

The background of the slide features a collage of Euro banknotes, including 100 Euro and 200 Euro notes, arranged in a circular pattern that resembles a funnel or a large coin. The text is overlaid on this background.

Making Money in a Tough Market – Athens 2015

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THE FACTS & A QUICK REVIEW

- **WORLD TONNAGE EXPECTED TO INCREASE SIGNIFICANTLY OVER THE NEXT 15 YEARS**
- **SHIPPING INCREASINGLY DRIVEN BY PRIVATE EQUITY**
- **COMPLEX CHANGES IN REGULATORY REGIMES IMPACTING ON OPERATING COSTS**
- **EVOLVING TECHNOLOGIES BECOMING INCREASINGLY IMPORTANT TO THE NEXT GENERATION OF SHIPS**

HOW CAN SHIPMANAGERS FIND SOLUTIONS TO ADDRESS TODAY'S CHANGING SEASCAPE AND SHAPE THE FUTURE?

SOME OF THE AVAILABLE SOLUTIONS ARE AS FOLLOWS:

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- **FIELDS ALLOWING SAVINGS / FLEXIBILITY**
 - **OPTIMIZATION IN OPERATING COSTS**
 - **STATE OF ART INFORMATION SYSTEMS TECH.**
 - **INOVATIVE TECHNOLOGY IN MECHANICAL SYSTEMS**
 - **TECHNOLOGICAL ADVANCEMENTS / UPGRADES SOLUTIONS AVAILABLE**
 - **STRONG SAFETY MANAGEMENT SYSTEMS**
 - **NEW SHIP OPTIMISED DESIGNS**
 - **FINANCING AVAILABLE TOOLS**

**THE TANKER INDUSTRY HAS CHANGED
SUBSTANTIALLY THE LAST DECADES**

- **DUE TO A NUMBER OF REASONS BUT MAINLY DUE TO THE TECNONOLOGICAL BOOMING IN THE COMMUNICATION TECHNOLOGIES IN CONJUNCTION TO THE GLOBALIZATION OF THE ECONOMIES.**
- **OTHER CHANGES PLAYED ALSO THEIR ROLE AS FOLLOWS:**

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- **INOVATIVE TECHNOLOGIES IN EXPLORATION**
- **CHANGES IN OIL AND GAS PRODUCTS**
- **NEW TRADING ROUTES AND CHANGES IN THE TRADITIONAL ONES INTRODUCING DIFFERENT SHIP SIZES TOO**
- **LATE ADVANCEMENTS IN SHIP DESIGN AND ENGINEERING INOVATIVE TECHNOLOGIES**
- **CHANGES IN TRADITIONAL FINANCING METHODS AND TOOLS**
- **INCREASED REGULATION**
- **INCREASED COMPETITION, ETC.**

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CHANGES IN:

- **SHIPPING CO. STRUCTURE**
- **FINANCING OPTIONS**
- **ASSET STRUCTURE AND CYCLE**
- **INVESTMENT CONCEPT**
- **TRADING CONCEPT**
- **MANAGEMENT STYLE AND APPROACH**
- **DECISION MAKE SPEED – SUPPORT & CLASSIFICATION**

SHIPPING MARKETS TRENDS

- **MARKET CYCLES / FREIGHT RATES CYCLES**
- **CYCLICALITY EFFECT IN SHIPPING INDUSTRY IS NOT NEW TO THE MARKET PLAYERS**

WHAT IS NEW?

COMPLEXITY: DUE TO MANY AND RAPID CHANGES INTRODUCED AS A DIRECT EFFECT OF THE GLOBALIZATION IN THE INTERNATIONAL TRADE AND FINANCIAL MARKETS

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MANAGEMENT OF CHANGES AND COMPLEXITY WHEN IS THE OPTIMUM TIME?

- **DURING STRONG MARKETS MAINLY BUILT UP THE STRENGTHS REQUIRED TO SURVIVE DURING THE TOUGH MARKETS**
- **IT IS LIKE THE TSUNAMI EFFECT, VERY LITTLE CAN BE DONE AT THE TIME IT COMES, YOU SHOULD HAVE BUILT UP PROTECTION AND SURVIVAL SHELTERS WELL IN ADVANCE**
- **IS THIS NEW TO THE MARKET PLAYERS? NO IT IS NOT**

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AESOP Fable 336

It was winter. Their grain was damp and the ants were drying it. A cicada, who was hungry, asked them for something to eat. The ants replied:

‘Why didn’t you too store up some provisions during the summer?’

‘I didn’t have the time for that,’ replied the cicada. ‘I was singing melodiously.’

‘The ants made fun of her:

‘Ah well,’ they said, ‘since you sang in summer you can dance in winter.’

This fable shows that in all things one should beware of negligence, if one wishes to avoid danger and trouble.

GOVERNING & DECISION MAKE LEVEL (OWNER – EXECUTIVE – MANAGER) DIFFERENTIATION

- **DIFFERENT APPROACH AMONG COMPANIES EVEN WITH SIMILAR STRUCTURES & SET UPS**
- **LACK OF VISION**
- **SPECIAL PURPOSE PROJECT/CO.**
- **LACK OF CAPABILITY IN DECISION MAKING**
- **“WRONG” HEAD’S VISION FOR THE NATURE OF THE CO.**
- **DISORGANIZATION**

KEY ELEMENTS ENSURING SUCCESS

- **ROBUST MANAGEMENT SYSTEM WITH A CLEAR AND FEASIBLE VISION**
 - **NO BOTTLENECKS AND CUT OFFS IN COMMUNICATION FLOW**
 - **NO NON ACCESSIBLE CORNERS**
 - **EXECUTIVE MANAGEMENT TEAM COMMITMENT**
 - **CO. STRUCTURE, SIZE, ENGANGEMENT**
 - **INVESTMENT PLAN & FINANCING STRUCTURE**
 - **FLEET CONTRACTUAL / ENGANGEMENT PLAN**
 - **COMPLIANCE**
 - **COMPETITION / REPUTATION**

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- **VISION**

- **DEFINE IT AND MAKE SURE THAT IT CAN BE MATERIALIZED**
 - **IMPOSSIBLE VISIONS ARE BY DEFAULT KEY ELEMENTS TO DIRECT FAILURES AND VERY RARELY CAN BE CHANGED**
 - **WRONG OR VERY OPTIMISTIC BUSINESS PLANS HAVE MINIMUM CHANCES FOR SUCCESS**
 - **VISION IS LIKE THE BLOOD IN A HUMAN BODY : BLOOD DISEASES ARE MOSTLY FATAL FOR THE BODY**
- A VISION SUPPORTED BY A WELL STRUCTURED, CALCULATED AND BENCHMARKED BUSINESS PLAN IS A MUST**

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- **EXECUTIVE MANAGEMENT TEAM**
 - **SELECTION CRITERIA & STANDARDS**
 - **QUALITIES AND CAPACITIES BASED SELECTION**
 - **MANAGERIAL CAPACITY & INTERLINKAGE ROLE**
 - **SAME VISION SHARED & SAME MESSAGE IS PASSED**
 - **CULTIVATE THE CO.S QUALITY AND SAFETY CULTURE**
 - **SHARE THIS CULTURE WITH THE BIGGER TEAM (OFFICE STAFF & CREW)**
 - **CREATE THE CO.s STANDARD WAY OF DOING THINGS IN A HOLISTIC APPROACH**

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- **CO. STRUCTURE, SIZE, ENGAGEMENT**
 - **“HOW MUCH IS GOOD ENOUGH”**
 - **WHAT SHOULD BE THE OPTIMUM SIZE OF A CO.**
 - **DOES THE DIFFERENT SHIP TYPES UNDER THE SAME MANAGEMENT WORKS OUT BEST OR NOT**
 - **SPECIALIZATION IS A MUST IN THE SECTOR**
 - **WHICH ARE THE CRITERIA IN SELECTING THE OPTIMUM SIZE – TYPE**
 - **WHAT WILL BE THE OPTIMUM MIXTURE IN SHIPS SIZES**
 - **WHAT WILL BE THE OPTIMUM FLEET AVERAGE AGE**

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- **INVESTMENT PLAN AND FINANCING STRUCTURE**
 - **TRADITIONAL BANKING LENDING**
 - **GO PUBLIC**
 - **WEALTHY INDIVIDUALS**
 - **MIXTURE OF ALL AVAILABLE**
 - **SET UP CO's R.O.I.**
 - **OWNING CO. OR MANAGEMENT**
 - **MANAGEMENT WITH WHAT % CONTROL FROM THE OWNER AND WHAT WILL BE THE REMAINING % OF INVESTORS**
 - **THINK CONSOLIDATION AND SYNERGIES**

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- **FLEET CONTRACTUAL / ENGAGEMENT PLAN**
 - **LONG TERM TC**
 - **VOYAGE TC**
 - **SPOT ENGAGEMENT**
 - **MIXTURE ACCORDING TO FLEET SIZE, TYPE, AGE,**
 - **CAN THE NB ORDER BE CONSIDERED AS AN OPTION IMPROVING THE FLEXIBILITY DURING INELASTIC MARKETS**
 - **CAN THE SECOND HAND MARKET BE CONSIDERED AS AN OPTION IMPROVING FLEXIBILITY DURING ELASTIC MARKETS**
 - **WEAK CONTRACTUAL DEALS WITH MARGINAL PROFITS FOR THE LONG TERM, TRAP AND SUFFOCATE CO.s LEADING TO DEFAULTS IN PROLONGED TOUGH MARKETS**

- **COMPLIANCE**

**SHOULD THE COMPLIANCE ASPECT BE
CONSIDERED AS AN OBLIGATORY BURDEN
WHICH SHOULD BE FULFILLED TO THE MINIMUM
BASIS AND ALWAYS HAVING A ROUND SHAPE?**

OR

**POSITIVELY CONSIDERED AS A POTENTIAL FOR THE
CO. TO DEMONSTRATE SIGNIFICANT CAPACITIES
AND QUALITIES , IMPROVING THE MARKET
SHARE AND ADVANCING THE CO's POSITION
THROUGH COMPETITION?**

COMPETITION / REPUTATION

- THE TREMENDOUSLY INCREASED COMPETITION WITHIN THE MARKET PLAYERS HAS DIVERSELY AFFECTED THE MOST SIGNIFICANT ELEMENT OF THE REPUTATION AMONG SHIPMANAGEMENTS.**
 - REPUTATION REFERS TO THE CO. AND MANAGEMENT TEAM AND NOT JUST TO THE OWNER**
- HOLISTIC APPROACH IN OPTIMIZATION DIRECTLY LINKED TO SAFETY AND QUALITY, ENSURES PERFORMANCE RESULTS, SURVIVES COMPETITION AND BUILTS UP REPUTATION**
- ENHANCED ROLES WITH DIRECT INVOLVEMENT AND LEADERSHIP OF HIGHLY QUALIFIED MANAGEMENT TEAMS AND EXECUTIVES IS A PREREQUISITE**

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- **THE HOLISTIC OPTIMIZATION APPROACH IN THE NEW ERA OF SHIP MANAGEMENT**
 - **CONTINUOUS PROFESSIONAL DEVELOPMENT ON BOARD AND ASHORE THROUGH QUALIFIED PEOPLE AND ADVANCED TRAINING**
 - **HIGHER LEVELS OF EFFICIENCY USING KPIs, VALUATION PROCESS IMPROVEMENT AND INVOLVING DYNAMIC SYSTEMS ANALYSIS AND BENCHMARKING**
 - **ENGAGEMENT OF ALL SHIPPING STAKEHOLDERS IN LONG TERM STRATEGIC THINKING, PLANNING AND DECISION MAKING**

END RESULT IS THE PROMOTION OF THE INDUSTRY'S HIGH PROFILE AND IMPORTANCE LEADING TO THE GLOBAL WEALTHNESS AND GROWTH THROUGH SEABORN TRADE.

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- **CONCLUDING**

- **NEW ROLES FOR THE MANAGERS AND EXECUTIVES REQUIRED**
- **NEW ROLES FOR THE OFFICERS AND CREW ON BOARD**
- **EFFECTIVE LEADERSHIP AND INVOLVEMENT FROM THE SENIOR MANAGEMENT IS A MUST**
- **CONTINUOUS IMPROVEMENT THROUGH TRAINING AND EDUCATION AS WELL AS PROJECT MANAGEMENT AND INVESTMENT IN THE HUMAN ELEMENT ARE DOMINATING THE ORGANIZATION PROSPERITY AND SUSTAINABILITY**
- **CONSOLIDATE – COLLABORATE & APPLY SYNERGIES AT ALL BUSSINESS LEVELS**