN SHIP MANAGEMENT

Nowadays the competition in ship management has become extremely intense. The factors that determine this competition have been discussed by many researchers. First of all the competition varies in intensity because of the rivalry in the shipping sector. The growth in companies that is observed during the last decades is a clear indication of the rivalry in this sector. Secondly, the competition varies depending on the degree of equality in the size of the rivals. Ship management is in fact an open market, in which everybody can enter, and that is why there is co-existence of many small, medium and large firms. That means that in fact there are no barriers, so rivalry grows bigger. Rivalry also varies with the degree of formalities. Formalities can range from legal cartels to “gentlemen’s agreements”, which is a very common procedure in the shipping sector. (Panayides & Gray, 1999). Therefore, the formulation of business strategy and its performance implications are of great importance in the contemporary shipping industry. The reasons for increased emphasis on the strategy implementation and performance include intense competition as mentioned before, and the need to sustain a competitive advantage through competitiveness, as well as to maximize shareholder wealth, to address their needs and the environmental pressures.

4.5 TYPES OF STRATEGY

From the exact moment that a shipping firm has defined its goals and purpose, the next big step is to come up with a plan and implement its strategy. A firm’s strategy in general can be divided into three levels:

1. Corporate strategy: this kind of strategy deals with the purpose of the company and the choice of those activities that needs to develop in order to fulfill this purpose.
2. Competitive or business strategy: this kind of strategy has to do with the competition that a firm has to confront.
3. Functional strategies: this kind of strategy deals with the several procedures that occur in a company and the way the affect the previous two strategies.

Regarding the first level (corporate strategy), we can observe the so called growth strategies, which can be further divided into two categories:

- ✓ Strategies of expansion of the firm's current activities
- ✓ Strategies of differentiation

In the first category, firm growth is achieved through expansion of the company's activities which are in accordance to her initial object, while in the second category growth is achieved through firm's entrance in new activities. What diversifies these two strategies is the size of the danger that is linked to their fulfillment. Before proceeding to the next chapter, it is of great importance to analyze a little more the strategies of expansion, which find huge response in the shipping sector. Due to the global character of shipping and the intensity of competition, it is inevitable for a company not to expand its operations, not only for its success, but also for its own existence. This expansion can take several shapes, such as acquisitions, mergers, joint ventures, growth through their own means and many more. Acquisition can be defined as a transaction in which a firm undertakes part or the whole of another firm's shares in exchange for consideration. Merger can be defined as an act, by which one or more companies terminate their operations, without proceeding to liquidation, while simultaneously transfer all of their property to another firm (Papadakis, 1999). Joint ventures are the most popular type of expansion among the maritime enterprises. It occurs when two or more companies form a temporary partnership or consortium for the purpose of capitalizing on some opportunity. Often, two or more sponsoring firms form a separate organization and have shared equity ownership in the new entity. A recent example in the Greek shipping sector is the joint venture between "Blackstone", which is an American multinational private equity, investment banking, alternative asset

management and financial services corporation, with “Eletson Holdings”, a Greek operator of product tankers, in order to develop a liquefied petroleum gas shipping company. This venture was valued at \$700 million. Joint ventures and cooperative arrangements are being used increasingly because they allow firms to improve communications and network, to acquire capital and technology, to develop new products and enter new markets, to globalize operations and to minimize the risks (David, 1991). There are numerous advantages when forming a joint venture at the right time, some of which are presented below:

- ✓ It provides close ownership and access to stock issuances as a source of capital.
- ✓ It helps obtaining local management in a foreign country; this leads to reducing risks such as expropriation and harassment by host country officials. (When the venture is created by a domestic and an international firm)

It is better formed when

- ✓ a specific project is potentially very profitable but requires overwhelming resources and risks
- ✓ two or more smaller firms have trouble competing with a larger one
- ✓ the need exists to introduce new technology quickly

4.5.1 STRATEGIC CHOICES FOR SHIPPING COMPANIES

Shipping companies have many choices when it comes to the choice of the right strategy. More specifically they can choose between the following:

- ✓ Penetration of the market in which they are already occupied. This can be achieved through sustaining the market share they possess which is indeed mature, or through increase in the share in a developing market. As an example, a shipping company could either increase its fleet and tone miles in terms of a recently growing market, or maintain her vessels in move in a rather mature and slow moving market, rather than deciding to lay them up.
- ✓ Discovery and development of new markets. This type of strategy finds fitting in liner and passenger shipping, and an example would be to add ports in a line where the firm is already occupied.

- ✓ Development of new products. In other words, this kind of strategy implies the introduction of new types of ships. This can also be characterized as strategy of innovation and in most cases is a result of technological improvements and expanded capital investments.
- ✓ Differentiation strategies. This means the development of new activities, which can be done vertical integration, or horizontal, or correlated differentiation (expansion to related or similar activities), or non correlated differentiation (expansion in totally new fields, where the firm had no previous experience).

(Note: *Vertical integration* can be defined as the extension to successive production stages. The major oil companies for instance, operate throughout the whole range of extraction, trading and delivery of their products. Vertical integration finds great application in the field of liner shipping. Many firms offer integrated services to their customers, transporting them from the point of origin to the point of destination by implementing the “door to door service”. That means by developing services that precede and follow the sea transportation.

Horizontal integration can be defined as specialization in a certain level of production. The shipping company offers sea transportation services and decides to develop itself either by acquiring more vessels of the same type as the ones she already has, or by buying off another shipping company, usually a competitor.

Correlated differentiation can be fulfilled through the development of differentiated fleets and the expansion to new freight markets.

Non correlated differentiation can be implemented in sectors that have absolutely no relationship to the shipping sector.)

According to another point of view and in relation to the expertise and the level of understanding and interpreting the freight market, we can find a different approach to the shipping companies’ strategies. This has to do more with the characteristics of the shipping sector, such as the constant changes and the cyclicity. These approaches are the following:

- ✓ Protection and expansion: this is a conventional strategy, with which the shipping firm can utilize its expertise and move in fields that she is already familiar with.

- ✓ Leverage: the firm can by using its expertise enter new markets, while at the same time trying to implement a successful protection and expansion strategy.
- ✓ Building: by using this strategy, the company can focus on special markets.
- ✓ Alteration: this is a strategy of expansion into new technologies and markets at the same time, and as a result creates profit.

In fact, the first strategy (protection & expansion) is like the penetration strategy we examined before and is the main strategy that the most firms implement. The rest could be described as specialization strategies.

It is important to note that when a firm's strategy changes, there have to be changes in her core structure as well. Taking into consideration that the environment, in which a shipping company is very complex and volatile, the aspect that a strategy can be viewed as a rational plan, is totally out of the question. However, strategy must be considered as the company's effort to remain competitive. The relationship between strategy and structure, with the second determining the first, is under consideration, as in fact the structure of an organization can affect the way strategy is chosen and implemented. (Brooks, 1999). There are also cases, in which strategy and structure might change at the same time, in order to adapt to customers' and environment's requirements. In the end, there is indeed a mutual relation between structure and strategy, which can affect the future course of the shipping company. (Theotokas, 2011).

4.6 ANALYSIS OF STRATEGIES ACCORDING TO RESEARCHERS

Michael E. Porter and Igor Ansoff are two of the most prominent researchers in the field of strategy. They have the same opinion when it comes to the viewpoint of strategy and how it is implemented in the companies. As Ansoff argues, a strategy in order to be optimal should be deliberate, rational and planned. Porter is of the opinion that a strategic plan should have a long-term horizon of minimum ten years. On the other hand, there is another famous researcher, Mintzberg, who has a different point of view. He argues that companies like the shipping ones, which operate in a flexible, dynamic and uncertain environment, should have step-by-step growing strategies. In contrast to

Ansoff and his rational plans, Mintzberg further believes that a company with an emergent strategy plan might be proved more successful. Nevertheless, due to the fact that there are so many different aspects of strategies, the hybrid strategies came to the surface. Such a strategy combines many different strategies. It is believed that these strategies provide companies with a more sustainable competitive advantage when compared to the simple ones. (Ahlman & Herlitz, 2010).

In order to have a more detailed view, the opinions of the above mentioned researchers are presented below, i.e. Porter's theory (there is no need to present Ansoff theory, as he is of the same opinion as Porter), Mintzberg theory, and the resource based point of view.

4.6.1 PORTER'S COMPETITIVE STRATEGY FRAMEWORK AND PERFORMANCE

Porter has developed his theories among many generic strategies, which can be regarded as the widest and simplest way of how a company should position itself. By implementing these strategies, the company can achieve and maintain competitive advantage. The first strategy is *cost advantage*. This can be achieved if prices are set to levels below those offered by competitors. To do so, a company should try first to reduce its own costs when producing ship management services. The first thing that owners thought so as to do the above was to move their headquarters to another country. Examples include the move of major shipping firms to Far East or Cyprus. There has also emerged the need for greater efficiency, by investing in modern technological techniques. But, managers have to keep in mind that it is not always easy to reduce the cost. One major factor would be the introduction of environmental regulations and high standards to which ship managers have to implement. The second generic strategy is the *differentiation*. This means that a company tries to offer its customers products that are different from its competitors'. Kotler and Blossom (1984), that the differentiation the ship management companies can offer is a bit limited. When this goal is achieved through expansion of the service offering, it has limited potential. It means that is not unique and can be easily copied by competitors.

Ship managers have recently turned to quality management. Again this approach is today followed by almost every shipping company that respects itself and its customers. Therefore the ship management service is an intangible asset, and it is not easy for the customers to spot the differences from one company to the other. In fact this strategy could be achieved through higher prices. In simple words, if the firm offers something really different and unique, that means it would cost more which is something that contradicts the previous strategy! This is why, this second strategy type is appropriate for industries where the customers have specific needs and are willing to pay a lot of money to satisfy them. (Porter, 1985). The third generic strategy according to Porter is the *specialization*, or *focusing*. There are not so many shipping companies that pursue this kind of strategy. Activities of focusing could be for example the launching of satellites for communication, or overseeing the building and operations on an FPSO (floating production storage and offloading). Such activities are very specialized and require huge investments. This is why this kind of strategy is not easily pursued by the companies. Also, the increased competition in the shipping sector makes it difficult for some companies to concentrate on a specific area. Although shipping firms might try to achieve competitive advantage by entering to market segments, such segments may sometimes be large to sustain the viability of the service. Additionally Porter divides the focus strategies into two sub-categories. The cost-based focus strategies, which is approximately the same as cost advantage, apart from the fact that now the firm focuses only on a specific portion of the market. The other sub-category is the differentiation-based focus, which is almost the same as differentiation, yet again the company focuses on a specific part of the market.

It is worth to say, that the application of one of the above mentioned strategies alone, does not always lead to competitive advantage. In most cases, it is essential to pursue a combination of these strategies. The reason for that is because these are mostly based on tangible assets. So, it is logical to consider the desired strategies to be formulated on the basis of intangible assets. In this manner, they would be more unique, not easy to be imitated and more successful. To be more specific, in the shipping world, the most important asset is the client. So, in order to achieve a competitive advantage through the

strategy, it is of great importance to create long-term and stable relationships with them (clients). Relationships that are based on variables such as flexibility to their needs (intangible asset), willingness to cooperate (intangible asset), trust and commitment (intangible assets). (Williamson, 1979).

Within the scope of this research, it would be rather an omission, not to refer to Porter's 5 Ps. They are also discussed in the questionnaire that was used for this study. They are five forces that describe the attractiveness of operations of an industry, and could be described as strategic tools, i.e. means of assessing the selective strategy. According to the theory, a company's profitability decreases when there is a lot of pressure from the 5 Ps.

Image 4: Porter's 5 Ps.



Source: Google

1. Threats of new entrants: when new firms enter the industry, they bring with them new capacity and they desire to gain market share. If it is easy to enter a specific market, if there are few economies of scale, if there is little protection of the existing technologies, then it is easy for competitors to make their entrance.

2. Bargaining power of suppliers: resources such as products and labour are necessary for all industries. Therefore there is a strong relationship between the companies and their suppliers. The suppliers' bargaining power arises when charge more for their services or when they supply limited quantity. Another aspect of strengthening their position is when the cost for an industry to replace them is high, or when they are located close to the industry. It is easy then to "ask for bigger prices..."
3. Bargaining power of customers: this is the opposite of the bargaining power of the suppliers. Customers can require lower prices, more service and better quality in the service provided. That means that they put pressure on the prices! Especially in industries where the products resemble to each other, it is easier for the customers to find what exactly they want in a lower price in another supplier! A typical example would be the cruising sector or the passenger sector in general.
4. Threat of substitutes: Porter defines substitutes as something that performs the same or similar way with another product. If an organization does not distance itself from substitutes, it will literally suffer in terms of profitability and growth potential. For instance, substitutes can be a great threat, when they offer partly the same product, meaning that it has the same results, but in lower price from the original. Again in passenger shipping, the above example finds application. It is very easy for shipping companies to offer the same services, sometimes not of the same quality, but surely in lower prices. The customers always think twice when they have to pay double money and go their destination in one hour, or pay less money and reach their destination within two hours...
5. Rivalry among competitors: it is a common phenomenon that competition increases where many players enter the same field, and offer almost the same services. Exactly the same happens in shipping. Competition among tanker-owning companies. Competition among container-owning companies and the list goes on. Each of them in each sector has to deal with its competitors, who offer the same services. Fierce competition is observed in the chartering sector of its company, or else the heart of every company. The charterer has to put his best effort, in order to convince the seller of the cargo, to accept his ship rather than the one of a competitor company. He has to try,

from one side of the coin to gain the more money he can for his company (that means charter on rates that are the higher the better), while from the back side of the coin, he has to be competitive and offer lower rates in comparison to his competitors.

4.6.2 MINTZBERG THEORY

Henry Mintzberg described his point of view on the subject “strategy”, using five different aspects, all starting with P. First of all there is the *plan*. It is necessary especially for the owner and the managers, to think of where the company is heading in the future, which are the goals and the desired outcomes. An example of the plan, is the *ploy*, which is the second p. Ploy is a cunning plan that is designed to turn the situation to one’s own advantage. A company can do a ploy by maneuvering to mislead competitors or complicate their work. We should not confuse the plan with the ploy. A plan means taking decisions about the future, while a ploy is an action to confront possible threats. The third P is the *pattern*. According to Mintzberg, strategy could be viewed as a pattern of behavior, decisions and actions. *Position* is the fourth p. When choosing a certain position in the business environment, the firm should first check her context and her surroundings. Last aspect is the *perspectives*. Strategy consists not only of a certain position, but also of the way her owner and executives “see” the world.

4.6.3 RESOURCE BASED VIEW

The kind of view is a strategic management tool, which describes the mechanisms that sustain competitiveness, and also examines the relationship between the internal characteristics of the company and its performance. This view divides a company’s attributes into two categories; resources and capabilities. If the company uses its resources in a strategic manner, then the competitive advantage will be achieved. Strategy is always crucial for a company, especially when we are talking about dynamic and changing environments, like the shipping industry. Here come the capabilities. In order to use her resources in a competitive way, the firm has to have certain and

dynamic capabilities. Capabilities such as to address rapidly changing environments, to integrate, to combine the resources (Helfat, 2007).

All firms have at least four types of resources that can be used to achieve the desired objectives: financial, physical, technological and human. We have to take into consideration though that allocating resources to particular divisions does not always mean that strategies get to implement successfully. A number of factors commonly prohibit effective resource allocation, that is why is not always easy to base strategy in this view (David, 1991).

4.6.4 A QUICK GLANCE ON MORE STRATEGIC TOOLS

In order to be more precise and in line with the questions of the relevant questionnaire, it is imperative to analyze a few more strategic tools. In fact there are plenty, but only some of them are included in the questionnaire and remain within the limits of the current study. They are used for identification and evaluation of data relevant to strategy formulation and for an analytical definition of the external and internal environment. Some of them are the following:

- ✓ Benchmarking: it's the process of comparing one's business process and performance to another. The best firms of every single business sector are identified and the results are used for the improvement of the firms that do not score so high.
- ✓ S.w.o.t analysis (strength- weakness – opportunity – threat): it is a structured planning method used to evaluate these four dimensions. It involves specifying the objective of the business and identifies the external and internal factors that favorable or unfavorable for a company to achieve its goals.
- ✓ Scenario planning: the title gives us the answer. It is about the thoughts the managers do in order to face possible implications in the future. It brings the fears into the open and offers a rational and professional framework for exploring them.
- ✓ Basic competence analysis: an analysis of in which areas an organization is good at. A cluster of related abilities, knowledge, commitments and skills that act effectively to its service results.

4.7 STRATEGY THROUGH TURBULENT TIMES

As environmental turbulence increases, strategic management issues emerge more frequently. Especially in the shipping sector during the last years, due to the global economic crisis, this is a tough reality that managers have to face. When the surrounding environment is getting harder and more liquid, other aspects come to the surface, such as more responsibilities and balance of power. For example, during less turbulent times, a shipping firm might only make some operational changes and not strategic ones. However, in higher turbulence times, strategic issues might occur, because of the great need for a company to make internal and external changes in order to survive.

Over time, every shipping company has to balance the environmental conditions, its strategic management to seize opportunities and deal with threats. These are achieved through her strategy. For example, the major accidents through the 90s (Erika, Prestige) made necessary for every shipping company to introduce the double-hull vessels in its fleet. It would be unconceivable today for an owner to have single-hull vessels in his fleet. Not only would it be dangerous for the environment, but also who would charter such a vessel to transport the cargo safely?

It would be useful for the owners and the managers to discuss their perceptions on turbulent situations from time to time. During this process, particular topics should be discussed the members of the top management should take into consideration. Gaps in knowledge would trigger action for further action and investigation. The variables that should be discussed in such conferences, regarding doubtful and problematic times are customers, economy, new policy, regulations, technology, shareholders etc. in other words, internal and external factors. These factors need to be examined and prioritized. Priority issues will drive the new strategic agenda. For companies entering a period of uncertainty, the tracking, monitoring and management of priority issues is necessary for corporate survival. We should not forget to mention, that in shipping there is a tradition; a seven year tradition, according to which, there are cycles. Usually, a seven year descending period is followed by blooming, which lasts for a couple of years. So, every considerate owner and every prudent manager should be prepared all these time, for the

moment of success. During this process the top management should plan actions, assess the importance of certain moves, set priorities and review implications. Strategic issue management can create momentum for organizational change. During times of high turbulence, a shipping firm should consider relegating formal business and marketing plans to the background. Instead, the top management in cooperation with the owner should focus on strategic issues that could improve the company's performance. (Camilus & Datta, 1991). Frameworks, workshops and processes which facilitate communication and awareness of critical issues and their possible impact on the business, will help prevent potential conflict at a time when top managers feel pressures threatening the prosperity of the organization. In times of uncertainty, managers should concentrate on priority issues and offer timely opportunities. It also means that highly detailed strategic plans may be subject to such frequent changes that they become useless as so far successful tool for achieving objectives (Perrot, 2011).

4.8 FURTHER ASPECTS OF GREEK SHIPPING SECTOR STRATEGIES

Now that we have analyzed every aspect of strategy, it is important to emphasize on the Greek shipping sector. It has been stated before that the Greeks have remained at the top of the international maritime industry during the last 30 years mostly because they managed to take advantage of the market opportunities and because they were able to face the difficulties and threats successfully. They implemented the right strategies; mainly the low cost strategy and they owned companies that specialized only on one type of vessels. These were and still are tankers and bulk carriers. Only a small percentage is occupied with other sectors such as the containers or the chemicals, such as Lng's and Lpg's. The reason why the Greeks specialize in these types has mostly to do with the available resources. The management of these vessels became effective through the use of second-hand ships. The fact that the ships were not newly built, led to the cost minimization, as mentioned above. The prices of the second-hand ships were by far lower in comparison to the prices of new ships. This did not mean though that

they lacked in quality. The Greeks although they had second-handed fleet in the majority of them, no accident had occurred on an international level due to their ships' fault. Their competitive advantage was and still remains the contribution of Greek seamen to the efficient operation of the ships (Theotokas et. al, 2006). Most of them, before forming their company, had many years of sea service. Their knowledge and expertise were two elements that no other could compete. The entrepreneurial philosophy that comes from this professional origin of ship owners shapes a business culture, whose core values are hard work, loyalty, persistence and trust. In fact these values according to many researchers created a "power" culture, where Greek shipping firms have the ability to move quickly and react immediately to the threats of the environment. This culture led to centralized management style, which means absolute control of the business in strategic and operational level. Outsourcing (i.e. transfer of the management-operational/technical/crew etc to another management firm), is a foreign word for the Greek owners. They can, as former seamen, serve successfully the management of the company. At the same time, Greek shipping companies followed the adoption of mandatory-or –not safety and quality regulations, as well as started to acquire new buildings, as an effort to improve their competitiveness. As long as the chartering decision is concerned, usually the Greeks prefer the long-term time charters, especially in the bulk sector and the containers. In the tanker sector, usually the choice is cut in half. But, this is something that truly has to do with the cycles that take place in the maritime industry. In other words, when the rates are high, chartering on a spot basis is preferable so as to gain the more possible profit and when the rates are low, a long-term charter is the best choice, so as to remain protected and have an everyday hire, regardless the rates' recession. There are also other strategies such as the fleet lay-up, or the back sales (selling a ship when rates are high and buying it back when rates are low), that are followed when the freight market is experiencing low levels of performance. These two may not seem to be in accordance, but in the Greek maritime sector appear to act complementary (Harlaftis, 1996).

When a company follows a stable strategy, some deviations from its strategy model might occur, that are named emergent strategies, but all in all the vision of the company

remains the same. Providing transport services has always been the main strategy for the Greek shipping companies. Back sales act as emergent strategies, in order to reduce the fixed costs and offer liquidity to the company when needed.

4.9 EXAMPLES OF APPLIED STRATEGIES IN GREEK SHIPPING COMPANIES

Being at the end of this chapter and having completed with the presentation of strategies, it is now time to observe some representative examples of strategies, as they are implemented in successful Greek shipping companies. The choice of the examples is random. The main point is to give a better understanding of the topic of the study.

Thenamaris (Martinis) – the company owns and operates a diversified fleet of tankers, bulk carriers and containers. It was established in 1970 in Piraeus, with a fleet of only 8 vessels. Soon it started to grow, which was her main objective. Its strategic objective has always been to achieve balanced and profitable long-term growth for itself and its principals. To accomplish this target, the company's strategic plan is focused on undertaking a number of key initiatives over the following years that will allow the company to outperform its competitors irrespective of market conditions. Another aim is to add value to its principals through managing all aspects of the vessels, from technical management and crewing to chartering and voyage execution, with an unrelenting focus on operational excellence. The company's executives leverage analytics to make better business decisions and rigorously apply this approach across the company. There is a constant pursue of innovative technology to drive commercial benefits. The operational and commercial strategies are complemented by thorough risk management and performance management initiatives, enabling the firm to continuously monitor and control the associated risks and results of the efforts that are undertaken to achieve our strategic objectives. According to the analysis above, the strategy of *Thenamaris* can be characterized mainly as expansion strategy, since the company tries to enlarge its fleet constantly. The different types of ship also mean a differentiation strategy.

Danaos (Koustas) – it is a leading international owner of containerships with a fleet of currently 54 vessels. The containerships are employed under long term time charters, which provide stable cash flows and high utilization rates. As the fleet of the company is only containers, there is no differentiation strategy in this firm. The primary objectives of the company are to grow the business (that means expansion or else horizontal integration – acquisition of more vessels of the same type), increase earnings and maximize value for shareholders. Briefly the pursuing strategies of Danaos can be describes as follows:

- a. High level of customer service (high quality, technological leadership, committed customer service)
- b. Maintaining a diverse portfolio of charters (this approach reduces the revenue concentration, minimizes the exposure to any one customer and allows the company to recharter vessels at any time in the charter market cycle)
- c. Acquisition of newly built and secondhand vessels (the company tries to take advantage of growth in the industry and retain significant financial flexibility. The managers have great reputation and a long history behind them which can be translated as a competitive advantage for the success of the company)
- d. Continuous investment in larger containerships and deploy them under long-term charters.

Euronav (Livanos) – it is a tanker owning company. Its vessels are chartered both on spot and period market. Euronav can also supply and operate Floating Storage and Offloading (FSO) vessels through conversion or new building, which are suitable for remote or deep-water operations. This means that vertical integration is applied to the firm, as the FSOs are different yet of the same core variables- the firm is able to bring added value to its offshore projects through building supervision or construction, engineering and in-house management. The combination of modern vessels and experienced staff has enabled the company to achieve outstanding growth and profitability in an extremely competitive industry whilst continuing to enjoy and to enhance good relationships with customers. It is needless to say that Euronav, like the

above mentioned firms, also pursues strategies of expansion its fleet. In fact, this is a strategy that all shipping companies try to follow.

Avin International (Vardinogiannis) – established during the '70s has slowly but gradually become one of the leaders in the transportation of petroleum products. Expansion strategy is of her top priorities, while at the same time sustaining the quality of its operations. Its fleet consists completely of tanker vessels, with only one bulk cargo carrier. So, there is horizontal integration. The managers might sometimes proceed with certain requirements that the charterers need, even they are sometimes costly and so to maintain the good/stable relations they have with the charterers. There is also a program under consideration regarding the company's expansion to activities in the Far East. The company is checking whether such a move would be profitable, what types of vessels are mostly occupied there etc. Such a strategy is mentioned at previous chapters and is called discovery of new markets.

Ten (Tsakos) – the company has a long tradition in the shipping field. Her fleet is diversified, consisting of tankers, containers and bulk carriers (differentiation strategy). During the last years the company has also succeeded in creating LNG and offshore shuttle tanker platform, which means development of new prosperous markets. As the managers of the company state: “We believe we are well positioned to capitalize on rising demand for LNG sea transport and offshore shuttle tanker transport because of our extensive relationships with existing customers, strong safety track record, superior technical management capabilities and financial flexibility.”

Cardiff (Oikonomou) – the previous name of the company that many might know was “dryships”. The company was established in 1986 with the objective of creating a modern diversified fleet of ocean going vessels. The present fleet of the company consists of bulk carriers and tankers. This strategy of diversification achieves consistent financial results for the company. It is interesting to note that the company pursues a cut-cost strategy too. Throughout the years the company has achieved cost advantage due to the following:

- ✓ Carefully selecting vessels
- ✓ Competitively commissioning and actively supervising cost-efficient shipyards to perform repair reconditioning and systems upgrading work.
- ✓ Following a proactive preventive maintenance program both ashore and at sea.
- ✓ Taking advantage of economies of scale in purchasing supplies and provisions for the fleet.

Because of the above combinations, the company has managed to minimize off-hire periods, effectively manage the clients' insurance costs and reduce the overall operating costs.

Equinox (Goumas) – the company commenced its operations in 1971 and took its current form in 2001. The Goumas group today focuses on ship owning, management and chartering. The fleet of the company consists of bulk carriers (horizontal integration). The difference of this company in comparison to the previous is that it has followed the strategy of forming joint ventures, a type of expansion strategy. The related companies are Dileship, Fortuna bulk carriers and Fortuna Seaside. In this way the group grows stronger, bigger and the initial company did not disappear when the founder sold its shares; it continued to exist through another form.

Euroseas (Pittas) – the company took its current form in 2005, while the Pittas family has been in the maritime sector for over 140 years. It operates in the dry cargo, drybulk and container shipping markets with a total of 15 vessels. In 2010 the company formed a joint venture with two companies for investment purposes. Cost effective operations are one of the primary objectives of the company. It is believed that the technical and operating expertise allow the firm to efficiently manage and transport its cargoes. Constant renewal and expansion of the fleet are also among priorities. The company initially focuses on purchasing well maintained second hand vessels but it is also under consideration the purchasing of younger vessels. The chartering policy of the company is period and spot charters, with a more focusing on period. In this way it is easier to obtain adequate cash flow to cover fixed costs. Also the diversified fleet profile allows

the company to better serve its customers and reduce any dependency on only one cargo, trade route or customer. There also benefits from upswings in one sector, even if the other is facing a downgrading phase.

Πανεπιστήμιο Πειραιώς

CHAPTER 5: MANAGEMENT CONTROL SYSTEMS (MCS)

5.1 DEFINITION OF MCS – RELATION TO STRATEGY

Management control systems is the process by which managers assure that resources are obtained and used effectively and efficiently in the accomplishment of organization's objectives (Anthony, 1965). It is the procedure of combining strategic planning to the control of operations. Simons (1995) states that mcs are the formal information based processes that managers use to maintain or alter patterns in organizational activities. Other similar definitions are that they are a system which gathers and uses information to evaluate the performance of different organizational resources like human, physical, financial and also the organization as a whole considering the organizational strategies. Management control systems are tools to aid management for steering an organization toward its strategic objectives and competitive advantage. Finally, MCS influences the behavior of organizational resources to implement organizational strategies. In general mcs have two main purposes: to provide information useful to management and to ensure that the patterns of employee behavior are in order to achieve the company's objectives. Therefore, we can say that mcs are the means of controlling whether strategy is implemented the right way. In a wider sense, mcs can be viewed as having two basic functions: Strategic controls and management controls. Strategic control involves managers having to face the question whether their chosen strategy is right. Management control involves the question whether the employees have the appropriate behavior. When managers have to face the strategic control, they have to examine the external environment of the organization and the position of the organization in it. When they have to face the management control, they have to examine the internal environment of the organization and how they can influence the employees (Ballas & Triantafylli, 2010). Top managers usually discuss the company's strategy and vision, as in fact they are responsible for the correct implementation of it. The question that arises is how they use the mcs for the successful implementation of the strategy. Therefore, the mcs can be classified into four categories, regarding their use by the managers and the strategy of the firm: beliefs, boundary, diagnostic and interactive mcs. Beliefs are a system that provides the basic values, purpose and direction of the organization. Pretty

much similar to the definition of the term strategy. Boundary systems control strategy as a position, testing constantly whether the activities of a firm are at acceptable levels of risk. For example, it would be imprudent for a shipping company to charter one of her vessels to transfer oil products from Iran, because of the sanctions! The boundary and beliefs system are very close to each other. The difference is that the beliefs system is a positive approach which encourages inspiration and innovation, while the boundary system is a rather negative approach, because it can be argued that it sets limitation to the behavior. Diagnostic system according to Simons is the procedure by which managers monitor the results and correct the deviations from the initial goals. They are also a tool for motivating the employees to perform according to the company's objectives. The interactive control systems find use by the managers when it is time for them to involve personally. When such situations occur, that they have to take part in them, attend formal meetings and take important decisions. Interactive systems help in shaping new strategies, suggest new ideas and possibilities and promote curiosity (Dent, 1990). Simons (1995) suggests that the beliefs and interactive systems are the positive levers that motivate employees to explore and create, while the boundary and diagnostic systems are levers that work in a negative way in order to constrain behavior, to ensure compliance to the company's objectives and to limit the explorations of the employees. Not forget to mention that boundary systems are necessary for a firm's survival and are mandatory implied in the shipping firms by the regulations of the IMO (International Maritime Organization). Also, diagnostics systems communicate agendas and translate strategy through the identification of critical success factors and through this they held the organization to learn. According to researchers, in order for the strategic management to be achieved the right way, all four systems have to be applied. There is no sense to just choose to go with only one of them. They have to be combined so as to be successful. Here is to point out the capabilities of top managers, who have to have the skills to do the above. Especially in shipping, where the environment is so complex, volatile and dynamic, it is essential for all four systems to be combined efficiently. We can take a look at an example so to understand the usage of mcs. Assuming that a marine accident has happened, a series of facts follows. The company's personnel is

taught (the hard way) the safety operations and the importance of the detailed implementation of them. New rules and regulations are then incorporated into the firm's mission in order not to have similar situations in the future. This development of new lines is the beliefs system. New lines like safety, reliability and environmental friendliness. And the new behavioral limits are the boundary system. Then come the diagnostics system, which communicate the new strategies into the departments of the company, by identifying the critical success factors, such as cost reduction, and help the employees learn the new habits. In general, many researchers are of the opinion that beliefs, boundary and diagnostics systems all help in the process of learning. If the personnel have the ability to learn and comprehend what needs to be done, then the strategy of the company will result being successful. On the other hand, an interactive management control system tries to help managers handle new situations, or a crisis like the accident we took as example, or a new entrance in the market. They help shaping new strategies. A new strategy in this example would be to introduce more frequent controls on vessels so to avoid such accidents in the future. In other words they help the top management deal with strategic uncertainties that consume great amounts of managerial attention. For not so great amounts of attention, the other three systems may find application.

All in all, a mcs is linked to the strategy that each company follows. In fact, previous studies showed that the choice of a mcs is totally dependable on the strategy and the environment in which every company is occupied and surrounded by, as well as other factors such as technology, size, and structure. Recently researchers found that the choice of mcs by the top management is linked to the strategy the firm pursues in order to obtain competitive advantage. Now, if we tend to follow Porter's strategy framework and taking into consideration that the focus strategies do not really exist in the Greek shipping industry, then his analysis is concentrated in two dimensions; the cut cost strategy and the differentiation strategy. Firms following the first type of strategy prefer to use mcs that are related to financial, quality and tight cost controls and budgets, while firms following the later strategy type prefer to rely on mcs that are related to customer

needs so as to respond instantly in competition and environmental change (Simons,1987).

At this final point, it is important to point out that companies that adopt mcs according to their strategies outperform companies that do not rely on those (Meyer, 1994).

5.2 EXAMPLES OF MANAGEMENT CONTROL SYSTEMS

According to Maciariello et al. (1994), management control is concerned with coordination, resource allocation, motivation and performance measurement. The practice of management control and the design of management control systems draw upon a number of academic disciplines. Management control involves extensive measurement and it is therefore related to and requires contributions from accounting especially management accounting. Second, it involves resource allocation decisions and is therefore related to and requires contribution from economics especially managerial economics. Third, it involves communication and motivation which means it is related to and must draw contributions from social psychology especially organizational behavior. There are certain techniques that the management control systems use in order to succeed in their purpose. Because it is preferred to stay between the limits of the survey, below are presented some of them, so as the reader to have a general idea.

- ✓ Balanced scorecard - is a strategy performance management tool - a semi-standard structured report, supported by design methods and automation tools, which can be used by managers to keep track of the execution of activities by the staff within their control and to monitor the consequences arising from these actions. The characteristics of this tool is that focuses on the strategic agenda of the organization concerned – in fact is a part of the strategy implementation process - the selection of a small amount of data to monitor and that this amount consists of financial and non-financial data. The balanced scorecard indirectly also provides a useful insight into an organization's strategy - by requiring general strategic statements (e.g. mission, vision) to be precipitated into more specific / tangible forms.

- ✓ Total quality management (TQM) – it consists of the organization’s wide efforts to install and make permanent a climate in which it continuously improves its ability to deliver high-quality products and services to customers. Extremely important for the shipping sector, where quality is one of the top priorities of every shipping company. In recent years, many shipping companies have adopted total quality management for competitive reasons, which has helped make lean thinking and process management common place. Understanding that customers want accurate shipments delivered on time, with the maximum percentage of safety and always according to the international regulations, this type of mcs finds place in every shipping company.

- ✓ Budgeting - is a quantitative expression of a plan for a defined period of time. It may include planned sales volumes and revenues, resource quantities, costs and expenses, assets, liabilities and cash flows. It expresses strategic plans of business units, organizations, activities or events in measurable terms. Budget helps to aid the planning of actual operations by forcing managers to consider how the conditions might change and what steps should be taken now and by encouraging managers to consider problems before they arise. It also helps co-ordinate the activities of the organization by compelling managers to examine relationships between their own operation and those of other departments. Other essentials of budget include:
 - i. To control resources
 - ii. To communicate plans to various responsibility center managers.
 - iii. To motivate managers to strive to achieve budget goals.
 - iv. To evaluate the performance of managers
 - v. To provide visibility into the company's performance
 - vi. For accountability

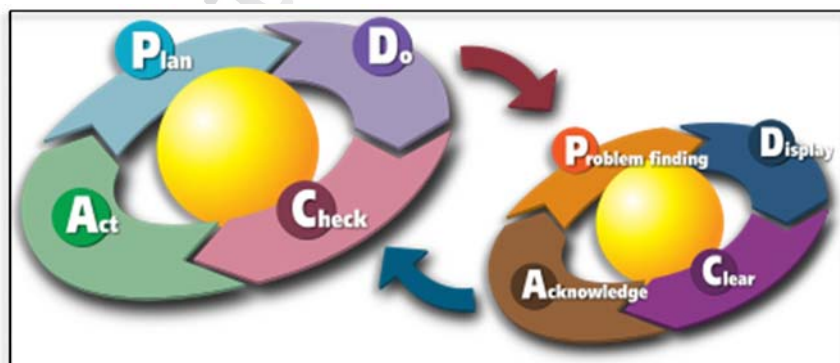
- ✓ Kaizen – in Japanese means “good change”. It is a process that finds application almost in every kind of industries. When used in the business sense and applied to the workplace, kaizen refers to activities that continually improve all functions and involve all employees from the CEO to the last in row workers. When a company has chosen

kaizen method, the implementation of it is called “Toyota production system”. By this system all line personnel are expected to stop their moving production line in case of any abnormality and, along with their supervisor, suggest an improvement to resolve the abnormality which may initiate a kaizen. The cycle of kaizen activity can be defined as:

- i. Standardize an operation and activities,
- ii. Measure the operation (find cycle time and amount of in-process inventory).
- iii. Gauge measurements against requirements.
- iv. Innovate to meet requirements and increase productivity.
- v. Standardize the new, improved operations.
- vi. Continue cycle forever.

It is also known as PDCA (Plan, Do, Check, and Act). And in case of a problem, the initials have other meaning: Problem finding, Display, Clear, Acknowledge).

Image 5: PDCA circle



Source: Google

CHAPTER 6: STATISTICAL ANALYSIS OF STRATEGIES IN THE GREEK SHIPPING COMPANIES

6.1 DATA COLLECTION METHOD

This study is further supported by data collected from the maritime sector. These data were gathered through a set of questions that were directed to a number of professionals with previous experience of the shipping industry. A questionnaire was delivered to a random sample of 75 Greek owned shipping companies, of which 32 responded. The answers were provided by the general managers, as representatives of the owners, as well as of operations managers. As stated in the previous chapters they are the ones who decide which strategy method to pursue and take all the necessary actions for its successful implementation. The questionnaire consists of four parts: the first part consists of demographic questions regarding the respondent's name, positions in the company, education etc. The second part consists of questions regarding data of the companies, such as the type of vessels they own, the total capacity, the year they were established etc. The third part is about the strategy implementation, consisting of questions that have to do with actions the managers undertake so as to pursue the company's strategy. The final part is about strategy evaluation, which means the measures they take in order to check whether they have made the correct choice and to what extent the company follows the initial goals. Regarding the part of strategy implementation, the answers were provided on a Likert scale (the respondent is asked to evaluate according to any kind of subjective or objective criteria; generally the level of agreement or disagreement is measured), from 1 to 7 (1: totally disagree, 2: strongly disagree, 3: disagree, 4: neither disagree nor agree, 5: agree, 6: strongly agree, 7: totally agree). Regarding the part of strategy evaluation, the answers were provided on a Likert scale from 1 to 5 (1: not at all, 2: to a small extent 3: to a medium extent, 4: to a significant extent, 5: to a great extent). This scale made the statistical analysis easier. Later the results were analyzed using the SPSS (Statistical Package for Social Science; IBM Corp.), version 19.

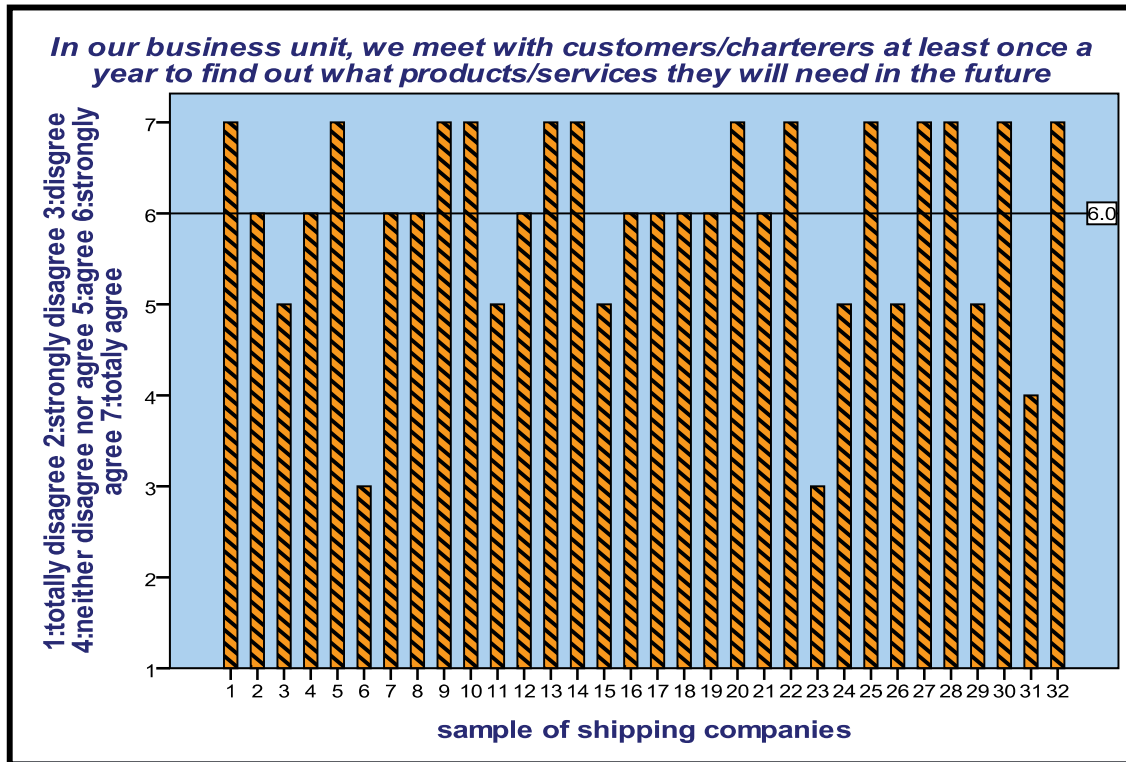
6.2 GENERAL INFORMATION OF THE STATISTICAL SAMPLE

The questionnaire was answered by 32 Greek owned shipping companies. The majority of the respondents have higher education, while some of them have also done sea service. Most of the companies were established during the decades of 1970 and 1980, as that was the time when the Greek shipping started to bloom. The fleet of the shipping firms that responded consists of tankers and bulk carriers in most cases. There also answers from companies owning containers ships, as well as Ro-ro ships (roll on/roll off, i.e. designed to carry wheeled cargo, such as automobiles, trucks, trailers and railroad cars that are driven on and off the ship on their own wheels or using a platform vehicle) and Lpg's /Lng's (liquefied petroleum gas / liquefied natural gas).

6.3 STRATEGY IMPLEMENTATION

In this section there are presented and discussed the answers of the third part of the questionnaire. For each question there is also a bar-chart presented. Every chart has a characteristic line, the so called median. It is the numeric value that separates the higher half of the sample from the lower sample. The mean was not used, because of the fact that is often affected by any single value being too high or too low compared to the rest of the sample. The median is therefore sometimes more accurate and better measure of the midpoint. Another reason would be because the mean is mostly used in quantitative data, arithmetic values. In our survey, there are yet numbers as answers, but they are an indication, a qualitative value; they represent a certain extent. In every chart the reader may read the question under observation on its upper part, the Likert scale on the Y axis and the answers of the companies on the X axis.

Chart 1: In our business unit we meet with customers at least once a year to find out what services they will need in the future (median = 6).

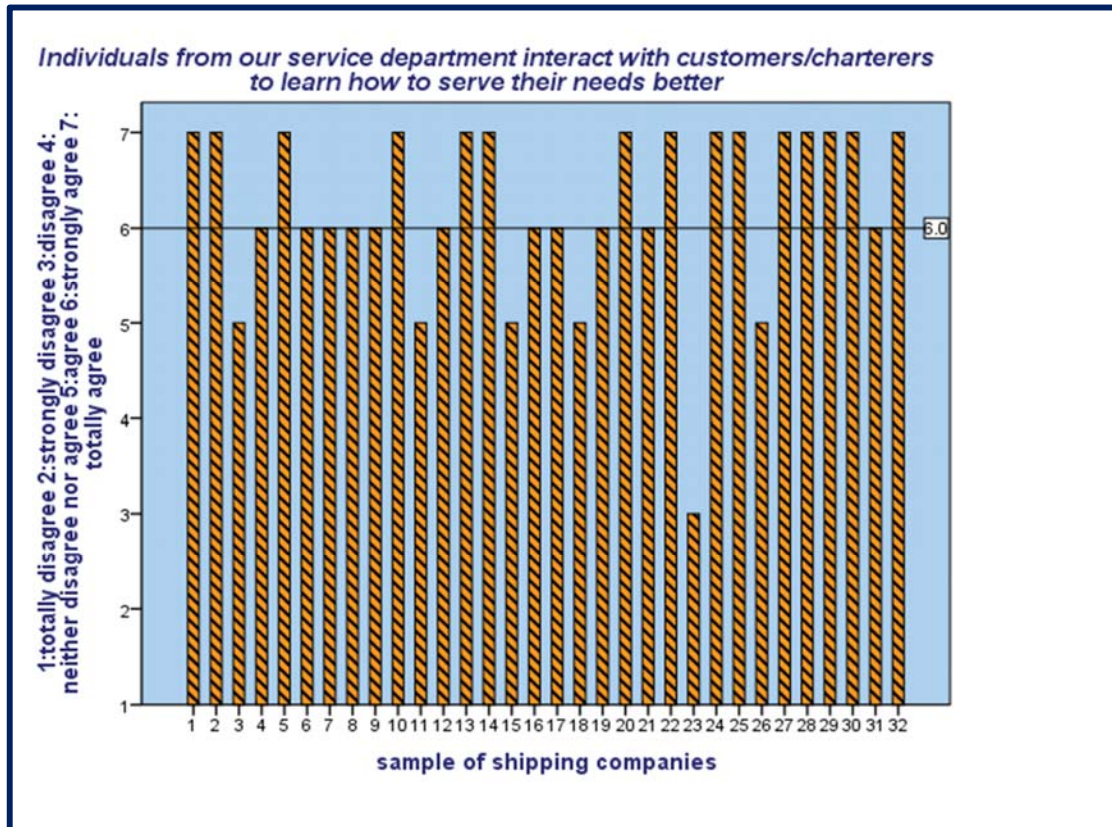


Most of the companies meet definitely once a year with their customers, so as to keep on track with their preferences. There were no results of 1 or 2 on the scale. In fact the majority is from 5 scale or more. As we see on the table below 40,6% of the respondents totally agree with this question, while only 6,3% do not meet that often.

Table 3: Frequencies (chart 1)

Response	Frequency	Percent %
3	2	6.3
4	1	3.1
5	6	18.8
6	10	31.3
7	13	40.6
Total	32	100.0

Chart 2: Individuals from our service department interact with customers to learn how to serve their needs better (median=6)



Almost the same answers are provided in this question as the previous. The majority of the companies are very concerned with what their customers believe, that is why they are in constant contact with them. In the following pie-chart the reader can have a better understanding of the percentage. The reason why, is because if the customers-charterers are not satisfied, that means zero income for a company because it is no longer preferable. Their opinion is of great importance. 46, 8% of the respondents totally agree with this question, 34, 38% strongly agree, 15, 63% agree, while only 3, 1% disagrees.

In the following chart (3), the answers of the respondents also score high values. Most of them value a lot the in-house market research, which means carefully observing the environment in which a company operates. Only one company did not answer this question. Up to this point, the median is placed at point 6, which means that the majority agrees to the questions.

Chart 3: In our business unit we do a lot of in-house market research (median=6)

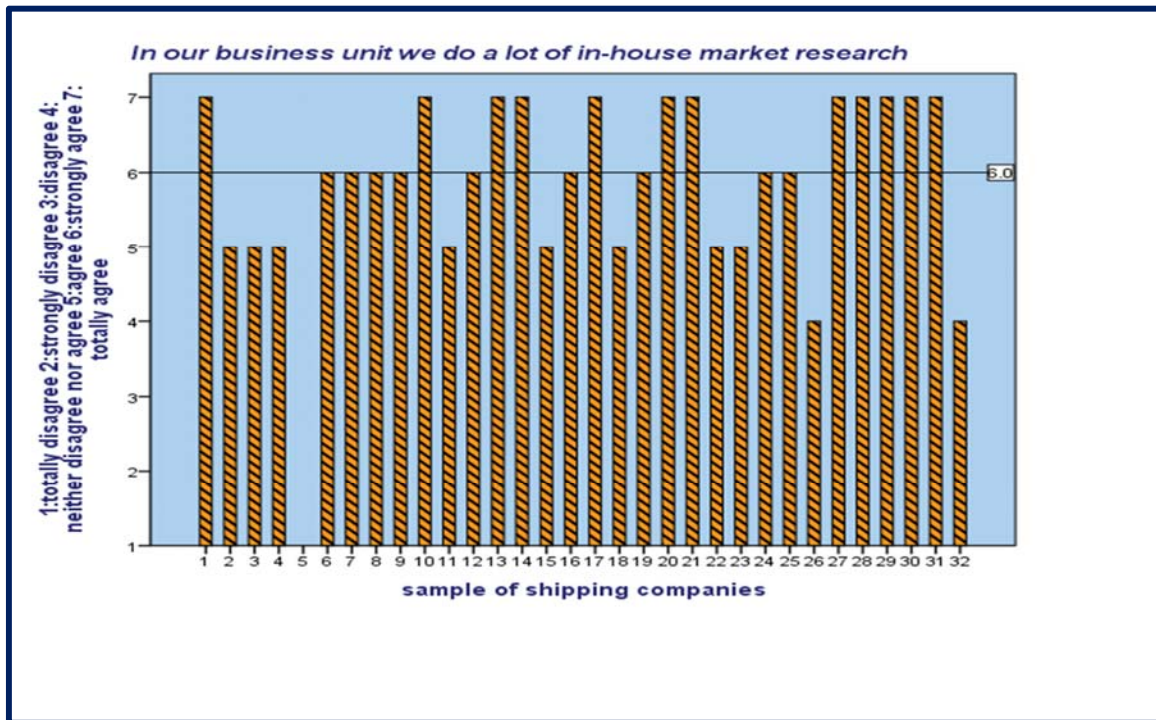
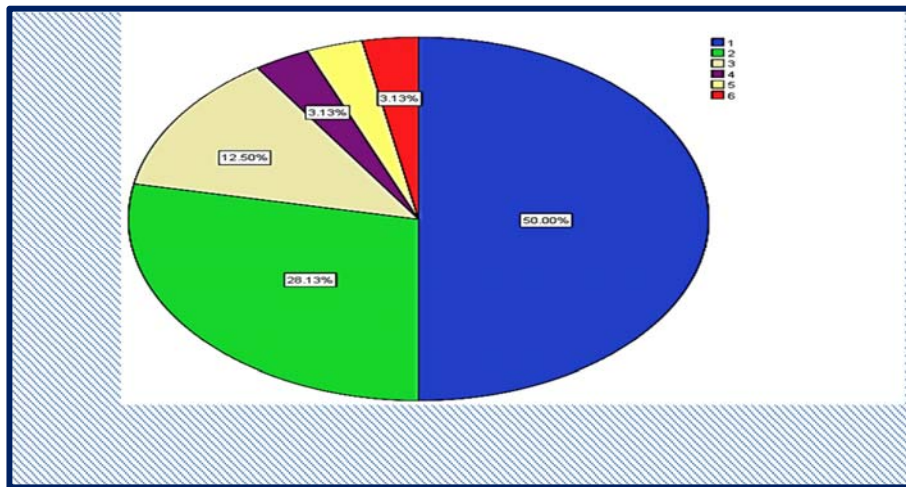


Chart 4: We are slow to detect changes in our customers' preferences (median =2)



Chart 4 is about a rather negative question. This is why the median is placed at point 2 (strongly disagree). The majority of the respondents are of this opinion. Slow reaction means slow adjustment, which means that another competitor will take its place. There is though one company that really admits its disability to move fast in this intensively volatile environment. For example, because of an increase in demand of crude oil in a specific area, where up to now only MR tankers were used, the charterers now demand Aframax. There should be instant reaction. In the pie chart below, we can see that exactly half percentage of the respondents totally disagree with the question and 28, 13 % strongly disagree.

Pie chart 1: Percentages



Question 5 is relevant to the first question, which is why the answers follow a similar pattern. There are though 2 responses of totally disagree points.

Chart 5: We survey our end users at least once a year to assess the quality of our services (median=6)

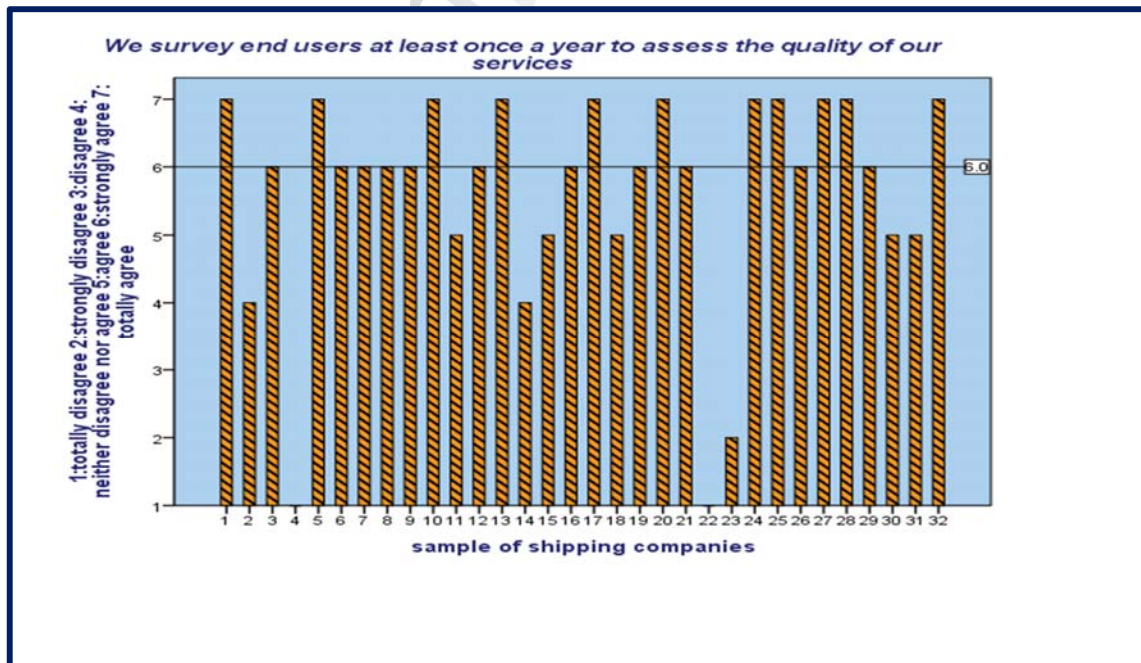
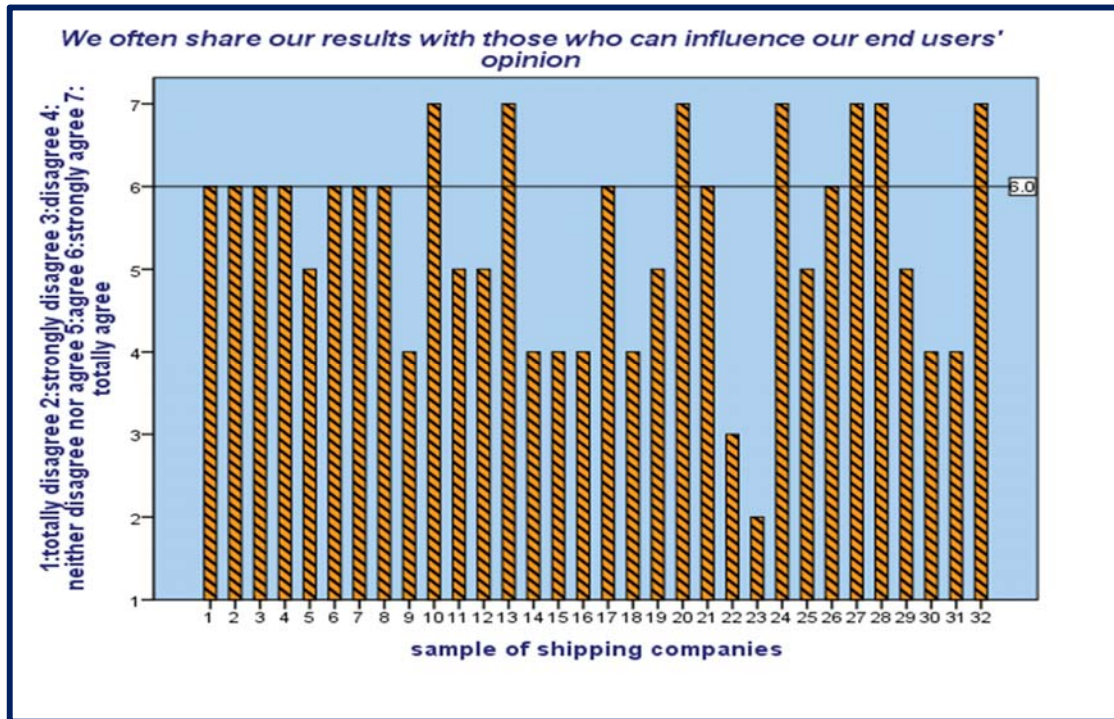


Chart 6: We often share our results with those who can influence our end users' opinion (median=6)



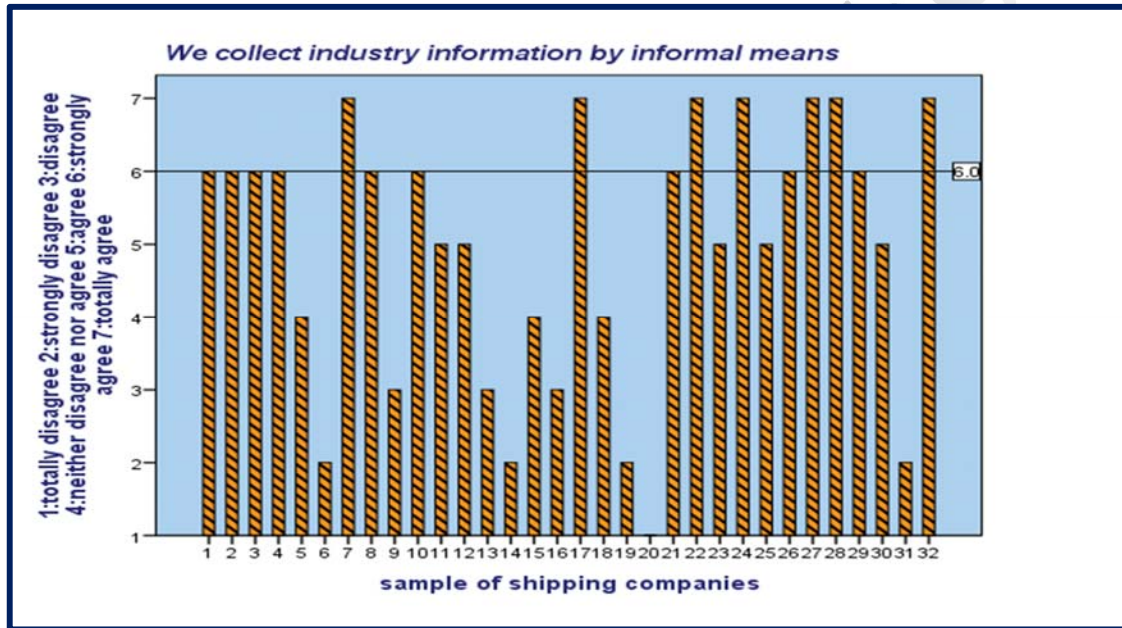
In this question the responses again score high numbers. Although there are some firms which neither agree nor disagree to this question, the majority (72 %) really think that it is important to share the results. Colleagues, people from the greater environment, shareholders, might be of great help for the activities of a company. Two companies disagree with this finding.

Table 4: Frequencies (chart 6)

Response	Frequency	Percent
2	1	3.1
3	1	3.1
4	7	21.9
5	6	18.8
6	10	31.3
7	7	21.9

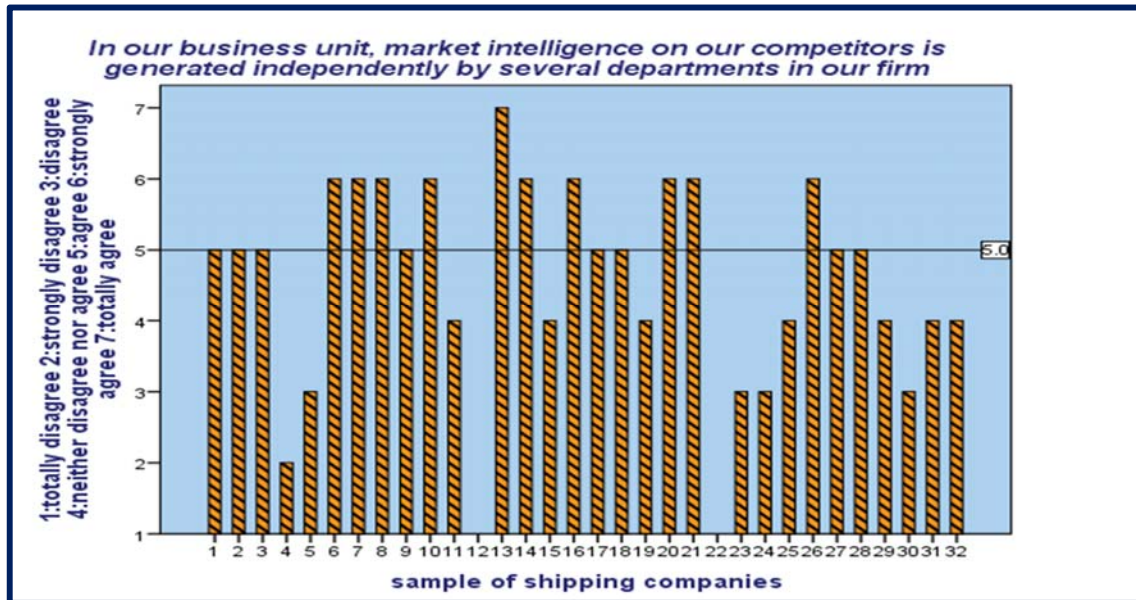
Total	32	100.0
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Chart 7: We collect industry information by informal means (median=6)



The above is a rather private question; that is why the respondents did not follow a standardized line in their answers. Some of them admitted that they do collect information that could affect their operations by informal means, yet others either do not follow such a strategy or do not prefer to answer and gave lower indications.

Chart 8: In our business unit, market intelligence on our competitors is generated independently by several departments in our firm (median=5)



In chart 8, the meaning of the question is the importance of the competitors' activities. For a company to be successful, it is important to regularly check on its competitors. Each department does a different job and that is why is in position of observing what the competitor's same department does. Two companies preferred not to give an answer, while only one totally agreed.

In chart 9, there is again a negative question. Who would be slow in observing changes? Again though there are some companies that agree with that (12, 6%), while 40, 6% totally disagree with this question. The median is placed at point 2, which means that the majority strongly disagree with the question.

Chart 9: We are slow to detect fundamental shifts and trends in our business environment, such as regulations, technology, etc. (median=2)

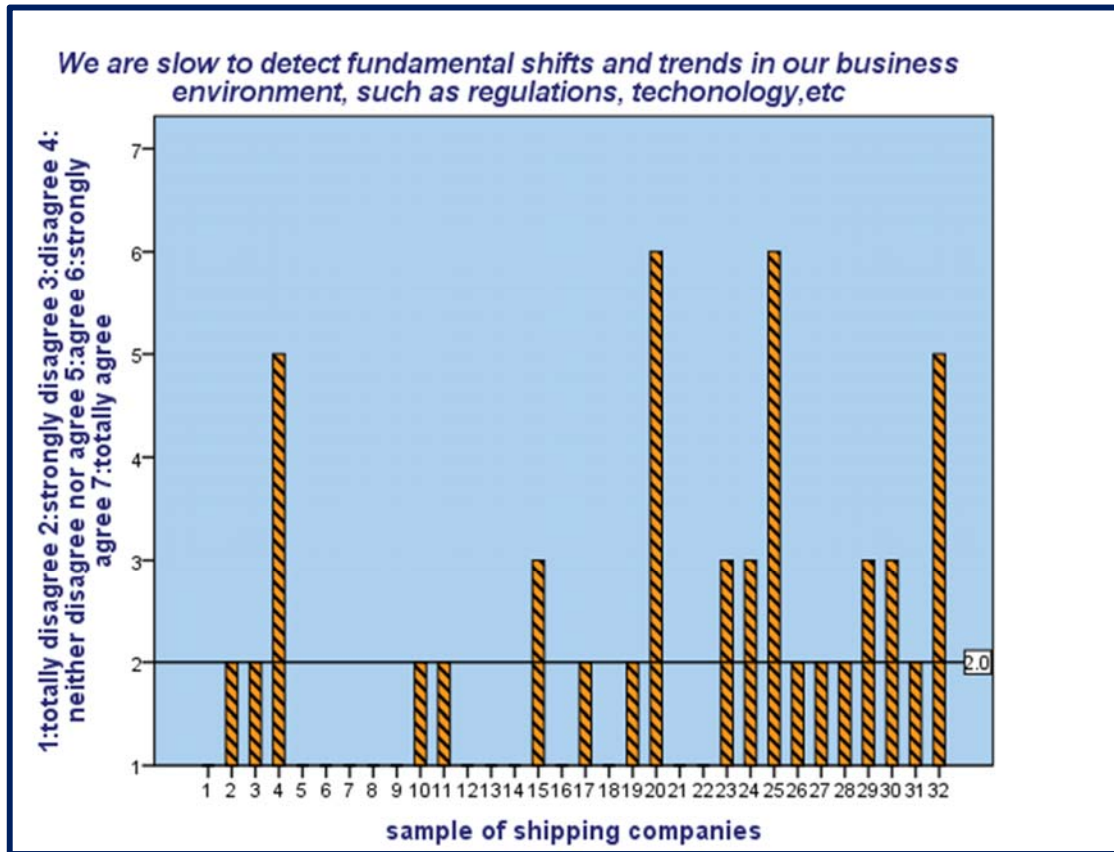


Table 5: Frequencies (chart 9)

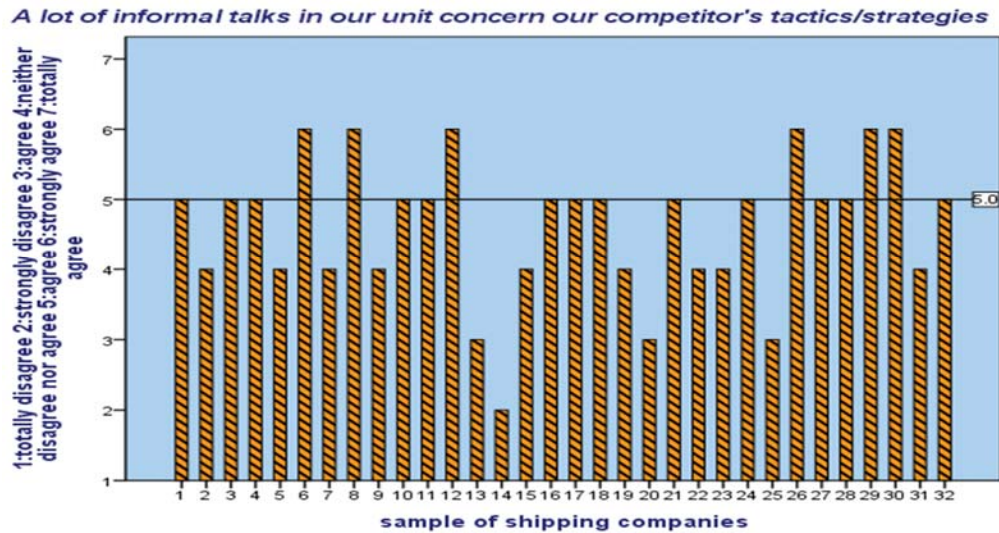
Responses	Frequencies	Percent
1	13	40.6
2	10	31.3
3	5	15.6
5	2	6.3
6	2	6.3
Total	32	100.0

Chart 10: We periodically review the effect of changes on customers, such as regulations, technology, etc. (median=5)



In chart 10, the median is placed at the “agree” point. Only two companies dared to admit that they are not familiar with this process. It is of great importance to evaluate how the charterers are affected by changes. They are the clients and their opinion might lead to a change in the strategy.

Chart 11: A lot of informal talks in our unit concern our competitors' tactics/strategies (median=5)



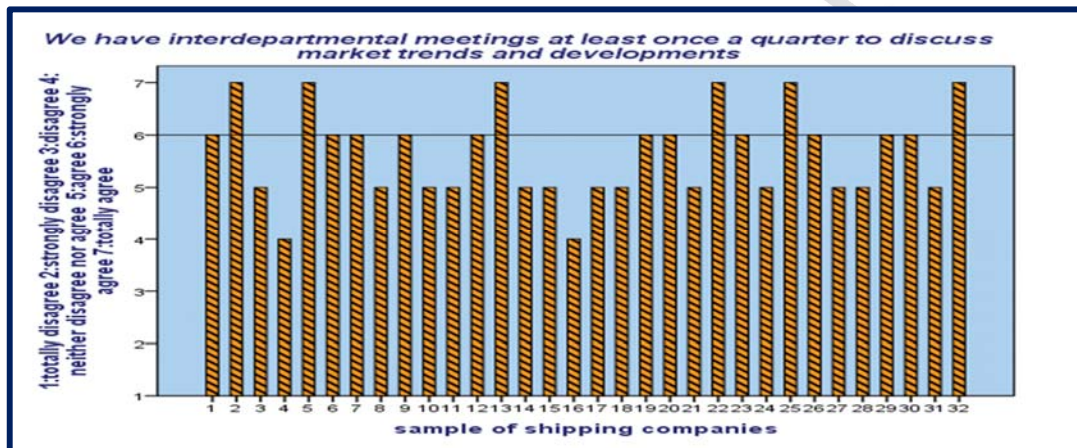
In chart 11, the necessity of keeping in touch with the competitors' moves is underlined. For a company to move successfully in its field it is important to check what the other companies do as well. This is something that concerns the employees and it usually comes up in their everyday talks, not only in informal meetings. As above, this happens in many firms. We should not forget that the majority of Greek firms are established in the port of Piraeus, creating some kind of a cluster, where everybody can meet with each other and discuss outside the stringency of an office. That is why the most of the respondents agree or strongly agree. There is a great number though of those that finds it irrelevant. It is true that the activities of competitors should become an obsession. In the following table, the reader can see in total 59, 4 % of the sample agrees with this opinion. There is also a 12, 5% that disagree or partly agree.

Table 6: Frequencies (chart 11)

Responses	Frequency	Percent
2	1	3.1
3	3	9.4

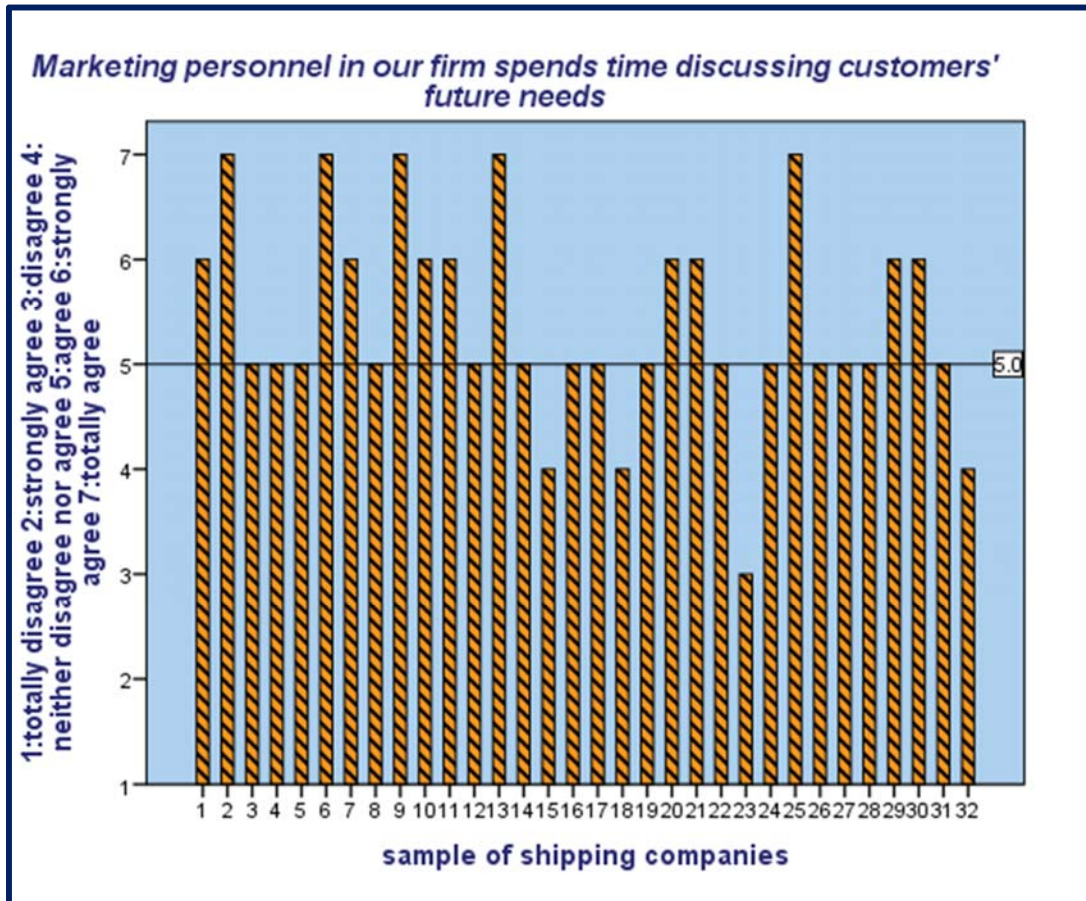
4	9	28.1
5	13	40.6
6	6	18.8
Total	32	100.0

Chart 12: We have interdepartmental meetings at least once a quarter to discuss market trends and developments (median=6)



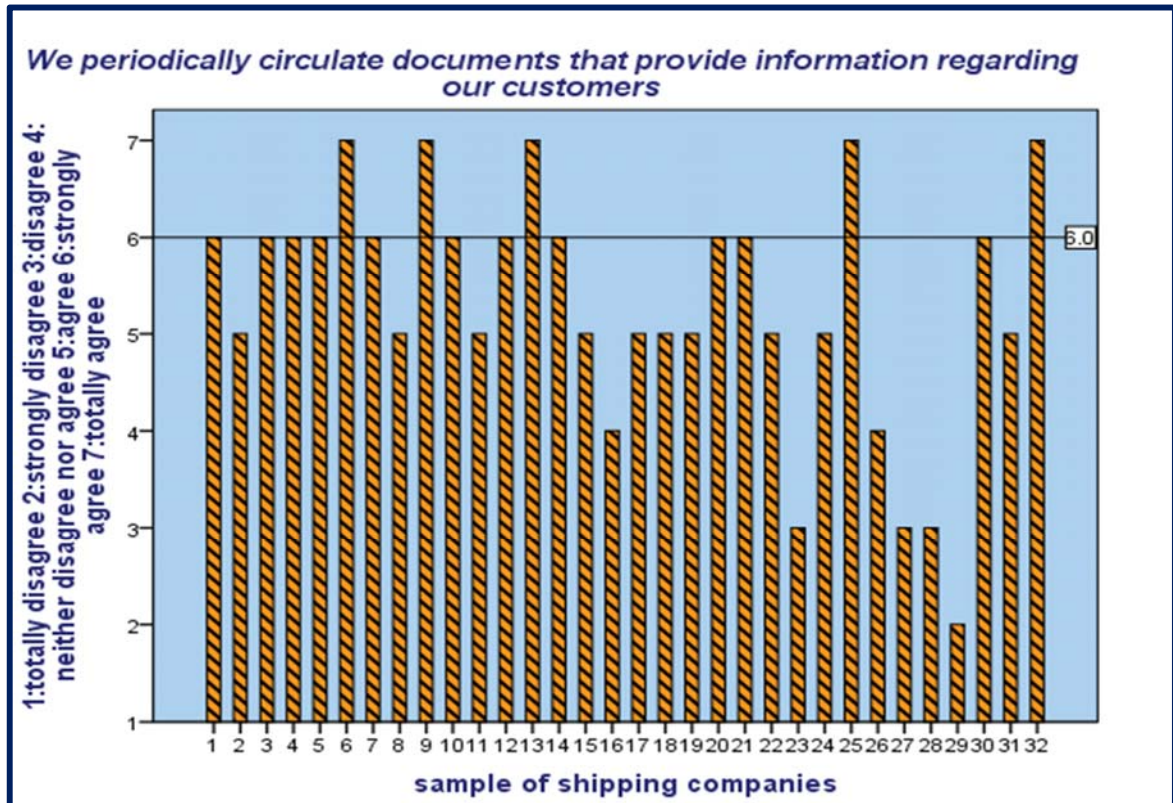
The median at this chart is at point 6 (strongly agree). Every company that respects itself and wants to be successful and profitable has to check the developments in its environment from time to time. The more often, the better and as we see above, the majority of the Greek companies are very cautious in this area and check constantly what new is going on in their field.

Chart 13: Marketing personnel in our firm spends time discussing customers' future needs (median=5)



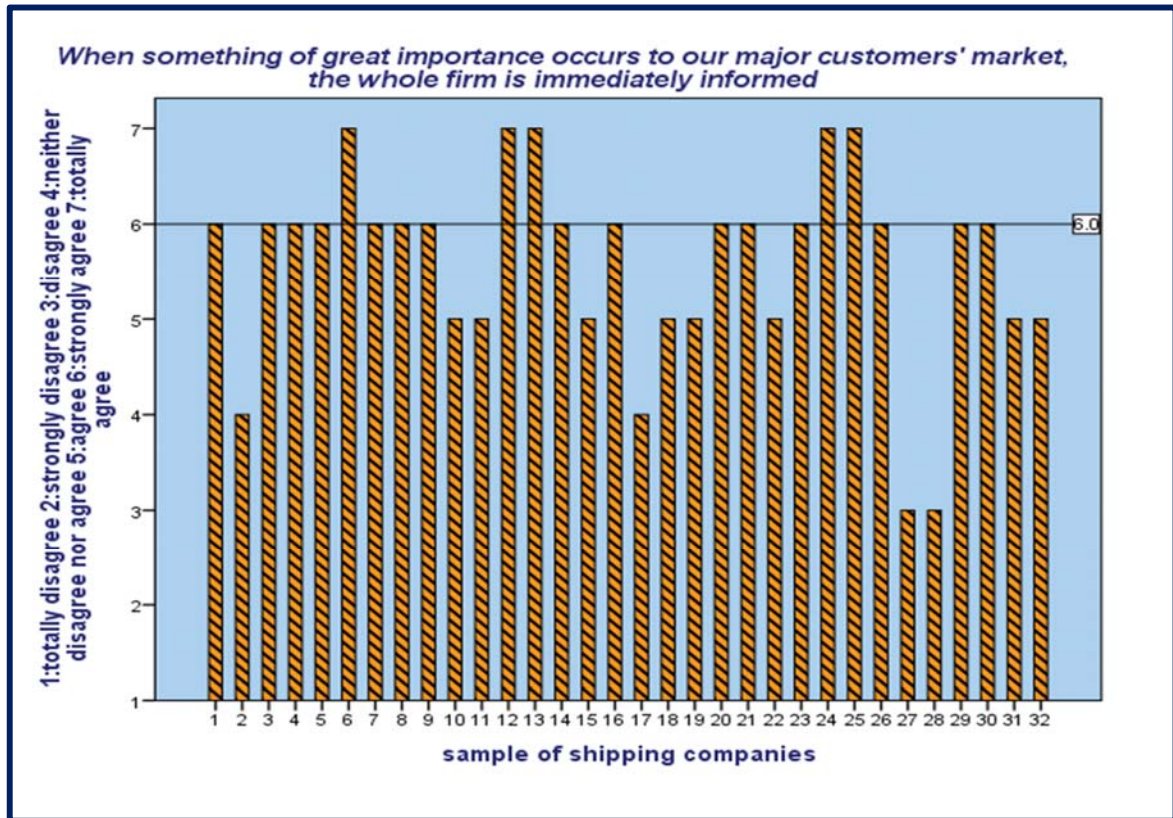
Customers/ charterers are the most important element for a shipping firm. A firm offers its services and the customers buy them. If they are unaware of what they need, not only for the present time, but also for the future, so as to be ahead of the competitors, then it will be difficult for them to survive. Although there is one company that was negative to this question, the majority finds it extremely significant to occupy themselves with customers' characteristics and needs.

Chart 14: We periodically circulate documents that provide information regarding our customers (median=6)



As stated many times so far, it is essential to be every time updated regarding the customers. One way to achieve that is by circulating documents and information within the limits of a company that have to do with them (customers / charterers). This is why this chart is very similar to the previous two.

Chart 15: When something of great importance occurs to our major customers' market, the whole firm is immediately informed (median=6)



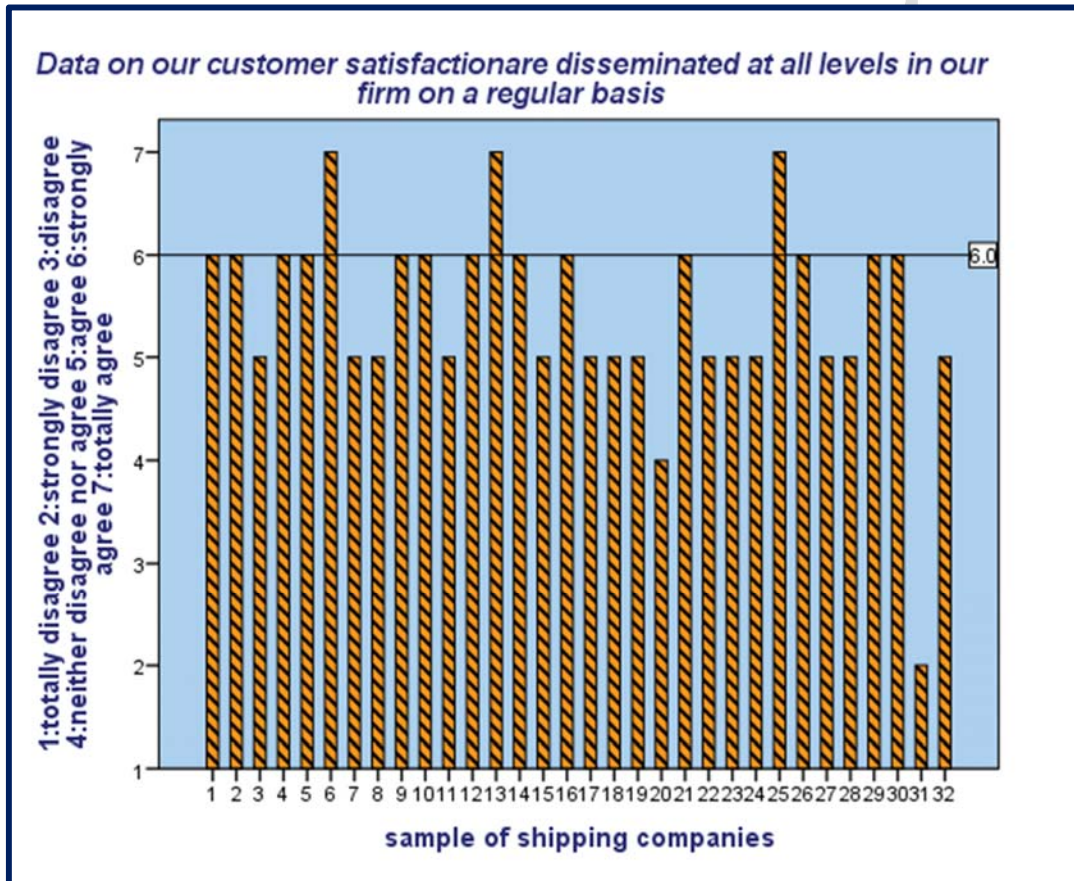
Following the previous question, this chart shows us that the majority for once more places its attention on the customers/charterers. In fact the majority strongly agrees with this opinion. Only a 12, 6% of the 32 respondents disagrees or partly agree with this question.

Table 7: Frequencies (chart 15)

Responses	Frequency	Percent
3	2	6.3
4	2	6.3
5	8	25.0
6	15	46.9
7	5	15.6

Total	32	100,0
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Chart 16: Data on our customer satisfaction are disseminated at all levels in our firm on a regular basis (median=6)



There would not be not a single manager, who would not be satisfied with the success of its company. And, success means to please the charterers. If that happens, then the results are used by many companies and circulated among the employees. The median here is at the point “strongly agree”. There is one company that disagrees with this opinion and for another one this question seems irrelevant.

Chart 17: There is minimal communication between the divisions in our firm concerning market developments (median=2)

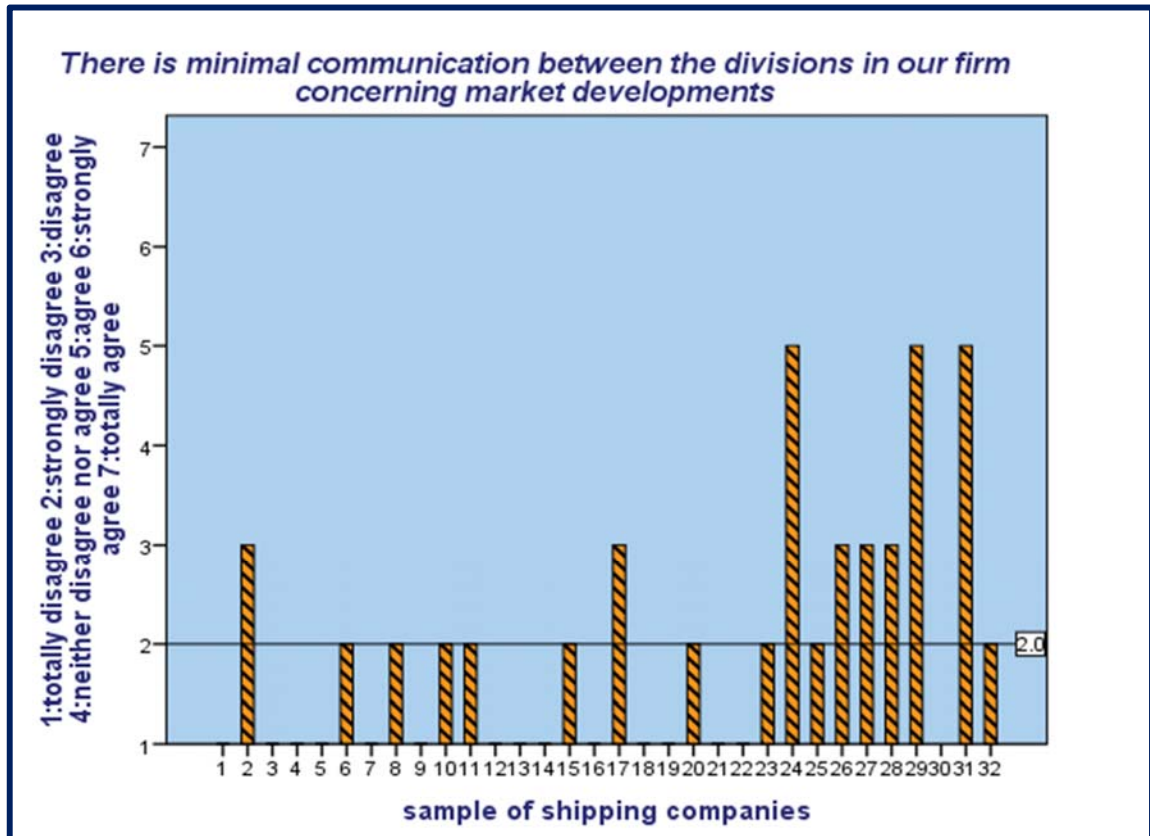


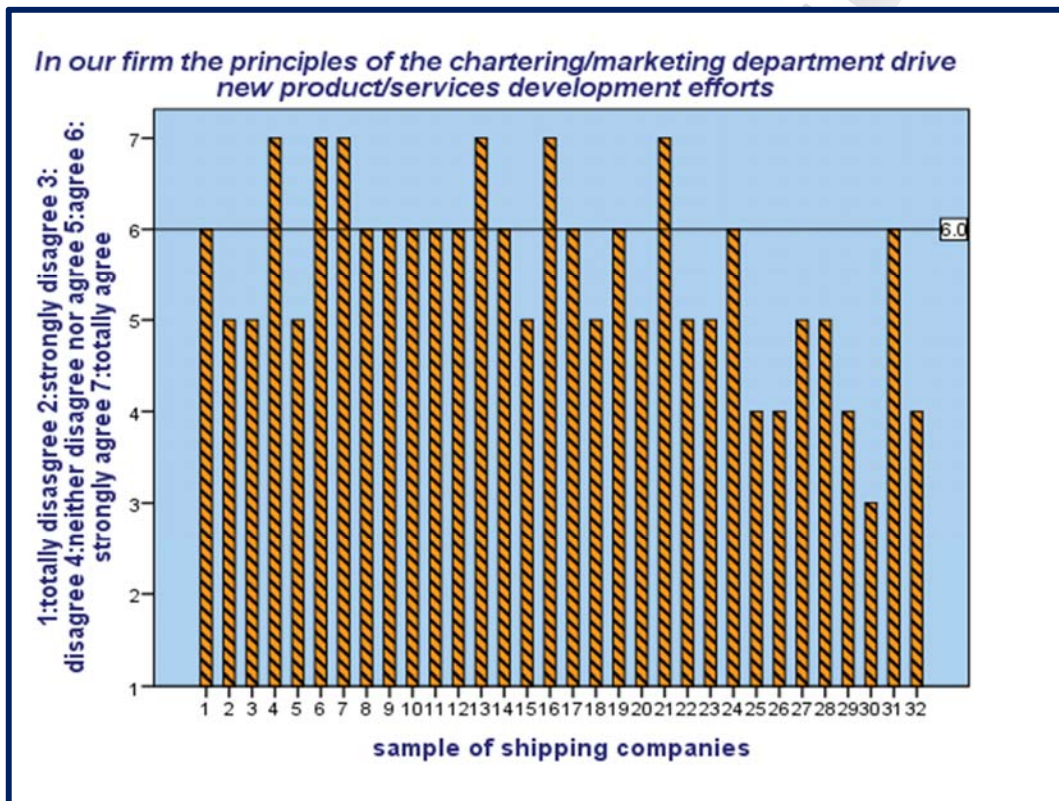
Table 8: Frequencies (chart 17)

Responses	Frequency	Percent
1	14	43.8
2	9	28.1
3	5	15.6
5	3	9.4
Total	31	96.9
Missing	1	3.1
Total	32	100.0

The above chart is the exact opposite of chart 12. This is correct, if we take into consideration, that in chart 12 the majority had a positive attitude regarding the developments in the environment. Now the majority disagrees with this rather negative

question. The maximum point here is 5 (agree) and is given by companies that in chart 12 neither disagreed nor agreed. A total of 87, 5% of the respondents here disagree that there is minimal communication between the employees when it comes to developments of the environment.

Chart 18: In our firm the principles of the chartering/marketing department drive new product/services development efforts (median=6)



No one can deny that the chartering is the most important department in a firm. Given the fact that is the cornerstone of every shipping corporation, it is needless to say that its principles and guidelines should be followed by the rest divisions. Whatever a shipping company is considering to offer its clients, all the efforts a firm is doing, must be in line with the opinions of the executives in the chartering department. This is the image we are facing in chart 18. The majority of the respondents agree with that. There is only one respondent that has the opposite opinion.

Chart 19: We periodically review our performance/services to ensure that they are in line with what our customers need (median=6)

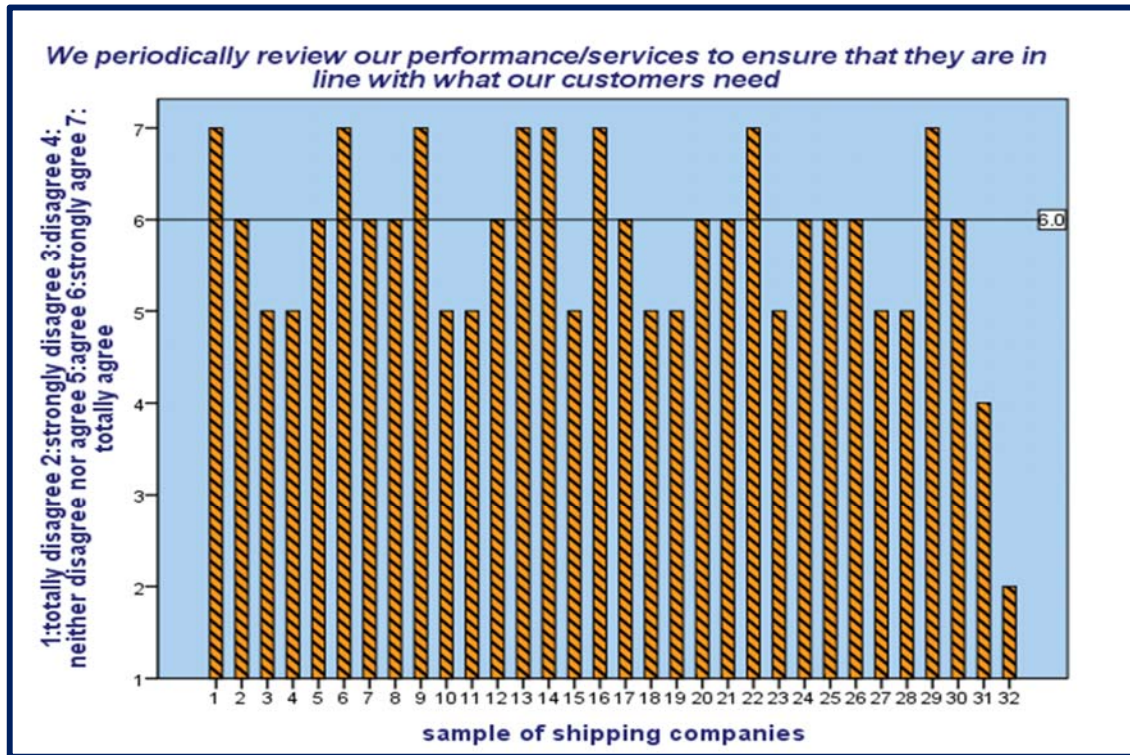


Table 9: Frequencies (chart 19)

Responses	Frequency	Percent
2	1	3.1
4	1	3.1
5	10	31.3
6	12	37.5
7	8	25
Total	32	100.0

If a shipping company that operates in such a constantly altering environment does not keep up with the development, which in turn affect the customers/charterers and their needs, then this firm is surely not going to survive. Keeping regular records of what customers need and not staying behind is of great importance. A simple example from

the coastal shipping lines that we have all experienced, especially in long trips, is the need for entertainment. Who would choose a ship that has nothing to offer? On the other hand, there would not be a single traveler, who would not book to travel with a ship that has a cafeteria, a television area or a store selling magazines. That is why 93, 8 % of the respondents agree with this question.

Chart 20: Our business plans are driven mostly by technological advances rather than market research (median=4)

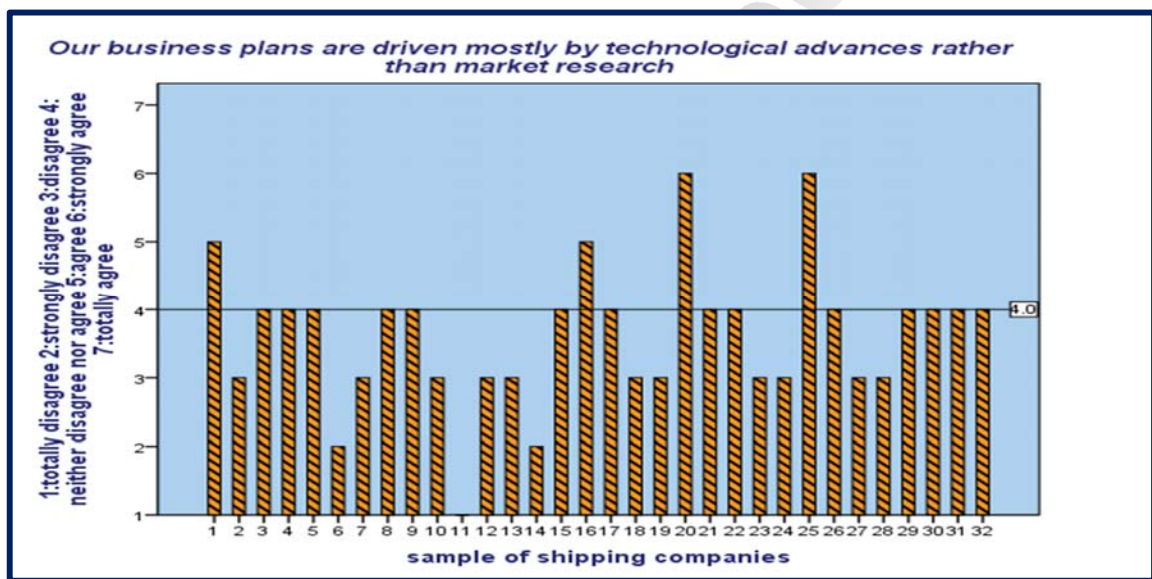
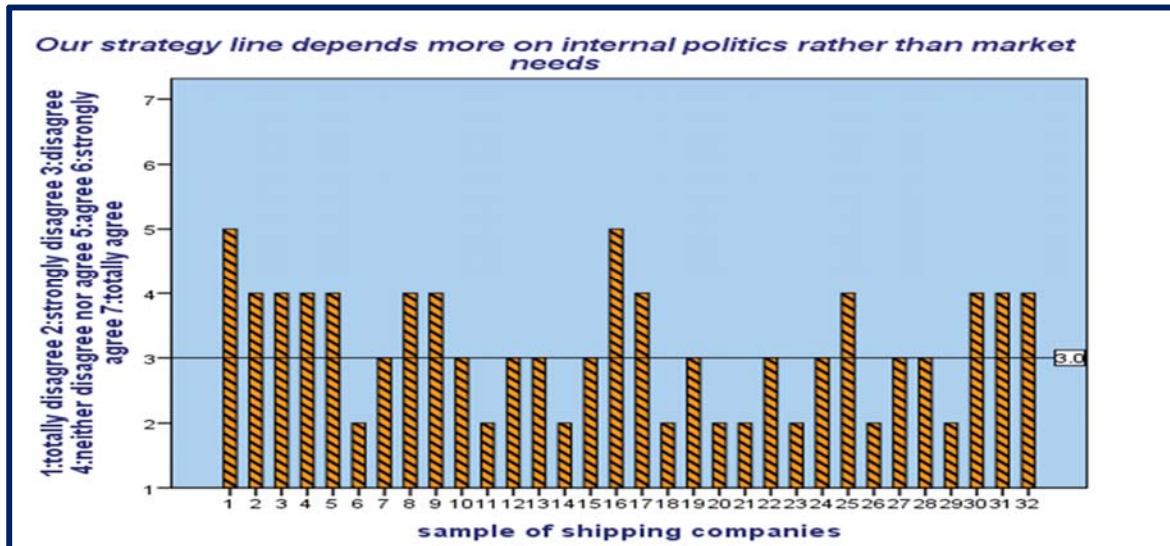
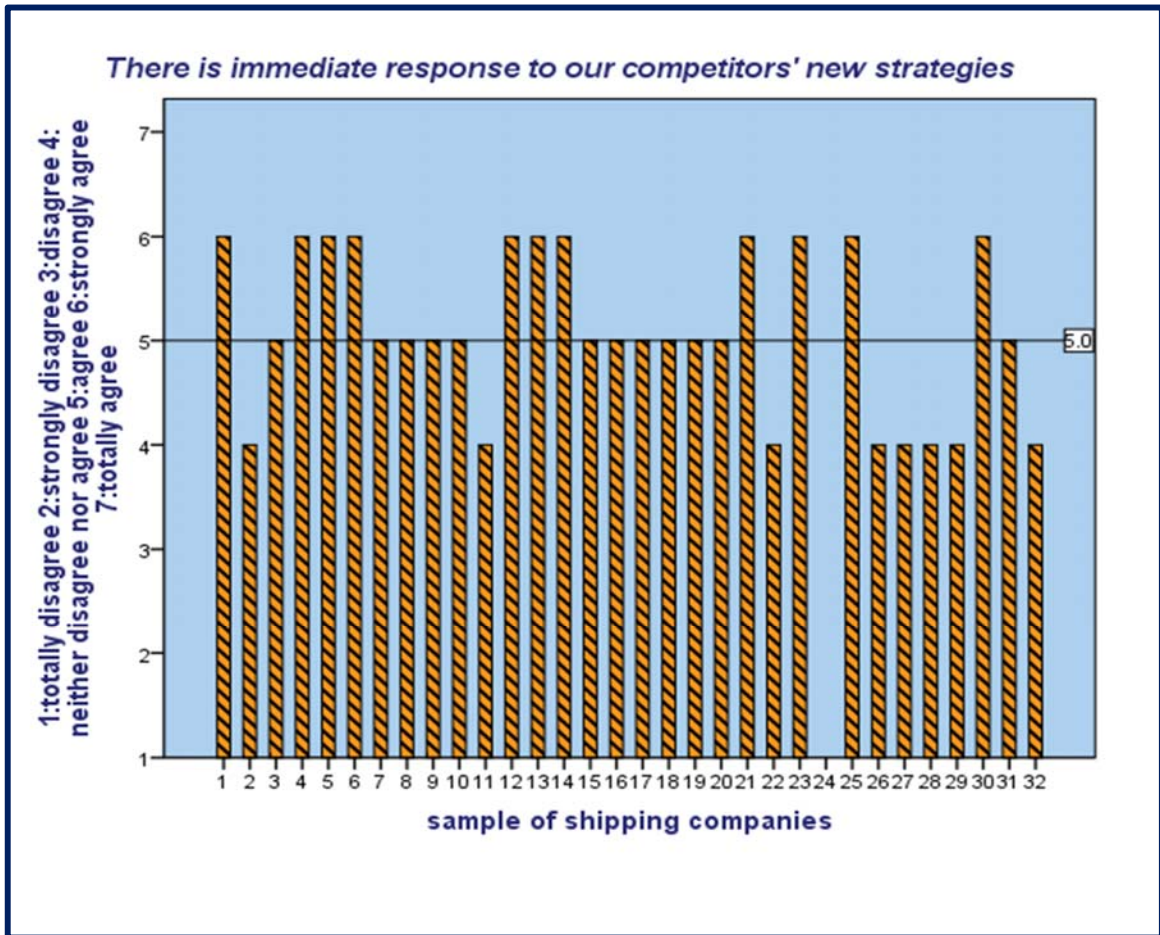


Chart 21: Our strategy line depends more on internal politics rather than market needs (median=3)



Regarding charts 20 & 21, they were intentionally put together. They cannot be considered as of positive or of negative tense. It is interesting to observe the charts and see that in general the respondents have a neutral tense. That is because they agree with both parts of the question. Regarding chart 20, indeed the plans of a shipping company are driven by technology as well as of market research and what charterers/customers want. Regarding chart 21, indeed strategy has to do with what is going on in the business field as well as with the company itself! Every firm is a different organization and has its own characteristics! This tense is also explained by the median; in the first chart (20) is at point “neither disagree nor agree” and at the second chart (21) is at the point “disagree”. It has to be underlined that strategy is a combination of all three dimensions together (market needs, technological developments, internal aspects).

Chart 22: There is immediate response to our competitors' new strategies (median=5)



In chart 22 the responses are obvious. If a shipping company does not have the ability to move smart and quickly and have a rapid response to the immerging competition, it will be difficult to succeed. On the other hand, it is not rational to become obsessed with the competitors; there has to b a balance. But it is vital to have a healthy competition. In fact this means improvement. Each company’s superiority means more effort and imminent excellence from its competitor.

Chart 23: When we find out that our customers/charterers are unhappy with our services, we take corrective actions immediately (median=6)

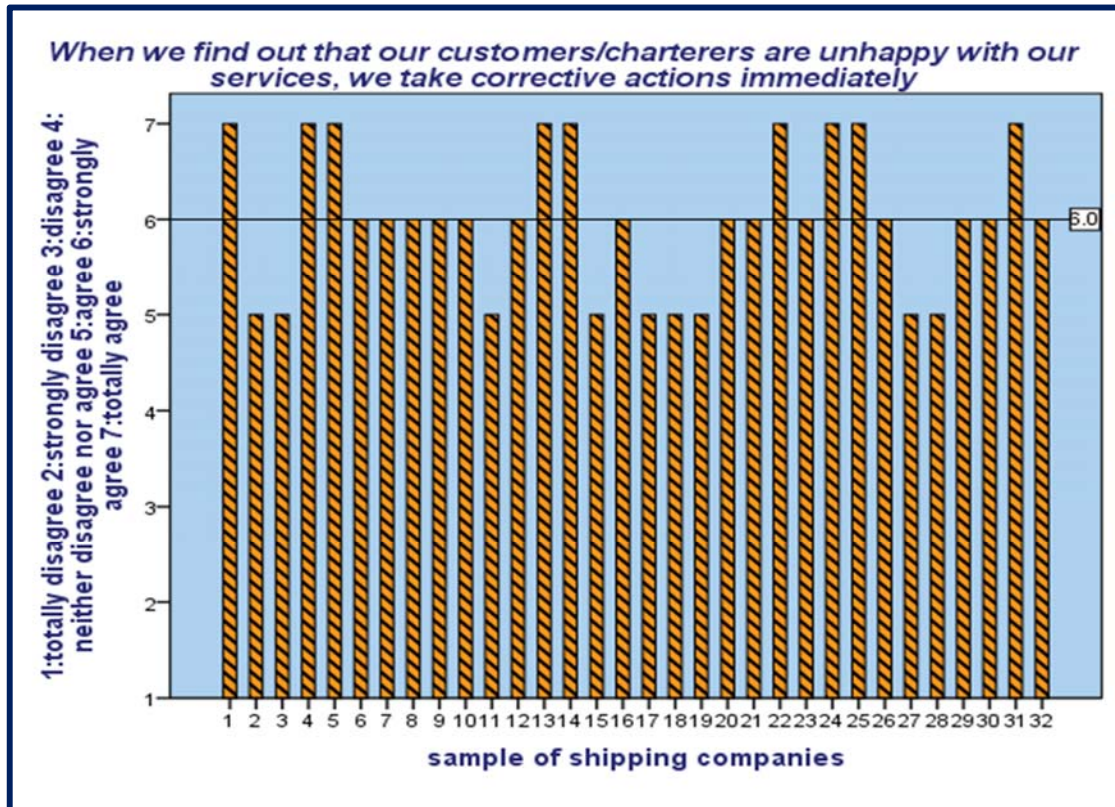


Table 10: Frequencies (chart 23)

Responses	Frequency	Percent
5	9	28.1
6	14	43.8
7	9	28.1
Total	32	100.0

In our last chart, it is interesting the fact that there are no negative responses. All of the respondents in the sample agree with this point of view. Indeed this is the correct strategy adoption. The charterers/customers are the things that keep the companies alive. If they are unhappy, the top management has to move in a different, more pleasant for them direction. The median here is at position “strongly agree” for understandably reasons.

6.4 CONCLUSIONS OF “STRATEGY IMPLEMENTATION”

The majority of the answers of the respondents follow the same tendency. There are not so many cases with edgy values. When the question has a positive sense, the answers usually score high levels, from 5 or more. In very few cases, where the question has a negative sense, the answers score very low levels, usually below 4. Again the answers follow the same tendency in general. There were some cases by which the respondent chose not to give an answer, because they believed that the content of the questions is private and confidential.

The key points of the questionnaire are that the opinion of the charterers/customers is essential for a shipping company. Their satisfaction is of vital significance for the survival of a shipping company. In fact maintaining good and long lasting relationships with them is among their main efforts. That is why they try to collect information about them and circulate them among the several departments in a firm, so that everybody is aware of their characteristics. It is also important to check at regular intervals the technological improvements and the general specifications of the environment, as it is very volatile and no shipping firm prefers to stay behind. A huge disadvantage for a company is to be slow. Slow in detecting the changes in its field, slow in detecting the changes in the charterers/customers' preferences.

All the above are the means that top managers use in order to choose what strategy their company will pursue. They try to collect the right information so to plan their strategic route. They have to make the correct decision and then, according to the changes of the environment, adapt it to them. No one can predict what will happen in the future and no company can have a specific strategic line throughout its existence. The main part will of course remain the same, but it is essential to make corrective moves.

6.5 FINDINGS OF STRATEGY EVALUATION

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		<i>not at all</i>	<i>small</i>	<i>medium</i>	<i>significant</i>	<i>great</i>	<i>Median</i>
1	To what extent are the following chartering strategies followed by your firm						
	Minimization of off-hire period	3.13	0.00	3.13	12.50	81.25	5
	Maximization of freights	0.00	0.00	0.00	6.25	93.75	5
	Short-term time charter (max 1 year)	0.00	18.75	50.00	31.25	0.00	3
	Long-term time charter (min 1 year)	0.00	18.75	50.00	18.75	12.50	3
	Trading area	0.00	9.38	6.25	50.00	34.38	4
	Spot voyage	3.13	3.13	31.25	56.25	6.25	4
2	To what extent has your company pursued the following strategies in order to achieve growth?						
	New buildings	3.13	6.25	21.88	37.50	31.25	4
	Second hand ships	9.38	12.50	40.63	34.38	3.13	3
	Continious fleet expansion	0.00	9.38	31.25	43.75	15.63	4
	Vetical diversification	21.88	25.00	15.63	31.25	6.25	3
	Cut cost	3.13	0.00	28.13	56.25	12.50	4
	Differentiation	21.88	21.88	28.13	21.88	6.25	3
	Focus strategies (particular customers' group)	12.50	6.25	40.63	21.88	18.75	3
	Flag of convenience	18.75	12.50	25.00	12.50	31.25	3
	Scrap vessels	15.63	31.25	34.38	15.63	3.13	3
	Back sales	18.75	9.38	34.38	25.00	12.50	3
3	To what extent is your company concerned about the competition from other companies?	0.00	6.25	21.88	40.63	31.25	4.0
4	To what extent do you consider customers'/charterers' satisfaction?	0.00	0.00	3.13	18.75	78.13	5.0
5	To what extent your top management team relies on performance measurement systems?						
	Track progress towards goals	0.00	0.00	3.13	37.50	59.38	5.0
	Monitor results	0.00	0.00	0.00	31.25	68.75	5.0
	Compares outcomes to expectations	0.00	0.00	3.13	46.88	50.00	4.5
	Enable discussions in meetings of superiors,	0.00	0.00	0.00	56.25	43.75	4.0

	subordinates and peers						
	Provide a common view of the organization	0.00	0.00	9.38	40.63	50.00	4.5
	Tie the organization together	0.00	3.13	6.25	43.75	46.88	4.0
	Enable the organization to focus on common issues	0.00	3.13	6.25	40.63	50.00	4.5
	Enable the organization to focus on critical success factors	0.00	3.13	3.13	40.63	53.13	5.0
	Develop a common vocabulary in the organization	0.00	3.13	9.38	43.75	43.75	4.0
6	To what extent are the following factors critical to achieving your firm's strategy?						
	Safety of operations	0.00	0.00	0.00	12.50	87.50	5.0
	Quality of vessels	0.00	0.00	3.13	9.38	87.50	5.0
	Reliability of operations	0.00	0.00	3.13	12.50	84.38	5.0
	Efficiency of operations	0.00	0.00	3.13	12.50	84.38	5.0
7	Please indicate the relative emphasis that your company places on the following attributes to attract - retain charterers						
	Lower prices	0.00	15.63	50.00	21.88	12.50	3.0
	Quality	0.00	3.13	0.00	3.13	93.75	5.0
	Safety	0.00	0.00	3.13	0.00	96.88	5.0
	Reliability of timely delivery of the cargo	0.00	0.00	3.13	9.38	87.50	5.0
	Tailor-made services (e.g. load lines on charterers' request)	0.00	0.00	12.50	46.88	40.63	4.0
8	Does your firm make strategic decisions based upon the initial strategic plan?	0.00	0.00	9.38	65.63	25.00	4.0
9	How important are to you the following strategic goals?						
	Increase geographic coverage	0.00	12.50	12.50	37.50	37.50	4.0
	Open offices in developing countries	28.13	34.38	18.75	12.50	6.25	2.0
	Maintain market position	0.00	0.00	3.13	25.00	71.88	5.0
	Enlarge the fleet	0.00	0.00	6.25	68.75	25.00	4.0
10	Which of the following best represents the way your company is keeping up with environmental regulations?						
	Modern vessels	0.00	3.13	12.50	18.75	65.63	5.0
	Frequent inspections	0.00	3.13	0.00	9.38	87.50	5.0
	Training of personnel	3.13	3.13	0.00	6.25	87.50	5.0
11	Is there a possibility of higher profits when differences in customers'/charterers' needs are observed?	6.25	18.75	31.25	40.63	3.13	4.0
12	Do the changes in the legal system of your	9.4	6.3	34.4	34.4	15.6	3.5

	country affect the way your selective strategy is implemented?						
13	To what extent do cultural differences affect your firm's strategy?	9.38	6.25	34.38	34.38	15.63	3.5
14	Are the strategies that your competitors follow standardized?			YES=25% NO=75%			
15	Are there similarities in your customers'/charterers' agreements?			YES=53% NO=47%			
16	Does your company have decentralized administrative activities?	3.13	12.50	50.00	21.88	12.50	3.0
17	To what extent do the following strategic tools play an important role for you, when evaluating your firm's strategy?						
	S.w.o.t analysis	3.13	12.50	31.25	31.25	21.88	4.0
	Benchmarking	3.13	0.00	21.88	37.50	37.50	4.0
	Scenario planning	3.13	9.38	12.50	50.00	25.00	4.0
	Basic competences analysis	0.00	6.25	6.25	59.38	28.13	4.0
	Porter's 5 Ps	0.00	6.25	37.50	53.13	3.13	4.0
18	For each performance indicator, please circle the number the degree of conformity to your firm's goals over the previous year						
	Overall organization performance	0.00	6.25	3.13	59.38	31.25	4.0
	Overall organization profitability	0.00	3.13	15.63	65.63	15.63	4.0
	Relative market share for services	0.00	3.13	15.63	59.38	21.88	4.0
	Overall productivity	0.00	0.00	0.00	68.75	31.25	4.0

Table 11: Strategy evaluation questionnaire (Frequencies)

The above section is the fourth and last part of the questionnaire, where the top management is asked to give an overall assessment of the strategy they have chosen for their company. The questions at this point are more detailed and offer a full picture of every company's strategic framework. The answers here are provided again on a Likert scale from 1 to 5 (1: not at all, 2: to a small extent, 3: to a medium extent, 4: to a significant extent, 5: to a great extent). The last column of the table has to do with the median. The median is again used for the reasons mentioned above, showing at each

question or sub-question which is the most preferable extent of the five. Regarding the first question about the chartering strategies, almost every respondent agreed that the minimization of the off-hire period and the maximization of the freights are the top priorities. To a medium extent comes the short term / long term time charter or spot voyages, as it is a decision that depends totally on the ups and downs of the freight market. The trading area on the other hand plays a significant role, because if a company's specializes on one product, she is going to have some basic routes. If the managers decide to extent the activities by acquiring other types of vessels, that means that the trading area will change, and it is something that many companies pursue. This brings us to the second question, regarding the main strategies the companies follow. We are going through an era of great competition and that is why the acquisition of new buildings comes first (i.e. the continuous fleet expansion). In other words this means horizontal integration. On the other hand, the vertical expansion and the differentiation are of medium significance. That means that for the majority of the respondents it is more essential the solid establishment of a company first which comes through its enlargement, rather than expanding on a different sector or expanding on different business fields. The registration under flag of convenience is also essential, as it provides many advantages and tax reliefs to the shipping companies. The next question is about the competition from other companies and the majority of the answers gathered at the significant extent. This makes sense of course, because if a company is not concerned about the moves of its competitors and is unaware of their progress, then it will be difficult to reach their level and then become better than them. The next question concerning the extent of clients'/charterers' satisfaction gathers 78, 13 % of the answers at point 5 (great significance). The opposite would simply be a huge mistake! Regarding the next question and the extent to which the top management of the companies relies on a range of performance measurement systems, one thing is for certain. Of great significance is to monitor the results and the progress of its company in comparison to the initial goals set. Apart from that, the top managers constantly try to tie the organization together and create a united communication system. The next two questions point out the fact that for a shipping company the quality of the vessels as

well as the quality, reliability and efficiency of its operations are the main concerns of the executives. Question 8 makes clear that 65, 63 % of the respondents agree that the strategic decisions of their company are in line to the initial strategic plan. But there also cases where during the life of a company, the environment changes and so change the decisions. The next question has to do with each respondent's personal goals. The majority believes that the most essential to maintain market position and not fall back. The acquisition of more vessels and as a result the increase in geographic coverage come second, while the possibility of opening offices in developing countries is partly irrelevant, at least at this time point of our survey. Regarding the next question and bearing in mind the new regulations concerning the environment, the training of the personnel on board the vessels and ashore, the modern vessels that comply with all the new regulations and restrictions as well as the frequent inspections all are of great importance to the respondents. The following question has to do with the possibility of achieving higher profits when some difference in clients' needs is observed. The majority think that this represents a significant extent, as a difference might lead to a new approach, which might be more prosperous! The next question has to do with the legal system in Greece. It is true that the majority of the shipping companies usually face tax problems and that is the main reason why they prefer to register their vessels under flags of convenience. In other cases, the legal changes might have impacts on the shipping sector and therefore drive managers come up with a different strategy. That is the reason why 53 % of the respondents agreed for a strategic change due to legal changes. Another problem that shipping companies often face is the cultural differences. Maybe not that much ashore, but on board the majority of the crew comes from different countries. As a result there might be communication problems and this is something that concerns not only the Greek maritime sector, but the international as well. In order to solve this problem, there might be changes in the selective strategy. This fact is representative for 68, 76 % of the respondents who are in the middle of medium to significant importance extent regarding this question. The following question is about the standardization it each company's competitors' strategies. 75 % answered that they are not standardized, which makes is more difficult to deal with

them, as they do not have something stable to face. Exactly 50 % of the respondents regarding the next question admit that their company has decentralized activities, which means that the strategic decisions are not only taken by the top management, but in cooperation with other managers and executives as well. This is much more better way, as they are in position of really knowing what is happening in each division of the company and be of better help when it comes to taking important decisions. Next come the strategic tools that were mentioned in a previous chapter. The question examines which are the most preferable when evaluating a firm's strategy. Scenario planning, S.w.o.t analysis, benchmarking, Porter's 5 Ps as well as basic competence analysis, all of them are of great significance. The respondents regarding the environment in which they operate, the difficulties they have to face, the basic characteristics, they decide which is the most proper to consult according to the above. The last question has to do with the conformity of each company to the goals over the previous year. Did they manage to reach them? The answer is to a significant extent (concerning the overall performance / profitability / productivity and market share), which simply brings us to the conclusion that they have made the right strategic choice, the right changes when needed and so they obtained the best results!

CHAPTER 7: CONCLUSIONS

No kind of company can be created, run successfully, be competitive, gain ground in the international market share without having a strategic plan to count on. How to draw its moves, how to confront with different situations, how to predict the future; all these are aspects of a successful strategic programming. Especially when it comes to shipping companies that are occupied in such a volatile environment where everything is literally liquid, strategy plays the most important role! If the top managers do not decide on a basic strategic plan, the company will surely not be in position of moving towards. In fact it has to be a flexible strategy, so as to make the right maneuvers and always be ahead of its competitors.

The types of strategy are many. The policy of the company has to be defined first and then the managers will decide on the best way to achieve this policy, which is through strategy. Policy shows what a company wants to do, at which point she wants to reach. Strategy shows the way, what needs to be done to approach that level. The choice of the right strategy is something that concerns the top management of a company and thus the owner in the first place, whose company is his child and then of course the managers. Another obligation they have to undertake is to constantly monitor and evaluate the results. Are they meeting their expectations? If not, then perhaps a change in the selective strategy is necessary. The environment in the maritime sector is extremely competitive and that is why no shipping company wants to fall behind. It is true that there many aspects to take into consideration, for example technological advantages, new environmental regulations, new methods in training, the acquisition of as modern vessels as possible, the moves of the competitors, the legal system in the country and so many more aspects need to be taken into consideration when deciding on a strategic plan. The fact that the Greeks have such a long history in the maritime sector brings to the fore the necessity of doing the right moves when it comes to strategy. They have to maintain this empire that they have built throughout the years and have brought huge amounts of money into the country. Considering the fact that Greece is such a small

country, the total Greek-owned fleet today literally rules the seven seas. The reason for that is the expertise, the notion, the character, the predictability, the risk taking and of course the passion and willingness to succeed from the side of the Greek ship owners. And of course the right choices. Right choices of people, timely right choices, right strategic choices in general.

As the questionnaire showed us the Greeks place great importance on their competitors. They know that they are not alone in this field and always keep an eye on their competitors' movements. They try to gather as much information for them as possible and when they do, they circulate them through the divisions in their firms so that everybody gets immediately informed and knows how to move on. It is very important for a shipping firm that the employees speak the same language in a metaphorical way, so that there can be really quick flow of information. Whoever is slow in that, it means that it is quite impossible to compete. The need to speed up is probably the most important element. Apart from that, there is also the need for quick scanning the clients and the charterers so as to see the points where they are not satisfied and take corrective actions immediately. As long as the evaluation of the implemented strategy, we have to admit that the Greek ship owners consider essential the speedy and safely delivery of the cargo which can only be achieved through modern vessels always in compliance with the newest regulations. In general they are in favor of horizontal integration, which means that there is great amount of specialization of every company in a specific sector. It should also be highlighted that the Greek ship owners place great significance to the seamen on board their vessels. They prefer Greek men, so as to help their country, especially during these rough times of fiscal crisis, even if it means greater cost for the owner. This also goes for the flag selection. The majority of the Greek vessels are registered under Greek flag. Again this means more tax contributions from the side of the owner, but this is a special feature of almost every Greek ship owner. Their love for their country and their need and enthusiasm to see the Greek flag travelling at every corner of the world is their personal goal and is a goal the all of them have. As long as the managers are concerned and their involvement in the strategic choice is a matter that plays a significant role. Their position is of great importance for a firm, as they are the

head of each department and know from the inside the pros and cons of them. They are the most proper people for carving the strategic line of a company. In fact, maybe sometimes even the owners become affected by their opinion and conclude to a certain strategy.

Taking everything into consideration strategy can be defined as an asset. An intangible asset, perhaps the most important one. A company might have everything; smart people, modern fleet, and great communication. But what happens if the owner or the managers do not know how to combine all these the right way to reach their objectives? This is what strategy does. It is that element that can make a company triumph if implemented correctly or drives it to catastrophe if implemented wrong. In the end we should keep in mind the following phrase, stated from Jeroem De Flander, a well-known author about strategy: *“strategy is thinking about a choice and choosing to stick with your thinking...”*.

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APPENDIX

Questionnaire

“Strategies in the Greek shipping firms”

My name is Evangelia Lagkadinou and I am a post graduate student at the University of Piraeus, department of Shipping. I am conducting this survey under the supervision of Professor Angelos Pantouvakis, in order to learn more about the strategic management and how it is implemented in the shipping enterprises. The survey will take approximately 20 minutes of your time, but it will be a huge contribution to this study and for that reason I highly appreciate your willingness to participate.

I guarantee confidentiality on your responses. Results will present aggregate numbers rather than specific information about your firms. I will be happy to share them with you as soon as this survey is completed. If you have any questions about this survey, please contact me at valialagadinou@hotmail.com or please call 6974383616.

1. General information

Name:

Age:

Position in the company:

Years in current position:

Annual income

25-50000 50-75000 75000-100000 100000-125000 125-150000 150-175000 175-200000 More.....

Highest level of education:

Senior high school.....

University degree.....

Technological institute degree.....

MSc.....

PhD.....

Other.....

E-mail..... Tel. +30.....

2. Company's general information

Please indicate

- a. Year your company was legally corporated:
- b. The company's owner is the President/CEO as well? Yes/No
- c. State the number of vessels under operation by your company
 - i) 1-3 ii) 3-7 iii) 7-10 iv) 10-15 v) 15-30 vi) 30-50 vii) 50+

Fleet structure (please mention number of vessels in each category)

a) Tankers

Handy..... Panamax..... Aframax..... Suezmax..... Vlcc.....Ulcc.....

Small tankers...

b) Bulk carriers

Handy..... Panamax..... Kamsarmax..... Post Kamsarmax.....Capesize.....

Vlbc..... Ulbc.....

c) Lpg's.....

d) Lng's.....

e) Containerships.....

f) Ro-ro.....

g) Other.....

Please mention total capacity of your fleet

a) Tankersdwt

b) Bulk carriersdwt

c) Lpg's.....m³

- d) Lng's.....m³
- e) Containeships.....teus
- d) Other.....

3. Strategy implementation

Please answer the following questions on a scale from 1-7.

(1:totally disagree 2:strongly disagree 3:disagree 4:neither disagree nor agree 5:agree 6:strongly agree 7:totally agree)

- 1) In our business unit, we meet with customers/charterers at least once a year to find out what products/services they will need in the future.
- 2) Individuals from our service department interact with customers/charterers to learn how to serve their needs better.
- 3) In our business unit we do a lot of in-house market research.
- 4) We are slow to detect changes in our customers'/charterers' preferences.
- 5) We survey end users at least once a year to assess the quality of our services.
- 6) We often share our survey results with those who can influence our end users' opinion.
- 7) We collect industry information by informal means. (e.g. lunch with industry friends, discussions with trade partners)
- 8) In our business unit, market intelligence on our competitors is generated independently by several departments in our firm.
- 9) We are slow to detect fundamental shifts and trends in our business environment, such as regulations, technology, etc.
- 10) We periodically review the effect of changes on customers, such as regulations, technology, etc.
- 11) A lot of informal talks in our unit concern our competitor's tactics/ strategies.
- 12) We have interdepartmental meetings at least once a quarter to discuss market trends and developments.
- 13) Marketing personnel in our firm spends time discussing customers' future needs.

- 14) We periodically circulate documents (reports, newsletters) that provide information regarding our customers.
- 15) When something of great importance occurs to our major customer's market, the whole firm is immediately informed.
- 16) Data on customer satisfaction are disseminated at all levels in our firm on a regular basis.
- 17) There is minimal communication between the divisions in our firm concerning market developments.
- 18) In our firm, the principles of the chartering/marketing department drive new product/services development efforts.
- 19) We periodically review our performance/services to ensure that they are in line with what our customers need.
- 20) Our business plans are driven mostly by technological advances rather than market research.
- 21) Our strategy line depends more on internal politics rather than market needs.
- 22) There is immediate response to our competitors' new strategies.
- 23) When we find out that our customers/charterers are unhappy with our services, we take corrective actions immediately.

4. Strategy evaluation

Please answer the following questions on a scale from 1-5.

(1: not at all 2: to a small extent 3: to a medium extent 4: to a significant extent 5: to a great extent)

1) To what extent are the following chartering strategies followed by your firm?

Minimization of off-hire period.....1 2 3 4 5

Maximization of freights.....1 2 3 4 5

Short-term time charter (max 1 year).....1 2 3 4 5

Long-term charter (min 1 year).....1 2 3 4 5

Trading area.....1 2 3 4 5

Spot voyage.....1 2 3 4 5

Other.....

2) To what extent has your company pursued the following strategies in order to achieve growth?

New buildings.....1 2 3 4 5

Second hand ships.....1 2 3 4 5

Continuous fleet expansion.....1 2 3 4 5

Vertical diversification.....1 2 3 4 5

Cut cost.....1 2 3 4 5

Differentiation.....1 2 3 4 5

Focus strategies (e.g. particular group of customers, product line segments, etc).....1 2 3 4 5

Flag of convenience.....1 2 3 4 5

Scrap vessels.....1 2 3 4 5

Back sales.....1 2 3 4 5

3) To what extent is your company concerned about the competition from other companies?

1 2 3 4 5

4) To what extent do you consider customers'/charterers' satisfaction?

1 2 3 4 5

5) To what extent your top management team relies on performance measurement systems?

Track progress towards goals.....1 2 3 4 5

Monitor results.....1 2 3 4 5

Compares outcomes to expectations.....1 2 3 4 5

Enable discussions in meetings of superiors, subordinates and peers....1 2 3 4 5

Provide a common view of the organization.....1 2 3 4 5

Tie the organization together.....1 2 3 4 5

Enable the organization to focus on common issues.....1 2 3 4 5

Enable the organization to focus on critical success factors.....1 2 3 4 5

Develop a common vocabulary in the organization.....1 2 3 4 5

6) To what extent are the following factors critical to achieving your firm's strategy?

Safety of operations.....1 2 3 4 5

Quality of vessels.....1 2 3 4 5

Reliability of operations.....1 2 3 4 5

Efficiency of operations.....1 2 3 4 5

7) Please indicate the relative emphasis that your company places on the following attributes to attract and retain charterers.

Lower prices.....1 2 3 4 5

Quality.....1 2 3 4 5

Safety.....1 2 3 4 5

Reliability on timely delivery of the cargo.....1 2 3 4 5

Tailor-made services (e.g. load lines on charterers' request)....1 2 3 4 5

8) Does your firm make strategic decisions based upon the initial strategic plan?

1 2 3 4 5

9) How important are to **you** the following strategic goals?

Increase geographic coverage.....1 2 3 4 5

Open offices in developing countries.....1 2 3 4 5

Maintain market position.....1 2 3 4 5

Enlarge the fleet.....1 2 3 4 5

10) Which of the following best represents the way your company is keeping up with environmental regulations?

Modern vessels.....1 2 3 4 5

Frequent inspections.....1 2 3 4 5

Training of personnel.....1 2 3 4 5

11) Is there a possibility of higher profits when differences in customers'/charterers' needs are observed?

1 2 3 4 5

12) Are there similarities in your customers'/charterers' agreements? Yes/No

If Yes, how do they affect your company's strategies?

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13) Do the changes in the legal system of your country affect the way your selective strategy is implemented?

1 2 3 4 5

13) To what extent do cultural differences affect your firm's strategy?

1 2 3 4 5

14) Are the strategies that your competitors follow standardized? Yes/No

15) Does your company have decentralized administrative activities?

1 2 3 4 5

16) To what extent do the following strategic tools play an important role for **you**, when evaluating your firm's strategy?

S.w.o.t analysis.....1 2 3 4 5

Benchmarking.....1 2 3 4 5

Scenario planning.....1 2 3 4 5

Basic competences analysis.....1 2 3 4 5

Porter's 5 Ps (**p**ower of supplies, **p**ower of customers, threat of established **p**roducts, new **p**roducts, substituted **p**roducts).....1 2 3 4 5

17) For each performance indicator, please circle the number that best indicates the degree of conformity to your firm's goals over the previous year:

(1:very poor performance 2:poor performance 3:met goals 4:good performance 5:very good performance)

Overall organization performance.....1 2 3 4 5

Overall organization profitability.....1 2 3 4 5

Relative market share for services.....1 2 3 4 5

Overall productivity.....1 2 3 4 5

Thank you for your time