



## Case 5: Dorian LPG's Rapid Fleet Growth: A Story of Maritime HR Planning and People Management

Maria Progoulaki and Konstantinos Tasoulis

It was another Friday evening at the office, when Dimitris was looking at the view of Piraeus port, thinking some words from the last meeting: “*We need to do what needs to be done, in order to be fully compliant, over and above regulations, industry standards and principals’ requirements. Our commitment to compliance ‘by-the-book’ is our way of doing business, and money should be spent for this concept*”. Dimitris is the Chief Operating Officer (COO) of Dorian LPG Management Corporation, the wholly owned subsidiary of Dorian LPG Ltd. Dorian is tasked with the technical management of the fleet owned by the parent company. Dimitris has been also a member of the shore technical management team since 2004, when the shipping company was a small one, with three owned ships on the water (plus two under management from other owners), manned with less than 80 seafarers and 17 people ashore. The Chairman and CEO John Hadjipateras, holding a long experience on tanker vessels management, had announced the new strategy of the company. He envisioned his 200-year-old family shipping company running in a niche market, that of Liquefied Petroleum Gas (LPG) carriers. LPG was considered one of the energy resources of the future, and at that time (2001), there were very few ships in the world, specialised to carry this dangerous, liquid commodity. The number of competitors in the LPG market was limited. Entry barriers were high, due to stringent regulations and industry standards. Clients were also few, and already known to the management team, as the same oil majors were chartering Dorian tanker vessels for decades. The option to buy second-hand ships was not even considered, as the characteristics of the existing fleet (in terms of ship age, capacity, technology) did not match to Dorian’s strategy which would focus on modern, fuel efficient ships with clear advantages over the existing ones.

---

M. Progoulaki (✉) · K. Tasoulis  
ALBA Graduate Business School & Deree School of Business, The American College of  
Greece, Athens, Greece  
e-mail: [mprogoulaki@acg.edu](mailto:mprogoulaki@acg.edu)

The company managed to raise funds from Norway and USA markets, and invested in building new, high specification LPG ships. The original order book of Mr. Hadjipateras to two world-class shipyards in Korea with the best know-how for this type of vessel included six LPG ships. In 2013, Dorian purchased the newbuilding contracts of Scorpio Tankers Inc. Scorpio, an emerging competitor with a different strategy and operational approach. Deliveries started in July 2014, with 16 new ships being delivered only in 2015, and 19 by February 2016, the company had more than tripled its fleet within a period of less than 2 years.

The rapid fleet expansion raised a great people management challenge. A vessel needs people to navigate her.<sup>1</sup> Consequently, an extensive Human Resources (HR) planning for both sea and shore based personnel was required. Considering the clients' demanding standards, the limited sources of qualified and experienced seafarers for the specialised fleet of Dorian, and the limited time for running the expansion and strategic HR Planning programme, the 'Dorians' knew they were facing a storm ahead. Today Dorian manages a fleet of 22 Very Large Petroleum Gas (VLPG) carriers, with an original purchase price for the whole fleet of US\$ 1.35 billion. The Dorian fleet represents 10% of the world Very Large Gas Carrier (VLGC) LPG fleet and holds the 2nd position globally.

---

## About Dorian

Constantine Hadjipateras, the great grandfather of today's company Chairman, John, was born in the small island of Oinousses on the east side of Greece. The family shares a ship managing tradition dating back more than 200 years. The company was named after the Dorians (in Greek: Δωριεῖς, pronunciation in English: Dōrieis), one of the four major ethnic groups in Greece during 2000 BC. The founder highly valued his family's reputation, on which trust with business partners and industry stakeholders was built and fructified throughout the years. The company's philosophy is based on five key values: (i) respect for the customer, (ii) commitment to quality, (iii) appreciation of each and every worker, (iv) contribution to community and environmental sensitivity, (v) tradition of hard work and modesty. The company is committed to safety; "*safety does not merely happen- it is the reward of good management, good housekeeping and good procedures*" ("Dorian LPG- Health, Safety, Environment and Quality", n.d.). Dorian S.A. was established in 1973. The Hadjipateras family holds experience and expertise on managing tanker vessels for the transportation of crude oil, which later expanded to the management of LPG ships. In 2000, the company owned a fleet of three LPG vessels, managed by third parties. Dorian started to manage its own LPG ships in 2002. The forward thinking strategic decision to focus on the LPG market was based on the belief that LPG energy fuel production and consumption would increase in the future, as the world increasingly looks for cleaner energy. Thus, the LPG market was evaluated as an attractive and profit-promising segment in the shipping industry, with entry barriers

---

<sup>1</sup>The use of the pronoun 'she' to refer to a ship is a common practice in the shipping industry.

feasible for Dorian to surpass. Competition back in 2000 when Dorian entered the LPG market was limited with very few players. Nowadays major global competitors in the VLGC market that Dorian operates include BW Gas, Exmar, Avance Gas, Astomos Energy and others.

Today Dorian provides in-house commercial and technical management services for its fleet, including its vessels participating in the Helios Pool LPG (Helios Pool) (Singapore). The company operates a fleet of 22 modern VLGCs, including 19 new fuel-efficient 84,000 cbm<sup>2</sup> ECO-class<sup>3</sup> (eco-) VLGCs and 3, 82,000 cbm VLGCs (the latter built between 2006 and 2008). The fleet has a total carrying capacity of approximately 1.8 million cubic meters and an average age of 2.8 years (as of April 30, 2017). The company has offices in Stamford, Connecticut (USA) where the headquarters are located, London (UK) and Athens (Greece). Corporate and financial management is operated by the Stamford office. Marine operations, technical management, Health, Safety & Environmental Management (HSE), supplies and accounting activities are run from the Athens office, while chartering, legal and commercial operations are conducted in London. Crewing (management of the seagoing personnel) is conducted by the Athens office, in collaboration with Magsaysay Inc. (Magsaysay) (the Philippines) and Pasat Ltd. (Pasat) (Croatia).

## Timeline

In the first months of 2014, the executives' team had already started work in crafting of and executing a large fleet expansion programme. At that time, the team had to create a plan, seize its existing resources and needs, and be prepared for carrying out a complex and difficult project. A year earlier (July 2013) the company had managed to raise capital from the Norwegian Over The Counter Market (NOTC), which offered low liquidity, but whose players are familiar to the dynamics and conditions of the shipping industry. In February 2014, Dorian announced that it managed to complete a US\$ 100 million Private Placement (with a plan to use the proceeds for the partial finance of the eco-class VLGCs under construction and for general corporate purposes including working capital and transaction costs (Dorian LPG 2014). Dorian closed its initial public offering on May 13, 2014 at an offer price of US\$ 19 per share, and successfully stepped in the public domain on the New York Stock Exchange market (NYSE: LPG). In October 2013 Dorian announced that it has successfully come to an agreement with Scorpio to acquire its VLGC newbuilding contracts, associated deposits of US\$ 83.1 million, and a cash contribution of US\$ 1.9 million in exchange for US\$ 39.9 million newly issued Dorian shares representing 30% of the Company's pro-forma outstanding shares. Concurrently with the completion of the transaction between Dorian and Scorpio, Dorian has also declared the

---

<sup>2</sup>cbm: cubic meter (m<sup>3</sup>), a measurement of volume that an ocean freight shipment can take, equal to space of 1 m wide, 1 m long and 1 m high.

<sup>3</sup>ECO-class: ECO design of ship ensures improved fuel efficiency through incorporating hull optimisation, engine features and technical specifications.

two options that were acquired from Scorpio increasing its fleet to 16 ‘sister’<sup>4</sup> eco-VLGC with deliveries in 2014 and 2015 from Hyundai Heavy Industries Co. Ltd. (HHI) and Daewoo Shipbuilding & Marine Engineering Co. (DSME) (Dorian LPG 2013a, b). After the first few months of 2014, the enormous restructuring programme concerning the operation and HR management of Dorian in Greece began to take shape.

The company’s ship newbuilding plan relied on the construction experience and expertise of HHI and DSME. Ships were designed to meet future international environmental regulations and deliver economic performance (ECO-class) with low fuel consumption engines and optimised hulls. The first two new built eco-ships were delivered in 2014, followed by a mass delivery of 16 in 2015. The last eco-VLGC was delivered in 2016, completing the fleet of 22 (including three regular VLGCs). On April 1, 2015, Dorian and Phoenix Tankers Pre Ltd. (Phoenix) began operations of the Helios Pool, a commercial pool of VLGCs whereby revenues and expenses are shared. The intention of Dorian is to pursue a balanced chartering strategy by employing its vessels on a mix of multi-year time charters, some of which may include a profit-sharing component, shorter-term time charters,<sup>5</sup> spot market voyages<sup>6</sup> and Contracts of Affreightment<sup>7</sup> (COAs) (Dorian LPG 2017). Dorian’s major clients include: Exxon Mobil Corp., China International United Petroleum & Chemicals Co. Ltd., Royal Dutch Shell plc, and other oil and gas producing companies. Also, commodity traders (Itochu Corp., Vitol Group), and importers (EI Corp., Indian Oil Corp.) form an important part of its business.

---

## The Market of LPG Transport

Liquefied Petroleum Gas (LPG) is mainly a fossil fuel, which can be manufactured during the refining of petroleum (crude oil) or extracted from petroleum or natural gas streams emerging from the ground. LPG energy source, commonly known as propane or butane, is flammable but non-toxic gas, with multi-purpose applications in commercial business, transportation, production, farming, power generation, heating and cooking. LPG is transported in bulk via specialised ships or pipelines. The gas (propane, butane or in a blend of two) is carried in forms of ambient

---

<sup>4</sup>Sister vessels: ships that are of the same class or of virtually identical design; can be easily chartered under COA.

<sup>5</sup>Time charter: type of chartering where a merchant (charterer) hires the ship for a specific period of time, which may vary from days, weeks, months or years.

<sup>6</sup>Spot market voyage: type of chartering where the ship is chartered to carry an agreed quantity of cargo from port A to port B (voyage). The spot market is highly volatile, because commodities are traded immediately (‘on the spot’) and ships are employed voyage by voyage.

<sup>7</sup>Contract of Affreightment (COA): a contract according to which the shipowner agrees to carry goods for the charterer in the ship, or to give the charterer the use of the whole or part of the ship’s cargo carrying space for the carriage of goods on a specified voyage or voyages or for a specified time. Under this chartering type, the agreement is usually on a consecutive voyage basis, and multiple vessels may be involved.

temperature under pressure, or insulated tanks at liquefaction temperature ( $-5^{\circ}\text{C}$  to  $-45^{\circ}\text{C}$ , depending on the gas mixture) under atmospheric pressure, or in combination of liquefaction temperature under pressure. Thus, the gas in an LPG tank is squeezed and occupies 274 times less space as a liquid, compared to the actual amount of energy contained. Demand for LPG has been steadily increasing the last few years (UNCTAD 2012). As of July 1, 2016, 234 fully refrigerated VLPG carriers were in service globally, and 52 on order (Corkhill 2016). The main trading route in this industry has been traditionally from the Arabian Gulf to Asia. With the emergence of Houston as a major LPG export hub and the 2017 initiated new locks of the Expanded Panama Canal, the US Gulf to Asia has become a faster, thus a more busy, trade route (from 45 to 25-day voyage).

Following Porter's (2008) five forces industry analysis model, Hokroh (2014) assessed the bargaining power of specific groups of stakeholders. In terms of competition, the international seaborne LPG transportation services are generally provided by two types of operators: LPG distributors and traders, and independent ship managers like Dorian. Vessels in the LPG market are operated under time, bareboat<sup>8</sup> or spot charters, or alternatively under COA. LPG distributors and traders use their fleets not only to transport their own LPG, but also to transport LPG for third-party charterers in direct competition with independent LPG shipowners/operators (Dorian LPG 2017). The buyers of transportation via sea are oil and gas companies, including several states of the Organisation of the Petroleum Exporting Countries (OPEC) and members of the Oil Companies International Marine Forum (OCIMF) (e.g. Saudi Aramco, Pemex, PdVSA, Petrobas, Statoil), and international oil companies (ExxonMobil, Royal Dutch Shell, BP, Chevron and others); the latter known as 'Big Oil' ('Oil Majors' in the past). The market is generally considered concentrated, while since 2014 a large number of investors were attracted to the biggest publicly traded oil companies (Rapier 2016). OPEC's decisions play a major part in pricing, because the OPEC countries produce the largest percentage of the world's oil supply.

The oil and gas industry has specific key entry barriers, affecting the decision to invest in this market: large initial capital requirements, patents of technology and innovation, ownership of resources, huge fixed costs of setting up a fully integrated operation, government regulations, predatory behaviour by cartels and relationships with governments (Gupta 2016; Jones et al. 1978; Llewellyn Consulting and Puma Energy 2013). Several market experts predict that new entrants will put negative pressure on spot freight rates as more vessels compete for same cargoes. The unprecedented levels of LPG produced for export in 2015, in combination with a balanced VLGC fleet drove spot rates for such vessels to near record highs of US\$ 3.7 million per month by July 2015. A tonnage influx equating to a 30% increase in the VLGC fleet in 2016, had driven VLGC spot rates down to US\$ 1.7 million a month by January and as low as US\$ 405,000 a month by July 2016 (Corkhill

---

<sup>8</sup>Bareboat chartering: type of chartering agreement wherein administrative and technical assistance is not provided by the shipowner. The charterer is responsible for providing crew, operating expenses, insurance and port expenses.

2016). Yet, the LPG market has a much more mature spot market than other gas markets (e.g. LNG); it is not as big project-based as LNG. This allows Dorian to exploit the advantages of a multiple chartering strategy and the benefits of joining the Helios Pool, where the majority of its fleet is chartered in the spot market.

---

## Strategic HR Planning and People Management

Considering the time schedule of the new ships' delivery, Dorian executives' team decided to craft a maritime HR planning and people management programme and execute it alone, without involving external consultants. Utilising the experience in managing and manning a fleet of six vessels (two oil tankers and four LPG), the challenge of HR planning was now linked to the company's fleet expansion strategy, thus the order of initially three, then six more, followed by the acquisition of 13, ending with 19 new VLGCs, and a fleet of 22 in total. The greatest challenge was to be prepared for the mass delivery of the new vessels in a very short span of time (about 18 months from first to last vessel delivery). The aim was to man the soon to-be-delivered vessels and enhance the staff ashore for the effective and safe operation of the fleet. The management team knew that due to the complexity of the rapid fleet expansion project in such a specialised market, the strict clients' requirements concerning Dorian employees' profile and the limited sources of available and appropriate seafarers, the cost for people management would increase enormously. However, the relative cost was taken as an investment in people, not a waste of money and a necessary element for the success of the whole project. The profitable market at that time did not require from the company forced economising; on the contrary, the conditions of the project allowed the executives team to proceed to operational actions needed for the future fleet to be managed effectively. The Big Oils clientele of Dorian had specific requirements for the qualifications and experience of the staff. Based on Tanker Management Self-Assessment (TMSA) programme, issued by OCIMF, vessel operators are encouraged to assess their safety management systems, measure them against listed key performance indicators (KPIs) and improve them based on the provided best practice guide. Oil companies exercise due diligence in selecting well-maintained and well-managed ships for charter (OCIMF 2008); part of their auditing process focused on the recruitment and management of the shore-based and vessel personnel.

The special conditions of Dorian's rapid fleet expansion dictated a difficult and complex people management system for the seagoing and the shore-based personnel. In the case of the office in Greece, the organisational structure of the company has been evaluated, and after analysing the workload, possibilities of merging departments and other options, the organisational structure remained the same during and after the fleet expansion; only the people flow increased significantly. The offices in Greece, UK and the USA managed recruitment (i.e. advertising job posts, receiving CVs, short-listing, interviews, selection and hiring) on their own under the approved plan, but all key hirings (i.e. manager level) were being individually approved by the Stamford office too. The number of Dorian shore- staff in Greece

grew from 17 in 2002 to 47 people in 2017. Its sea staff strength grew from approximately 100 in 2002 to around 1000 in 2017, including stand-by seafarers. The pool of seafarers is managed by Dorian through a crew department in Greece (with a team of five), and the two manning outsourcers (Pasat and Magsaysay). Concerning the shore-based staff, an HR Coordinator manages administrative issues (hiring process, screening, short listing candidates), while key HR decisions (identifying the needs, setting the criteria, interviewing and approving candidates) are taken by the company's top executives.

For the office in Greece, the management's desire was to hire people ready to take on duty immediately. This led to headhunting and lateral moves of professionals for positions ashore, and luring with attractive remunerations, crew rotation and regular employment for the seagoing personnel. Dorian's low turnover for both sea and office personnel was a goal, due to TMSA's requirements for monitoring the retention rate. The retention rate was 97% for the sea staff and even higher for the shore staff. Although this can be generally linked to personnel's loyalty and job satisfaction, the management team understood that they had to question whether high retention rates ensure extremely high quality of employees. The clients' external auditors have highlighted the risk of very high retention rates, as this may hide retention of less effective workers.

Dorian's special recruitment, training and compensation people management programme (further discussed below) cost about US\$ 5 million, for training the additional crew alone to meet the market's stringent standards. Today Dimitris confesses that

*the high cost of implementing the maritime HR planning and people management programme was worth it; in fact, essential in our opinion. The company's principals communicated the need for such a people management cost to the shareholders immediately and very clearly, everything was transparent, and most importantly, logically justified. The HR cost was budgeted in the overall fleet expansion project, because it was needed to make the fleet operational at the standards we had built our market reputation on. Everyone, and critically our executive team and shareholders, understood and acknowledged that need signing off the necessary investment early on.*

## Sea-Going People Management

The complicated fleet expansion project relied heavily on the careful crew planning, so as to ensure that within a year the company would have adequate number of fully qualified and experienced officers to lead the new fleet. TMSA aimed to ensure that all vessels in the fleet have competent crew who fully understand their roles and responsibilities, and who are capable of working as effective teams. Further, the clients' requirements emphasised on the qualifications and experience of the top four heads in the ship's hierarchy,<sup>9</sup> i.e. senior officers. The biggest challenge in the

---

<sup>9</sup>Ship's hierarchy and ranks: ship's staff is divided by the deck, engine, steward department and other. The captain (or master) is the ship's highest responsible person on board, acting on behalf of



hiring process was linked to the level of skills required per rank and the years of experience needed both on the specific ship type and the specific company's management system. Recruitment specifications were determined by Crew Requirements Matrices, slightly different among the Big Oil principals. In order to satisfy these complicated and demanding restrictions, Dorian decided to follow the stricter matrix. The main problem came from the "*time in the same type of tanker*" requirement. In the case of Dorian, this meant LPG ships, and more importantly similar LPGs to the ones Dorian was building (i.e. VLGC, the largest available size). This requirement narrowed the pool of available officers significantly. For this, "*the only remedy was to accept LPG qualified officers from different LPG types and sizes, and train them on the existing LPG fleet during the same period (four months in total, two times of two months each)*". The COO explained that in terms of the required seagoing personnel it was extremely difficult to manage compliance to the customers' requirements if not rotating the top four senior officers more frequently and training on board the new-joining senior officers. The crew rotation plan was developed to ensure not only principals' requirements, but also satisfy crew's desire for a work- life balance. The idea was to identify the actual number of seafarers required in order to fulfil a position on board, depending on seafarer vacation (or employment) duration ratio.

The most difficult requirement during the expansion was the "*time with operator*" part of the matrix, which necessitated the company to go with the training programme. Until the fleet enlargement the company was also employing Croatian cadets (i.e. junior officer trainees on board). This development programme was ceased for 1.5 year, due to the urgency to train new fully qualified, certified and experienced officers. Each available cabin on board had to be utilised for the urgent training programme. The onboard employment was following the ship type's safe manning<sup>10</sup> restriction of minimum 22 (plus two cadets) while a few other vacant cabins existed. The cabins occupied by cadets were given to new trainees while 2 or 3 vacant ones (depending on the ship) were also reclaimed. A policy of maximum 5 trainees were imposed to ensure their training did not overwhelm the existing crew. It is worth noting that all new comers were senior officers, thus fully qualified and active professional sailors, being asked to be trained by the same-ranked colleagues on the specific ship type (i.e. VLGC) and the specific company's Safety Management System (SMS).

To assist on the speedy induction of the new entrants on board, Dorian developed in-house a web-based familiarisation programme that was offered before sign-on; the Dorian Training System (DOTS). While the company has been using third-party

---

the shipowner. The main ranks on board are: Senior officers (i.e. captain, chief officer/mate, chief engineer and second engineer), officers (or junior officers, i.e. third, fourth assistant engineers), and ratings (lower level crew of mariners without a certificate of competence). Cadet captain and engineer are unlicensed trainees that may also be part of the crew.

<sup>10</sup>Safe manning: describes the minimum number of duly certified deck officers and engineers, as well as overall personnel that every vessel must carry on board. The manning scales depend on the type and size of vessel, the trade in which she is engaged, and other factors (see IMO 2011).



independent training providers for the sea staff, they found out that the web-based training was mitigating the burden to group seafarers and train them in-class. The familiarisation training programme, mandatory by international regulations, describes the company's safety, quality and environmental protection policies and procedures. For other training programmes, Dorian appoints independent training providers per occasion. In terms of the cultural synthesis of the crew, the top management team believed that there was no time for testing; thus, decided to retain the known crewing companies for outsourcing foreign crew. Pasat and Magsaysay were already supplying the company with Croatian officers and Filipino ratings. The previous experience of the company with the employment of Croatian seafarers was utilised. Dorian's order to its officers' supplier Pasat was clear: "*The fleet expansion does not allow us to be dependent on a single country for the provision of senior officers*". In order to reduce the cultural shock, the supplier targeted countries that have similar or close cultural profile to the Croatian and compatibility to the Filipino culture for matching to the commonly used cultural mix on board. Since the market of Croatian senior officers with experience on LPG ship operation was saturated, Pasat was directed to turn for LPG officers in Latvia, Russia and Ukraine; these countries are the ones recognised for the seafarers' expertise on LPG ships, along with India. The two main concerns in the selection of the seagoing labour sources were: the manning cost being influenced by the average market wages, along with the cultural synthesis of the crew per ship. For instance, a mixed nationality crew of Croatian officers and Filipino crew was less costly than a single nationality Croatian or Indian crew.

The compensation function of the seagoing personnel has been also affected by the fleet expansion and the maritime HR planning programme. The competition in the LPG market has long introduced a complex and expensive compensation system, comprising a base salary [way over the minimum wage of the seafarer collective bargaining agreement (CBA) as per International Transport Workers Federation (ITF)], owners' bonus and stand-by wages. Dorian aimed at developing an overall pay package that would attract experienced officers without resulting to an unsustainable crewing cost structure. Seniority bonuses (recognising serving time with the company) and pay allowance for time spent under shore training were some of the key benefits, apart from the basic salary and owner's bonus, that were adjusted for each rank individually to achieve that goal. All pre-existing benefits were honoured despite sometimes being not of insignificant cost. Other factors considered in the design of the compensation package, included: market perceptions towards the expertise of the seafarers of certain education and training, attractiveness of the salary in the targeted labour markets, competition with other shipping companies, cost of living in the source countries. On another point, stand-by wages represent a common practice in the tanker and gas market, as a way to retain an officer available for the company, while the sailor is off duty (not sailing). The free-lancing character of the seafaring profession has been a common problem for many shipping companies in the tanker shipping sector struggling to find appropriate quantity and quality of seafarers to man their fleet; offering attractive financial perks has been widely used

as an attraction tool (Progoulaki and Theotokas 2010). Stand-by wages may be of the same or reduced level of a working salary, but represent an important element of the overall pay package.

The big investment of the company to new recruits, training, compensation and rewards was very much linked to the need for ensuring a high retention rate of the sea personnel. Retention can be a difficult task in a market where seafarers are freelancers (Progoulaki 2012). Apart from the stand-by wages, the company had to apply a working scheme (as agreed in the seafarers contracts) that would satisfy the need of the seafarers for sufficient time ashore to spend with their family and friends. The contract scheme that applies today varies: 3 months on board and 2 or 3 months ashore.

The crew planning and rotation was received by the investors and shareholders of Dorian as a proof of commitment and 'by-the-book' focused management aiming at retaining high quality at all levels. However, the existing seafarers felt threatened by the new comers on board and the company's expanded pool. It was the personal intervention and declaration of Dimitris and other managers (i.e. Crew Manager) in conferences and officers meetings explaining and communicating the company's strategic plan and clarifying that future jobs were to be ensured, that eased their concerns.

## **Shore-Based People Management**

In the case of the office in Greece where the technical, operation and crew key ship management functions are taking place, the team of the shore-based personnel had to be enhanced. Hirings ashore have been taking place in parallel to the normal ship management operations and the recruitment of the seagoing personnel. Similar to the sea staff, the job description for all shore-based positions followed the requirements of the TMSA (OCIMF 2008). The aim of the TMSA is to ensure that the fleet is supported by key staff that is competent to carry out the full range of responsibilities and tasks. Thus, the recruiters of the company should check and verify validity of the new recruits' qualifications, offer a formal familiarisation, and identify any training needs. Moreover, the ship operator monitors the job retention rate, encourages and supports additional and higher education courses, and promotes appropriate interpersonal skills training.

Under the fleet expansion project, the shore staff recruitment strategy was to hire experienced and ready-to-work maritime professionals so as to enhance the existing teams and cover the extreme workload of operating the existing and expected new fleet, especially the 16 new vessels to be delivered all within 2015. The number of people ashore more than tripled; since there was no room for the new comers, the Greek branch moved to new premises in Athens, in order to facilitate the enlarged shore-based operations. The recruitment and selection process was done using regular tools, like advertisements, screening of applications, and multiple interviews. For key positions, attractive remuneration schemes were offered to professionals being employed elsewhere. The single HR Coordinator was in charge of the

process, while the executives' team conducted all interviews and the Stamford office approved the hirings, especially of new managers. Some additional rewards like private insurance, company mobile phone and laptop are also provided today.

With regards to the cultural synthesis ashore, almost all of the people working in Athens were and are Greeks, while in the UK the majority is local nationals, with limited presence of foreigners (i.e. a Greek, an Indian, and two Danes). The Stamford team generally comprises Americans with a couple of Indians too. In terms of turnover, there have been only two resignations due to promotions not being offered internally, thus career stepping up was offered from other companies. Overall, retention rate was extremely high for the shore staff. The main challenge that the executives' team had to deal with when increasing the number of people in the Athens office, was related to the varying corporate cultural values, working practices, professional behaviours and perceptions of the new entrants, when mixed to the old Dorian team. The new entrants were joining Dorian, coming from small or big tanker management companies. They were carrying knowledge and experience of the strict regulatory framework and the tanker industry standards, but also a different working culture - sometimes more laxed, more cost- prioritising or less quality-oriented culture. As Dimitris noted, *“we managed this by clearly communicating from the very beginning the strategic priorities and expectations of the company, not simply with regard to the execution of the fleet expansion project, but mostly on how we want things to be done. The ‘by-the-book’ mentality towards safety and quality is in all our procedures and had to be followed by all employees, since deviations, alterations and of course, non-compliance is non-acceptable because it will ruin the reputation of the Dorian brand. This is extremely important for a NYSE-listed company”*.

The term “Dorianisation” of the new staff, either onboard or ashore, was coined internally to describe this process of getting all those new people on the same values and operating principles that Dorian had been working on to that point and intended to preserve going forward – its culture.

---

## The Outlook

*“With the delivery of the CARAVELLE [ship] and the sale of the GRENDON [ship], our fleet is comprised solely of VLGCs and firmly positions us as a leading operator of modern eco- VLGCs focused on providing safe, reliable and trouble-free transportation”* –John Hadjipateras’ words in 2016 signalled the successful completion of the fleet expansion programme. Dorian’s main source of strategic competitive advantage is indeed, its large, modern, young eco-class VLGC fleet. In terms of future goals, Dorian is still in a growth mood, continuing to consider strategic opportunities, including the acquisition of additional vessels through joint ventures or business acquisitions and repurchases of its own securities (Dorian LPG 2017). While Dimitris, the COO and an ex-seafarer himself, emphasizes on the importance of a strict vessel maintenance programme, he also underlines the humans’ role, both on board, and from shore: *“The truth is that anyone can order tomorrow a ship*

*exactly the same like yours, if money allows. So, the only potential advantage can derive from the management of the fleet, which means, management of people that man the fleet or direct the crew from ashore. The expertise, experience of the seagoing personnel, the effective utilisation of these people, their learning ability, monitoring when the process has reached a plateau... people is the only thing that can make a difference in the long-run”.*

---

## Case Study Questions

1. Discuss the key people management challenges that Dorian faced.
2. Examine the links between Dorian’s business strategy, organisational culture and its people management system.
3. Analyse and critically Evaluate Dorian executives’ decisions concerning the selection of crew, by examining the cultural compatibility.

---

## References

- Corkhill, M. (2016, August 12). *LPG shipping retains strong fundamentals*. *LNG world shipping*. Retrieved from [http://www.lngworldshipping.com/news/view,lpg-shipping-retains-strong-fundamentals\\_44130.htm](http://www.lngworldshipping.com/news/view,lpg-shipping-retains-strong-fundamentals_44130.htm).
- Dorian LPG (2013a, October 28). *Dorian LPG Ltd. Announces agreement with Scorpio Tankers Inc. to acquire its VLGC fleet*. Retrieved from <http://www.dorianlpg.com/news-and-media/press-release-details/2013/Dorian-LPG-Ltd-Announces-Agreement-with-Scorpio-Tankers-Inc-to-Acquire-its-VLGC-Fleet/default.aspx>
- Dorian LPG (2013b, November 26). *Dorian LPG Ltd. announces completion of acquisition of Scorpio Tankers Inc. VLGC fleet and \$250 million private placement and declaration of 2 options*. Retrieved from <http://www.dorianlpg.com/news-and-media/press-release-details/2013/Dorian-LPG-Ltd-Announces-Completion-of-Acquisition-of-Scorpio-Tankers-Inc-VLGC-Fleet-and-250-Million-Private-Placement-and-Declaration-of-2-Options/default.aspx>
- Dorian LPG (2014, February 27). *Dorian LPG Ltd. announces completion of \$100 million private placement*. Retrieved from <http://www.dorianlpg.com/news-and-media/press-release-details/2014/Dorian-LPG-Ltd-Announces-Completion-Of-100-Million-Private-Placement/default.aspx>
- Dorian LPG (2017). *Dorian LPG Ltd. Quarterly Report pursuant to S13 or S15(d) of the US Securities Exchange Act, for the quarterly period ended December 31, 2016*. Retrieved from <http://www.dorianlpg.com/investor-center/financial-information/default.aspx?section=quarterlyreports>
- Gupta, K. (2016). Oil price shocks, competition, and oil & gas stock returns- global evidence. *Energy Economics*, 57, 140–153. <https://doi.org/10.1016/j.eneco.2016.04.019>.
- Health, Safety, Environment and Quality. (n.d.). Retrieved from <http://www.dorianlpg.com/operations/hseq/default.aspx>
- Hokroh, M. A. (2014). An analysis of the oil and gas industry’s competitiveness using Porter’s five forces framework. *Global Journal of Commerce and Management Perspective*, 3(2), 76–82. <https://doi.org/10.24105/gjcmp>.

- International Maritime Organisation (IMO) (2011, November 30). *Principles of minimum safe manning*, Resolution A.1047(27). Retrieved from [http://www.imo.org/en/OurWork/HumanElement/VisionPrinciplesGoals/Documents/1047\(27\).pdf](http://www.imo.org/en/OurWork/HumanElement/VisionPrinciplesGoals/Documents/1047(27).pdf)
- Jones, R. O., Mead, W. J., & Sorensen, P. E. (1978). Free entry into crude oil and gas production and competition in the U.S. oil industry. *Natural Resources Journal*, 18(1), 859–876.
- Llewellyn Consulting, Puma Energy (2013). *The changing face of the oil industry*. White Paper. UK, Switzerland. Retrieved from <http://www.trafigura.com/media/1362/changing-face-oil-industry.pdf>
- OCIMF. (2008). *Tanker management and self-assessment, a best-practice guide for vessel operators* (2nd ed.). London: Oil Companies International Marine Forum.
- Porter, M. E. (2008). The five competitive forces that shape strategy. *Harvard Business Review*, 86(1), 78–93.
- Progoulaki, M. (2012). The choice of seafaring profession. In T. Pawlik (Ed.), *Handbook of container shipping management: Volume 3- Human element in container shipping* (pp. 11–38). Bremen: Institute of Shipping, Economics & Logistics (ISL).
- Progoulaki, M., & Theotokas, I. (2010). Human resource management and competitive advantage: An application of resource-based view in the shipping industry. *Marine Policy*, 34(3), 575–582. <https://doi.org/10.1016/j.marpol.2009.11.004>.
- Rapier, R. (2016, March 30). *The 25 biggest oil and gas companies in the world*. Forbes Retrieved from <https://www.forbes.com/sites/rpapier/2016/03/30/the-worlds-largest-public-oil-and-gas-companies/#20fe6d731733>
- UNCTAD (2012). *Review of Maritime Transport 2012*. United Nations Conference on Trade and Development. New York/Geneva: United Nations. Retrieved from [http://unctad.org/en/PublicationsLibrary/rmt2012\\_en.pdf](http://unctad.org/en/PublicationsLibrary/rmt2012_en.pdf)