

Date: Aug 13, 2002
(Lloyd's List)
Business as Per unusual

A change of guard is under way at Heidmar, the product tanker operator located in the leafy Connecticut town of Darien. But this is not your typical case of the boss vacating his chair for his son.

Tired of shipping's reputation on the capital markets as an archaic relic, Per Heidenreich, chairman of Heidmar Inc, wants to turn the prevailing orthodoxy on its head.

"I want Heidmar to become the Dell of the shipping world," he declares.

He is not referring to Dell's stock exchange-listed status, though eventually he would not mind a listing of his own. He wants to replicate Dell's philosophy of custom-built computers in Heidmar's dealings with its oil company clients and pool partners.

"Dell does not manufacture a single computer," Mr Heidenreich says. "Most of that work happens in the back of a FedEx truck. The company's success is based on customer service. But while Dell deals in hardware, our model relies upon software: our people, technology and ideas."

These ideas have found voice in Heidmar's recent reorganisation, which establishes information technology solutions and lightering services as stand-alone business divisions.

Jim Lawrence, a Connecticut-based public relations consultant and a friend of Mr Heidenreich, describes his approach as "packaging the brains of shipping".

"Conventional shipowners spend money to buy ships and then work for 20 years to earn it back," Mr Lawrence says. "Per believes in collecting people rather than ships, and taking on that end of the business which few people want to do but which will always be necessary."

Finn Engelsen Jr, principal researcher at Oslo shipbroker Lorentzen & Stemoco and an authority on the product trades, offers another angle.

Oil companies these days are increasingly focused on costs," he says. "They do not want to employ rows of people sitting at desks calculating demurrage ? monotonous work that does not require too much supervision. Heidmar specialises in such work."

Mr Heidenreich says: "The industrial revolution is long dead. The manufacturing sector is the least important. A service revolution is what it takes to succeed today. I want us to be the recipient of outsourcing, whatever that may involve.

If you ask me to identify our assets, it is our people. We are not in the shipping business, we are in the people business. People is what creates success, and fortunately, we have been very good in finding and keeping talented people. Our motto is to work hard and have fun."

The philosophy of "people first, ships later" was enshrined in the erstwhile Heidenreich Marine's establishment in Greenwich in 1984. The business model was to timecharter ships in rather than purchase them.

Successful profit-sharing schemes with other owners and a strong commercial track record eventually led to the formation of the Star Tankers pool of panamax tankers in 1998. It has about 40 ships today, and the group hopes to grow the number to 50 by next year.

The Dorado pool of handysize tankers was established a year ago. It has eight ships at present, and has ambitious growth plans of its own.

Heidmar has recently teamed up with Paradise Navigation of Greece to build a 72,000 dwt tanker at Hudong Zhonghua Shipyard in China. The ship is expected to join the Star pool upon its delivery in 2004.

In a departure from its philosophy, Heidmar is taking a minority stake in the newbuilding. But Mr Heidenreich insists that this does not reflect a renewed interest in vessel ownership.

The backbone of Heidmar's pool operations is the proprietary vessel management software QFleet.com, which provides owners and charterers with voyage results, maintains voyage statistics, keeps track of vessel positions and provides real-time voyage information.

The firm has also developed Q88.com for tanker companies and QBulk.com for operators of dry bulk fleets. This software helps operators complete the complicated questionnaires required by terminals, ports and charterers regarding a vessel and its trading history.

These software programmes are the brainchild of Mr Heidenreich's son, Fritz.

Says the proud father: "The best investment I ever made was the computer I bought for Fritz in 1981, when he was 11. Our success is partly a mixture of his brains and my vision."

According to Mr Lawrence, information technology is the reason behind the success of the Heidmar pool. He says: "To my mind, and other owners have said the same thing to me, the one thing that differentiates the Heidmar pool is its transparency and openness. As long as people stay secretive, and shipping is full of them, the industry will never see any real consolidation and power. Heidmar shows us what can be achieved by being transparent."

The group has now been given a thorough makeover.

The new structure installs Heidmar Inc as the holding company, overseeing three distinct branches: traditional shipping, information technology and lightering.

Star Tankers Holdings, which oversees the pools, continues as a parallel unit under the parent umbrella, though not as a subsidiary.

The original Heidenreich Marine has become the first of these three subsidiaries. It is the managing agent for Star Tankers.

Heidenreich Innovations, headed by Fritz, and Heidenreich Lightering Services have been elevated to fully-fledged subsidiaries.

According to Fritz, Heidenreich Innovations plans to market Qfleet.com, Q88.com and Qbulk.com as standalone products to third-party clients.

The new Heidenreich Lightering arm is headquartered in Houston. Jim Bailey, a logistics veteran whose previous jobs include time with Fina, has been drafted in as the arm's chief executive.

Heidenreich Lightering has begun life with four chartered ships. It hopes to double this number by the end of 2003, and give established US Gulf players such as Neptune Orient Line subsidiary American Eagle Tankers and IM Skaugen a run for their money.

Mr Heidenreich has removed himself from the hurly-burly of daily management to become chairman of the parent group. He says his new responsibilities will be geared towards "strategic growth".

"Most people never know when to let go," he says. "I am trying to break the trend."

Tim Brennan, a graduate of the US Merchant Marine Academy at King's Point and who was formerly vice-president and general manager of chartering and operations, has been given the challenging task of heading the rump Heidenreich Marine. In his 30s, he has already been with the company for 10 years.

Charlie Tammara, Heidmar Marine's chief financial officer of long standing, and Star Tankers chief Jerry Townsend will continue handling the same functions in the expanded set-up, and will also serve as executive vice-presidents of the parent group.

Mr Heidenreich says he is happy to let Mr Brennan run the company that he founded, while son Fritz tests new ground with his IT outfit.

"Fritz's brain is always thinking about computers," he says.

"He is an aerospace engineer, and is cut out for the IT job. Tim and Fritz represent the next generation of employees that will assure our progression to becoming a logistics company in the oil service industry."

Where is this bandwagon headed? To a stock exchange listing, insist some analysts.

"I do not want us to be listed as a shipping company," Mr Heidenreich says. "Shipping is an insignificant industry on the stock exchange. Teekay Shipping is the biggest we have, and even that is considered "small cap".

"But if Wall Street ever labels us as a logistics company, I would say the chances of a listing are pretty good".

"He is not alone in his optimism," Mr Engelsen agrees. "The level of professionalism shown by Heidmar is hardly seen anywhere else," he says. "Teekay has already begun to change the attitude of investors on how shipping stocks are priced. [The Oslo-listed] Wilhelmsen is talking about becoming a logistics company. There is no reason why Heidmar cannot do it."