



Shipping management executives; young blood, new ideas and a fresh outlook point to a better future.

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It takes only a few visits to shipping offices nowadays to witness that there have been profound changes in the composition of shipping management executives. I am referring not just to those executives linked to ownership but also to those that are the senior departmental managers of such shipping offices and together with the owners form the management of each company.

The first thing that strikes the visitor is the youth of many such executives. Gone are the days when white hair and 50+ ages were the norm. Although older executives are still in evidence, they are now joined by young, smartly dressed and well educated colleagues. The younger executives may lack the experience of their older colleagues, but they quickly overcome such drawback by their quick learning skills. In addition, in line with their education they are often more articulate and able to present their ideas in writing supported by analysis and research. Equally committed to success they are not as bound as the “old guard” by what is possible or should be done. They are often able to come with a fresh approach or a spherical view of how an issue or a problem should be tackled. Often their ideas may be impracticable or no feasible but not being used to only consider the proven / tested traditional method has its advantages. As a minimum, it challenges their older colleagues’ stereotyped views and forces them to not only justify them but to also re-evaluate them and possibly improve them.

Younger, well-educated executives often enjoy the benefits of seeing issues, in a wider context and / or in allowing their views to be influenced by older considerations outside the strict and narrow criteria of their position. For example, the optimum technical decision may result in anomalies for other departments. Arriving at the optimum all rounded and balanced decision is the true art of management.

An open mind is also closely associated with access to and search for information. Clearly, young executives are more familiar with information gathering (via the internet or otherwise) as well as making use of such information on a 'real time' basis.

Having the above qualities does not guarantee success, as there are many character related strengths and weakness that heavily impact on individual executives' ability and contribution. In addition, not all young executives possess all of these desirable characteristics. However, it is true to say that on balance such characteristics are positively correlated to youth and education.

It is important, however, not to underestimate the value of the experience that the older and shipping bred executives possess. Often such experience especially addressed to effectively responding to urgent problems, make the real difference between success and failure. What I consider to be the best management model is one of "symbiosis" where both types of executives co-exist and interact harmoniously with both types fully reflecting and making best use of each other's strengths for the common good.

At the higher management level (often linked with ownership), we find an increasing number of examples of older, capable, experienced and well-educated executives that no doubt are particularly valuable and effective. Many times such people come from areas not directly associated with shipmanagement such as banking, insurance, services, etc. they bring with them a different but relevant background and a different way of thinking which if coupled with a commercial / entrepreneurial spirit may well be highly successful.

I wish to draw readers' attention to some changes in management decision making. Whereas in the old days the owner's view (often an ex-captain) was the law and few would dare to doubt it, nowadays, management decisions are a more democratic process. Although the final decision is still with the owner, many owners have come to invite and respect the views of their executives. Instead of suppressing them, progressive owners find value in inviting executives to offer their ideas or to show their initiative. In this way, if adopted, such decisions are pursued with greater dedication by everyone.

I do not wish to be drawn too heavily to the strengths and weaknesses of the autocratic versus democratic style of management. I only wish to make the point that there are new examples of both types in shipping management today.

We should all be aware that in other industries too there have been similar changes. Consequently, shipping executives' counterparts in other related industries, such as banking, insurance and services, are often of a similar age, education and approach. Instead, it could be said that until the last 10-15 years, shipping had been left behind other industries. However, shipping is now catching up fast, as the industry has attracted a whole new generation of young graduates as a successful industry, where they would find both a challenge and an opportunity to develop a successful career.

I wish to finalize by identifying yet another change that is taking place in shipping today and is fundamentally altering the way shipping companies develop. I am referring to the shipping industry's appetite over the last two years, for the public markets and access to fresh capital. Already there are about 8 companies which are publicly traded and as many that have commenced or are well advanced in the process of doing so. In addition, there are about a dozen which may be privately owned but are set up as corporates with a holding company structure. Similarly, quite a few are contemplating doing so.

For many owners, the traditional 'family' type of structure with separate individual shipowning companies still represents the optimum model. However, for banks that are important in providing loan finance and support corporate clients and for some owners that believe in growth using 'public' monies, a new shipping management style is required. Transparency calls for a different decision making process and for decisions being taken in the full light of day and which may often be challenged at a later stage. Furthermore, analysis, presentation and data support assume greater importance as one is dealing with "other people's monies". The corporatisation process calls for more professional executives being brought in to bolster the ranks of management bringing with them a different style of management not immediately linked to ownership.

Clearly, young educated and adaptive executives are well placed to take advantage of the shipping companies' drive for public listings. Often the 'due diligence' process, as well as subsequent reporting, analysis and decisions are easier to understand and to be followed by such executives.

Whereas the attractiveness of the public capital markets may wane over time, the process that has commenced is one that has already heavily transformed many shipping companies including many of the most dynamic and forward looking ones. Many such companies already have set up 'think tank' departments eagerly looking for fresh

opportunities within the different shipping sectors. The race is on to identify the opportunities for the next decade arising from the evolution and specific trends within the international economy and international trade.

Greek shipping has always prided itself on tradition, entrepreneurial spirit, know how, ability, commonsense, the skill to deal with multiple competing problems, managing older vessels, lower operating costs and a sense of good timing in investment decisions. Whereas many of these advantages do remain, some, such as operating cost competitiveness, have been largely lost to cheaper developing shipping countries. In addition, the new regulatory environment and pressures for quality shipping have reduced the room for maneuvering available to owners. In response, Greek shipping has undergone a quality revolution by investing in newbuildings and younger tonnage as well as in developing better management techniques. At the same time, efforts have been made to increase the size of fleets and achieve economies of scale. All the above show the commitment by owners towards shipping. As international trade shifts towards the Far East and as cost competitiveness is being lost, the success of Greek shipping will increasingly rest on the shoulders of the new management that has been taking shape over the last decade.

The challenge and rewards for Greek shipping to stay at the top position and to continue to out-compete its rivals in an increasingly hostile and protective regulatory environment is enormous. There is thus plenty of room and opportunity for young talent to join the industry and benefit from both the challenges and rewards it continues to offer.

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