Profile

Pioneer in the study of shipping finance

Costas Grammenos has defined the parameters of the sector

Nicola Good

AS SOMEONE who has shaped the education of nearly 3,000 members of the shipping and offshore industries, it is fair to say that when Costas Grammenos speaks, people listen.

It is 28 years since Prof Grammenos introduced the MSc in Shipping, Trade and Finance at London’s Cass Business School. The world’s first university-level course in ship finance has been used as template for similar programmes across the globe.

During that time, the shipping industry has experienced extreme highs and lows. So what does the father of ship finance make of the current state of that business?

“We have a banking recession,” says Prof Grammenos. “It is not yet a depression, but bank finance will always be there. I believe that banking will continue to be the major source of finance for shipping.”

Even though the capital markets have their own problems at the moment, he believes that “the financial markets will always be there for the right companies”.

So what about private equity?

Although this is another source of finance, Prof private equity players tend to expect very high returns and that their investment horizon can be too short for shipping.

In the shipping industry, financially driven schemes are not always the ideal solution as shipping is more about knowledge than just the ability to raise finance, he says.

“The shipowner is the most important entity for the success of a project. It is not just the finance.”

As someone who has been generation of shipping leaders — he has taught students from more than 160 countries and many of them now hold leadership positions in the maritime industry — what characteristics does a shipowner need?

“Your need someone with knowledge and experience; someone who follows what is happening in the world economy and in trade, as well as political developments,” says Prof Grammenos.

“The person needs to be a keen observer but at the same time they need to roll up their sleeves and not be afraid of hard work. I always tell my students that there are three key ingredients for success: the first one is to work hard, the second one is to work hard and the third one is to work hard.

“And for many of my students a new day begins after 5pm.”

Prof Grammenos himself is clearly not afraid of hard work, as the author of several important publications, including the Handbook of Maritime Economics and Business and Revising Credit Risk, Analysis and Policy in Bank Shipping Finance.

The founder of the International Centre for Shipping, he has also been a driving force behind the introduction of three Onassis prizes for shipping, trade and finance that recognise academic success in these key areas.

For someone who felt that he was destined to join the Greek Royal Navy like his father and grandfather, taking a job at the National Bank of Greece in 1962 transformed Prof Grammenos’ career.

Not only did it give him insights into vessel finance that gave rise to his seminal publication, Bank Finance for Ship Purchases, but it also proved a stepping stone into the world of academia.

In making that move, Prof Grammenos has played a key role in defining the parameters of ship finance as we now know it.

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