BlueSea Shipping

A simple maritime case for SWOT and TOWS

4 dry-bulk vessels • €20m revenue • one new customer opportunity

Goal: move from facts → SWOT → TOWS → strategic decision

Fictional teaching case. All company-specific figures are illustrative.

1. The company

Keep the starting point simple

Fleet

4 dry-bulk vessels
Transport grain and raw materials

Current business

Annual revenue: €20m
Operating costs: €15m

Financial position

Cash available: €6m
Approx. operating profit: €5m

Commercial strengths

15 years of experience
Several repeat customers

Current weakness

2 of the 4 ships are ageing
Major repairs next year: €2m

Key idea: BlueSea is a viable company, but part of its fleet is becoming expensive to maintain.

2. The new opportunity

A customer makes BlueSea a concrete offer

The customer offer

A grain exporter wants 2 ships for 3 years.

Proposed revenue: €8m per year.

What BlueSea earns today

The same 2 ships currently generate about €6.5m revenue per year.

Difference **€8.0m – €6.5m = €1.5m more revenue per year**

Over 3 years: €4.5m additional revenue, before considering costs.

The offer is attractive — but there is one condition.

3. The condition: install a cargo tracking system

A simple investment decision

What is it?

A digital system that helps the customer see where the cargo is and follow the transport more clearly.

What does it cost?

Total investment: €500,000

BlueSea has €6m cash, so it can afford the investment.

The decision

Should BlueSea spend €500k to secure a 3-year customer contract?

This is the central business question in the case.

4. There is also competitive pressure

A second external factor affects the decision

New competitor

A larger shipping company enters the same market.

It has a newer fleet and more vessels.

Price pressure

The competitor offers prices about 10% lower than BlueSea.

So BlueSea cannot rely only on “business as usual”.

It needs a clear strategic response.

5. SWOT analysis

Organise the facts before choosing a strategy

Strengths — internal positives

S1. 15 years of management experience
S2. Repeat customers and established relationships
S3. €6m cash available

Weaknesses — internal negatives

W1. 2 ageing vessels
W2. €2m major repair needs next year
W3. No cargo-tracking capability today

Opportunities — external positives

O1. 3-year customer contract
O2. €1.5m extra revenue per year
O3. Growing customer demand for digital visibility

Threats — external negatives

T1. Larger competitor enters the market
T2. Competitor prices are about 10% lower

6. From SWOT to TOWS

TOWS turns analysis into actions

SWOT asks: “What is our situation?”

TOWS asks: “What should we do?”

SO — Strength + Opportunity

Use available cash to install the system and capture the 3-year contract.

WO — Weakness + Opportunity

Fix the digital weakness by acquiring the tracking capability required by the customer.

ST — Strength + Threat

Use service quality, experience and customer relationships to compete on reliability — not only on price.

WT — Weakness + Threat

Review whether both ageing vessels should be kept, rather than spending heavily on both.

7. A simple financial check

Does the proposed investment look proportionate?

Investment

€500k
Cargo tracking system

Extra revenue

€1.5m per year

Contract length

3 years

€1.5m × 3 years = €4.5m additional revenue

Compare this with the €500k investment.

Important: €4.5m is additional revenue, not additional profit.

8. Recommended strategic direction

The case points to a clear, but not automatic, response

1. Accept the 3-year customer contract

It adds commercial stability and higher revenue.

2. Invest €500k in the tracking system

The investment removes a current weakness and enables the opportunity.

3. Compete on reliability and relationships

Do not respond to the larger competitor only by cutting price.

4. Reassess the two ageing vessels

Decide whether both are worth the €2m repair burden.

The TOWS matrix has converted the SWOT facts into concrete strategic actions.

9. The main lesson

What students should understand from the case

FACTS → **SWOT** → **TOWS** → **DECISION**

SWOT
organises the internal and external situation.

TOWS
combines those factors to generate strategic actions.

SWOT tells us where we stand. TOWS helps us decide what to do about it.