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Dear readers,

The growing international division of labor has triggered major changes in logistics chains during the past few years. Affected by market pressures, more and more companies are setting up cross-border purchasing and manufacturing networks. Those who wish to remain competitive have to make use of all the optimization potential that is available – on the purchasing side too. Consumers in industrial nations benefit from this, because they are able to obtain high-quality products at reasonable prices. Not least, the relocation of production to developing countries means that many people there are guaranteed an income and the opportunity to liberate themselves from poverty. The global division of labor will increase even further in the future, because companies will be required to concentrate on their strengths more than ever. The significance of intelligent controls for international flows of goods will increase at the same time.

But the past few months have demonstrated just how quickly the general conditions for companies can alter. The rapid changes in parameters will probably be with us for some time. Each company has to find its own response to this situation. It will be right for some to place their faith in outsourcing and global purchasing to an even greater degree, while others discover the advantages of using more local services and speeding up the process of “nearsourcing”.

The high speed, at which the general conditions are changing, calls for maximum levels of flexibility, whichever option is selected. Each individual change creates opportunities for suppliers, who respond in good time and adapt their processes to the new requirements. Companies now need warehouse and transportation networks, which can cushion changes to volumes, product lines, the size of consignments and many other parameters. As a logistics partner, Rhenus epitomizes the idea of being able to exactly adapt its services to the customer’s needs: We can handle complete global supply chains, but can also manage tightly defined individual tasks involving transportation or warehousing.

Flexibility can be vitally important – the Greek poet Aesop discovered a striking image for this in the fable of the oak tree and the reed: initially, the tree seems to be the stronger of the two without any doubt – but when a storm comes, the oak tree is uprooted and the flexible reed survives.

Partnership with the Rhenus Group ensures that our customers have access to flexible services and are able to act. Both sides have enormous opportunities to succeed if they search for the best solution together. Companies, which cooperate with us for the first time, gain new room to maneuver; within existing business relations, we are constantly searching for new ways to enlarge our customers’ freedom of movement. This gives rise to concepts, which provide the best possible results, even in stormy times.

Ihr Klemens Rethmann
Chairman of the Board
Between Globalization

Solutions for the smooth flow of materials across international borders.
Integration and Nearsourcing

International frontiers – the basis for individually optimized logistics concepts
Many companies are making it a top priority to improve the ability of international supply chains to respond to new situations.

According to a survey carried out by the Technical University of Berlin, greater flexibility in logistics services is one of the top priorities at leading companies. At the same time, further growth in the internationalization of purchasing, production and sales is increasing geographical — and cultural — distances and this tends to make logistics chains even more prone to breakdowns.

In order to achieve their goals, increasing numbers of companies are placing their faith in the expertise and advisory capabilities of logistics service providers.

Which developments and which megatrends affect tasks in logistics? How will it be possible to cope with future demands? These issues are the major focus of a study entitled “Global Logistics 2015+”. Prof. Dr. Frank Straube and Stefan Borkowski from the Logistics Department at the Technical University of Berlin questioned more than 100 representatives from leading companies in the automotive, consumer goods, retail and high-tech/electronics sectors for the purposes of their study. Most of their interview partners came from Western industrial nations, but logistics managers from the developing economies in India and Russia were also able to express their views. Maximizing flexibility emerged as the most important task. The ability to respond to unpredictable events and changes in customers’ requirements is one of the highest priorities at most of the companies.

Complete transparency along supply chains

One important tool for increasing flexibility is transparency along supply chains – tracking & tracing, monitoring operations for consignments on the move or stocks are being refined to an even greater degree. This increases the demands placed on logistics service providers: They have to be in a position to gather the required information, analyze it and make it available in the form that the customer desires.

When introducing new technologies and methods to improve the ability to respond, companies are increasingly placing their faith in the expertise and expert advice provided by their logistics service providers. Customers often expect the logistics service provider to make specific suggestions for improvements on its own initiative — whether it involves introducing innovative solutions or managing daily business operations.

However, the logistics chains, which need to be made more flexible, are becoming longer and longer and more and more complex in many cases: The current study entitled “Global Networks Undergoing Change” carried out by the German Logistics Association (BVL) reveals that globalization is the megatrend, which creates enormous challenges for logistics companies. The increasing internationalization of flows of
goods not only extends geographical distances, but it also places higher demands on intercultural management. People from different countries are increasingly having to work together in order to manage purchasing, production and distribution processes. This is why Rhenus pays close attention to candidates’ cultural background when selecting apprentices and trainees: If the company trains young people in Germany and then uses them abroad, employees can be specifically trained for their future tasks. “We also pass on our philosophy to them right from the outset,” Uwe Oemmelen, Member of the Rhenus Board, emphasizes.

Connections in the BRIC countries

One of the issues that is driving forward the internationalization of logistics networks is the progress being made by developing nations – for example, the BRIC countries, Brazil, Russia, India and China. About 40 percent of the world’s population live in the BRIC countries and the four nations are increasingly being viewed as sales markets for consumer goods from industrial countries too. The stimulation of domestic demand is even official government policy in China: The government has passed a stimulus package worth several hundreds of billions of US dollars and is advocating that even remote regions should share in this growth process (see interview on page 10).

Logistics service providers, which wish to operate successfully in the BRIC countries, have to combine Western expertise with a local knowledge of the language and geography. Rhenus has set up efficient networks in these countries and employs local members of staff, who know the local circumstances very well (see report on page 14). And it is not only flows of goods between Western industrial nations and the BRIC countries that can be managed within the global network of business locations – developing countries are increasingly trading with each other too. This requires flexible logistics chains on relatively new routes; Rhenus is currently transporting tea and medicines from India and instant coffee from Brazil to Russia in containers.

The Baltic States are an important hub for supplying the Russian market. Rhenus Freight Logistics has business operations in Latvia, Estonia and Lithuania (see page 26). Direct connections ensure short transit times between the port of Hamburg and Lithuania, for example – computers and spices from overseas reach the Baltic States quickly on overland routes. Rhenus Port Logistics is also using the region as its hub for flexible logistics chains – for minerals, for instance. By using its widely spread network of business locations, Port Logistics can rapidly adapt multimodal and cross-border logistics solutions to changes in general conditions: When the ARA ports became increasingly overloaded in 2007, the steel sector was on the look-out for new port facilities in Europe. Rhenus Port Logistics now handles steel consignments to Central Europe via the Romanian port of Constanta and the Danube River (see page 32).

Nearsourcing as an alternative concept

Not every company believes that the correct response to current and future challenges involves continuing to globalize purchasing, production and sales operations. Some of the interview partners supported the idea of local and regional concepts in the latest BVL survey. Peter Widmer, a Member of the Rhenus Board, also believes that there are strong reasons to back nearsourcing and local logistics concepts in view of the fact that transportation costs will rise in the long term (see page 8). A number of Rhenus customers are already using business locations in countries like Poland, Austria, Italy, France and Great Britain in order to supply customers on the continent by using relatively short routes.

Every company has to make its own decision about which is the correct logistics concept, after having given the matter careful thought. But this principle still applies: Those who make use of the know-how available at a logistics service provider instead of laboriously setting up their own expertise, may well save valuable time and achieve better results: “In our experience, the greatest impact can be achieved if we are involved in the planning work right from the outset,” Peter Widmer emphasizes.
Mr. Widmer, what in your view are the consequences of the latest developments in transportation and capital costs for the international division of labor?

First of all, companies will continue to search for the cheapest solutions for purchasing, production and distribution operations. This has been the driving force behind efforts to outsource some value added services for decades. Industrial countries have also experienced offshoring practices – i.e. moving operations to cheaper business locations abroad. The eastward enlargement of the European Union and the arrival of India and China in the global competition to provide business locations have triggered a wave of moves of this kind. This has paid off for many companies, because the wage cost advantages are much greater than the increases in expenditure for transportation, for example.

But we now face a different situation. At the moment, energy prices are weak, particularly oil. But we have to be prepared for rising transportation costs in the long term – and wage costs at many low-cost locations will increase significantly. So I expect outsourcing and offshoring to continue, but greater attention will be paid to sensible geographical distances than in the past.

What are the advantages of shorter transportation distances – over and above logistics costs?

Let us have a look at the general conditions, which will probably dominate our work as logistics experts around the globe for the next few years. On the one hand, we are experiencing privatization and deregulation and the removal of trade barriers – and these issues will tend to boost the further globalization of supply chains. On the other hand – and I believe that this will have an even stronger effect – we face increases in costs, as I have already mentioned, and a general shortage of resources and climate change. This will lead to greater demands on the sustainability of logistics practices. Last but not least, we face increasingly tough security regulations. All these factors tend to favor shorter distances.

From the point of view of suppliers of products, any cutbacks in distances may provide valuable competitive advantages, because they can then capitalize on market trends more quickly and provide their customers with a better service. We know some corporate groups, which have moved their production facilities closer to their most important sales markets and have benefited from this significantly. A company that constructs a factory in Poland can respond to an increase in demand in Western Europe within weeks; those...
who have to transport everything from the Far East may need months for this process. In the case of other groups of goods – think of textiles or consumer electronics – consumer expectations and prices change so quickly that logistics chains with long delivery times are very risky ventures.

What consequences does this have for business location networks?

Everything in Europe seemed to be focused on having centralized warehouse operations for decades and transportation operations were handled by trucks. But if fuel prices are high and constant traffic jams on the overloaded transport routes reduce speeds and trigger additional costs too, trucks – as warehouses on the move – become less attractive. So we see a trend towards decentralization and regionalization. Local distribution warehouses based in the regions may in future replace large central warehouses, which are normal in many sectors. And if the costs of tied capital are low, this encourages companies to have larger stocks. Supplies can be better adjusted to meet current needs in regional distribution centers – and good availability and very short transport times to customers and dealers are strong arguments. Manufacturers of consumer goods, in particular, can obtain positive advantages over their rivals from this in strongly contested markets.

What opportunities does “nearsourcing” provide for cooperating with logistics service providers?

Regional and local concepts only survive if logistics services run absolutely smoothly – and this means that it is best to use established and experienced logistics companies. If sales markets change quickly, it is vital to have a flexible network of business locations – and this favors logistics experts with a broad international presence. It also makes business and ecological sense to move consignments from the roads on to shipping or rail services in many cases, but this requires special expertise and the appropriate facilities. That is why I believe that logistics outsourcing will continue to increase. Our experience shows that the greatest impact can be achieved if we are involved in the process right from the initial planning stage. I believe that searching for the best solution on a partnership basis is the correct way forwards so as to fully capitalize on the potential provided by “nearsourcing” for customers.
China’s economic development has had a long-term impact on international manufacturing networks and supply chains. But the global financial crisis is reducing foreign demand for goods “made in China”. So hopes now rest on domestic consumption in the world’s most populous country. What will this mean for logistics? We asked Prof. Dr. Frank Straube, Head of the Logistics Department at Berlin University of Technology, and his Chinese counterpart, Prof. Dr. Sidong Zhang from Tongji University in Shanghai.

Prof. Straube, Prof. Zhang, what are the main differences between the Chinese and the European markets for logistics services today?

Straube: There are some key figures that illustrate the differences. For example, in European manufacturing industry, logistics accounts for 7 per cent of the cost volume and in the retail sector this figure is approximately 15 per cent. The degree of outsourcing is quite high here: About 30 per cent of the money spent on logistics goes to third party providers. Outsourcing is a well established practice for transportation, warehousing and handling and is increasingly becoming an option for value added services too.

Zhang: If we look at China, costs for logistics services are twice as high – we estimate 15 per cent for industry and between 25 and 28 per cent for retailers. This is due to transport and stock management: Because of infrastructure problems, transportation is expensive in China and there is a need for greater stock levels due to the low reliability of logistics systems. And outsourcing is not very common yet – only about 8 - 9 per cent of the volume is handled by outside partners.

And of course we have to consider the human factor: The European market is highly developed. A lot of experienced and highly skilled people work in the logistics industry. In China many people still have not learned the basics about logistics. We have to bear in mind that for a long time logistics was only discussed in terms of military operations – there wasn’t even a word for the whole system of transportation, warehousing, handling etc in the civilian sector. The term “Wu Liu”, meaning logistics as we understand it today, was only introduced about ten years ago.

What do the two markets have in common?

Zhang: The markets for logistics services in Germany and China are both very fragmented. In China we have about 700,000 logistics service providers – ranging from people who own one truck to huge, state-owned companies. In Germany the ten largest logistics service providers account for 15 percent of the market – it is fragmented, but consolidation is continuing. We can see this process in China too.

What changes do you expect in the near future?

Straube: Maybe the most visible change will be brought by a massive improvement in infrastructure. The authorities recognized the importance of logistics for the development of the entire country 15 years ago; now they are investing heavily in seaports, for example. To get an idea of the scale, look at the plans for Hainan Island: The export capacity planned for the next five years is 1.5 times higher than the import capacity in Europe, the United States and South America combined. And as a rule, things happen very fast in China – planning and realization often require only 20 per cent of the time that is considered necessary in Europe.
The significance of Logistics

Zhang: Most freight is shipped by trucks in China nowadays and basically all the major cities are connected to freeways. But road transportation causes environmental problems, so efforts are being made to improve the infrastructure for intermodal transportation. China has designed a new rail system and is trying to separate freight and passenger trains. Much of the modern infrastructure is concentrated on the coastal areas, but we are trying to improve roads, rail networks etc in remote parts of the country too.

For many years, China’s economic growth has been fuelled by exports. Now that exports have fallen, what will the improved infrastructure be used for?

Zhang: China has started a massive program to reduce the consequences of the global economic downturn. A stimulus package worth several hundred billions of US dollars has been launched and this will help boost domestic demand. Last year legislation was passed to equate development work in the different regions and redistribute wealth to farmers and other low income groups. I think that domestic consumption will grow substantially in the long term and this will lead to an increase in imports. For example, German goods are very popular – China is one of the largest markets for Mercedes S-Class cars and in the main cities you can see many BMW vehicles. More and more people will want to enjoy such high-quality imported products.

Straube: When people acquire a certain level of monetary freedom, they start to buy consumer goods. Later they demand more customized products - this pattern of behavior occurs regardless of religion or culture – and I expect to see the same happen in China. It’s good news for logistics experts, who can manage the complexity and the volume along supply chains in the background.

In addition, the depth of production will decrease, so efficient and reliable logistics solutions will become more important. The bottom line is this: If the Chinese economy keeps growing, it will create more export and import traffic and more business within Asia and China too.

How can logistics service providers from Europe benefit from this development?

Zhang: All the major players are foreign companies today. Compared to these giants, many of the local logistics service providers are very weak – they are short of capital for future investments, they lack knowledge and often their IT systems do not match Western standards. But we have to keep in mind that many local businesses are very skilful in their niche markets. Over the years they have built up know-how and special networks to handle very critical shipments. They have also gained the trust of Chinese customers and this can make them strong local partners for foreign companies. Cooperating with efficient Chinese businesses presents a huge opportunity for European companies.

Straube: Foreign logistics companies face two major challenges when doing business in China: One is administration – you have to deal with a minimum of four ministries plus local governments. The second is finding – and retaining – local employees with the necessary skills. That said, I think that German companies, for example, are in a very good position, because their expertise is recognized worldwide and the mentality of Chinese and German people is quite similar – both focus on engineering, quality, sustainability and so on. Besides, as consumption increases, China will have to start building effective recycling systems. This will create an opportunity for logistics services providers who offer the total logistics cycle – not just imports and exports, but also reverse logistics for outdated products and recycling.
The People and the Network

The recipe for success for excellent services on the spot is: know the language and the country and provide logistics expertise.
About 40 percent of the world’s population live in what are known as the BRIC countries – Brazil, Russia, India and China. These major developing countries were long viewed as exporters of goods and raw materials, but they have now become important sales markets too. Companies that wish to work successfully in these markets have to combine Western European expertise with a knowledge of the local language and the country.

An enormous gift for improvisation is necessary when working in newly industrialized countries, particularly when handling oversized and heavy project loads, as the following case illustrates: The Rhenus subsidiary in the Chinese city of Dalian received an order to organize the shipment of oil rig components to Kolkata in India. While loading the components at the Chinese port of Tianjin, it became clear that the crane on board the chartered ship was unable to lift a part weighing 60 tons, although the ship’s owner had specifically confirmed that this would be possible. However, the Chinese Rhenus employee, who was responsible for the job, managed to mobilize a floating crane in a very short time. This crane’s arm was actually too short, but a solution was found here too: The lighter components for the oil rig were loaded first, then ballast water was pumped into the ship – and the freighter was then low enough in the water to enable the floating crane to move the 60 ton part on to the deck.

"You can only manage this by using qualified local staff," stresses Hans Mahncke, Managing Director of Rhenus Logistics Asia-Pacific. Rhenus has offices across China in Dalian, Tianjin, Shanghai, Ningbo, Xiamen, Shenzhen and Tsingtao. The company has the A class license, which means that it can provide all kinds of logistics services alone. Rhenus has become an established company in Asia within a very short time by providing a reliable logistics bridge to Europe: “When we started in 2002, we had six members of staff,” Hans Mahncke recalls; he has lived in Hong Kong for more than 25 years. “We now have several hundred employees and have expanded our network to include Taiwan and Vietnam.”

Efficient solutions for exporting goods to Europe ensure that the price advantage of Chinese goods is not lost, despite the long delivery chain. Rhenus also handles imports from Europe. For example, the company’s facilities in Duisburg serve as a hub for groupage freight traffic. Consignments are stored there temporarily, stuffed in containers and then sent to their destination via the ports of Rotterdam or Antwerp. Rhenus ships Italian wine, high-quality fittings, furniture and wallpaper, automobile accessories or electrical and electronic components to China. And bulk materials like waste paper, plastic granulates from recycling processes or scrap metal are shipped there too.
Full service in Russia

Rhenus has been operating in the former Soviet Union for almost two decades and now provides logistics at 20 different business locations in line with Western European standards. The network of Freight Logistics locations in the Russian network consists of four bases in Moscow and facilities in St. Petersburg, Yekaterinburg, Chelyabinsk, Nizhni Novgorod, Togliatti and Smolensk. Rhenus loads more than 20,000 trucks every year and they make their way from Western Europe to countries that were formerly part of the Soviet Union. But road services are not the only option: Rhenus provides rail services and waterways are used too. Rhenus Port Logistics opened a multimodal container terminal at Moscow’s largest inland waterway port in 2008 as a joint venture with a Russian partner. And when it comes to particularly urgent consignments, the air freight specialists in the Group arrange for goods to travel by plane.

Rhenus has now gained a huge amount of experience and excellent local knowledge in the business of transporting project loads. Even major projects run smoothly: The Grossschirma business location moved equipment for a blood plasma fractionation unit to Kirov for a plant manufacturer from Weimar – 13 flatbed trucks alone were used for the 50 oversized consignments and in all 120 complete loads were shipped within a three month period. Other consignments for this project had to be shipped at the end of 2008 and this demanded the highest possible degree of organizational talent: Rhenus collected 21 complete loads from one supplier and they had to be declared to customs at one stroke. The company managed to ensure that all the vehicles arrived at the customs office in Sergiyev Posad on the same day and completed formalities immediately. Since acquiring a customs broker license in 2007, Rhenus has been able to handle all the administrative work and provide warehousing and transportation without having to resort to external partners.

Growth in Brazil and India

The Group is represented in Brazil by the subsidiary RMK Logistics do Brasil in Santos and works with a local logistics service provider. RMK Logistics develops transportation concepts for sugar and other goods, which are shipped from this versatile and constantly growing market: Brazil, for example, exports coffee, milk powder, chemicals, steel, tiles, stones, wood chips and cellulose or paper. A Maxx Intermodal Systems office in Mumbai has opened up the Indian market. The Rhenus subsidiary also has a holding in the local logistics company Rosemount, which maintains offices in New Delhi, Bangalore, Kolkata and other cities on the sub-continent.

In the past Western industrial nations were the main trading partners in the BRIC countries. But the newly industrialized countries are now increasingly trading with each other. Rhenus not only manages projects like the oil rig transportation from China to India mentioned at the beginning of this article. Maxx Intermodal Systems has established an efficient network for regular container traffic and, for example, now ships tea and medicines from India and instant coffee from Brazil to Russia – several hundred containers are shipped along these routes every month.
Corporate Culture as a

International employee development contr

Any company, where operations become increasingly international, has to find a way of implementing its quality standards and its philosophy across borders. The deliberate selection of experts and management staff with a suitable background and the international development of personnel support the process of maintaining consistently high standards.

“If we train somebody here and then use them abroad, we have gained two important benefits,” says Uwe Oemmelen, Member of the Rhenus Board. “We are not only able to qualify the members of staff exactly for their future tasks, but we can also pass on our philosophy to them right from the outset.” Various approaches lead to the same goal: Rhenus trains, among other things, logistics managers and this training process may be combined with a university degree. The Group provides a trainee program for university graduates.

Between Hong Kong and Hilden

Cecilia Lau had to travel the greatest distance to join the young managers, who are currently undergoing training: The 23-year-old came to Germany from Hong Kong. She gained a German degree at home and she is now completing a cooperative education program at Rhenus Freight Logistics in Hilden: “I am being trained as a logistics manager and I am studying Logistics Management at the European University of Applied Sciences in Brühl at the same time.” She joined Rhenus through a personal contact. “One of my lecturers in Hong Kong was Hans Mahncke, the Manager of Rhenus Asia-Pacific.” The manager recommended the student to his colleagues in Germany and she was awarded a place here a few weeks after sending in her application.

When she has completed her training, Cecilia Lau could be working for Rhenus in the growth market of China. Rhenus can also provide personnel for various other nations, who have their roots in the country in question. Morocco is one example: The EU is systematically expanding its cooperation with the North African kingdom and is planning to establish a comprehensive free trade agreement. Atmane El Khiar could well be the person to manage the growing flows of goods at Rhenus. The business administration graduate
People based in Barcelona, specializes in shipping consignments between the Spanish mainland and the Balearic and Canary Islands.

"Employees from different countries and with different backgrounds are definitely a positive asset for the company," Rhenus Personnel Manager Jürgen Koschker emphasizes. A "multi-cultural team" works at Group Headquarters in Holzwickede too: there are members of staff from Bulgaria, China, Greece, Italy, Morocco, Portugal, Russia, Serbia, Sudan, Turkey and Ukraine. "As an employer, we are required to capitalize on this variety in a constructive way. Equal opportunities are just one example – we guarantee this system throughout the company and this is one reason for the productive working atmosphere at Rhenus," says Koschker.

In order to attract apprentices and trainees with the suitable background, Rhenus deliberately attaches great importance to word of mouth advertising by its own employees. And this works: many candidates apply after relatives or friends, who already work for Rhenus, recommend the company. But many promising junior staff members also join "from outside" – they are attracted to a company, which has been selected as the best employer in the automobile sector for the second time in succession.

Language as a success factor

The Spaniard Rubén Ruiz Alonso believes that he benefits greatly from the fact that he knows the German mentality well and can speak the language fluently in his daily work. After completing a business studies degree on the Iberian Peninsula, he traveled to Germany and acquired a further degree in marketing at Bremen. He got to know the freight forwarding company during an internship in Hamburg. His next placement was in Barcelona – where he joined IHG Ibérica, now known as Rhenus Logistics. After a short time, he moved to Alicante and became business location manager there. He has been a member of the Rhenus Tetrans management team since 2008. This company, which is based in Barcelona, specializes in shipping consignments between the Spanish mainland and the Balearic and Canary Islands.

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A Strong Partnership

The Rhenus network in Europe is complemented by “local heroes” in System Alliance Europe

System Alliance Europe is a mixed cargo cooperation network, which provides consistently high service standards in 23 European countries – from Portugal to Denmark and from Hungary to Spain. Rhenus is already the largest partner with 37 companies associated with the scheme – and all the groupage freight business locations are due to meet the strict stipulations of the System Alliance European program by the end of 2010.
“Our customers benefit from the fact that we are part of the cooperation network in many ways,” says Ulrich Bitterschulte, who is the Chief Operating Officer for road services in Europe within the Rhenus Freight Logistics business area. “Their consignments are handled by the best companies in any region, because membership is only open to these kinds of “local heroes”. Services with consistent quality levels are also available across Europe – not just consignments to and from Germany. We can handle traffic between Spain and Turkey or from Great Britain to Romania with the same quality levels within System Alliance Europe.” Regardless of how many companies are involved in handling a consignment across Europe, the customer only needs to talk to one contact partner – this is usually the familiar and trusted logistics expert on the spot, which is well aware of the customer's requirements.
Fully automatic data exchange

One crucial factor for efficient and reliable processes is the need to have high-capacity IT facilities. System Alliance Europe insists that its partner companies have computer systems which can exchange information in a standardized format fully automatically by EDI and are able to file delivery notes and other documents successfully. The system’s own computer center serves as the hub for the data. The smooth flow of information creates the maximum level of transparency for customers: They can then access the status of the consignment online at any time, whether via the home page of the freight forwarding company handling the shipment or centrally via the web-based System Cargo Track facility. They can also view the delivery notes for consignments online.

Uwe Meyer, Managing Director of the System Alliance Europe Agency, believes that complete transparency of processes and the high degree of reliability are further plus points for customers using the cooperation partners. He says that the sophisticated monitoring system for consignments and processes permits quality to be closely monitored. “We are permanently improving our processes and attach great importance to flexibility and achieving our goals.”

Strict entry conditions

The Alliance imposes strict standards on all its members in the interests of providing excellent services with consistency. Each partner is committed to adhere to the specifications laid down in manuals and guidelines. Basically, only medium-sized companies are considered as possible partners: “We place our faith in companies that know their local and regional markets through and through,” says Uwe Meyer. His work is also made easier by focusing on medium-sized companies: “These kinds of service providers are accustomed to cooperating with others and accepting a compromise in the interests of the whole organization, should this be necessary.”

Companies wishing to join the cooperation scheme are checked locally in great detail. They then receive a catalogue of requirements and have to commit themselves to meeting the standards of System Alliance Europe within an agreed period – usually between six and twelve months. Only then can they officially apply for membership. The final decision is taken by the cooperation scheme’s steering committee. The committee recently opened its doors to welcome Rhenus Svoris UAB into the scheme: The Rhenus subsidiary with its headquarters in Lithuania has been part of System Alliance Europe since February 2009 and this makes it the first partner in the Baltic States. “I inspected operations in Vilnius personally,” says Meyer.
The 48 current members of the cooperation scheme come from 23 different countries and are incorporated in the System Alliance Europe partnership, a non-commercial company. This organization elects the nine members of the steering committee, which makes decisions about issues like new services for the network and funding them. A clearing system is currently being tested and it aims to make major simplifications in accounting practices between partners. The System Alliance Europe Agency is responsible for implementing the concepts that have been adopted and for daily business. “This set-up has the advantage that the partners do not have to tie up any capital,” says Meyer.

**Membership as a seal of quality**

Ulrich Bitterschulte believes that the critical strength of System Alliance Europe is its ability to formulate and implement standards. “If Rhenus wished to develop a set of rules like these with its partners on its own initiative, the company would have to incur far more expense.” And if efficient service providers join the cooperation scheme, there is more pressure on the remainder to join and meet the Alliance standards. “We do work with some partners that are not part of the cooperation scheme. But we advise them to consider joining,” says Bitterschulte. In the end, membership can be used for advertising purposes like a seal of quality.

As System Alliance Europe does not cover any guaranteed protected area, any company may join provided that it meets the criteria. At the same time, none of the partners is obliged to send its consignments via the cargo network. But in reality the efficient and reliable processes within the Alliance have a certain magnetic effect: “The volume of consignments handled by the network in 2008 rose by more than eleven percent in comparison with the previous year. The partners attracted more traffic, because it is clear that they are increasingly convinced by the usefulness of System Alliance Europe,” Uwe Meyer explains. Rhenus is also guided by the principle that it is best to handle consignments within the System Alliance Europe partnership. The conditions for doing so are becoming better and better: “All our groupage freight business locations should meet the criteria of the cooperation scheme by the end of 2010, so that our customers will have even easier access to its services across Europe,” says Rhenus Manager Bitterschulte.
Specialist for Import and Export Business

Rhenus Hauser links the British Isles with continental Europe and overseas
The roots of Rhenus Hauser go back to the year 1935 – when business operations were launched in Manchester. The British company now has eleven bases and ships hundreds of thousands of consignments between the United Kingdom, the continent and destinations overseas, making it one of the leading freight forwarding companies in the country.

The network of business locations at Rhenus Hauser Ltd in England and Scotland grew by two last year alone. New offices were opened in Lincoln and Swindon in September. “Our customers appreciate our personal service and the geographical proximity to their logistics partner,” says David Williams, Managing Director of the British Rhenus company. “The sales offices that we have launched at the new sites quickly became important business locations.” Lincoln and Swindon reinforce the existing network, which has offices in Sheffield, Newton Aycliffe, Leighton Buzzard, Glasgow and Hull. Rhenus Hauser launched a new logistics centre in Basildon to the east of London in 2008 and the facilities at Bradford and Cannock are due to be upgraded this year. Company headquarters in Manchester are another major hub for international traffic.

1969, initially to Germany and Switzerland. The current management team of Gary Cater, Graham Miller and David Williams took over the company as part of a management buy-in in 2002. IHG joined them in 2005 and it became part of the Rhenus Group one year later. “We have definitely benefited from our association with Rhenus,” David Williams emphasizes. “We made contact with a major chemicals company via the network within the Group some time ago – and it is now one of our most important customers.” The British company’s starting position has improved dramatically when it comes to bidding for jobs.

High frequencies on scheduled routes

The British company caters for shipments around the globe from the bases in the United Kingdom using the international Rhenus network and outside partners. Within Europe, Rhenus Hauser arranges part loads and groupage freight, it forwards complete loads and can handle express services and special or heavy goods consignments. Frequent departures allow goods to flow quickly. Rhenus Hauser has daily services to Ireland, the Netherlands and Belgium during the week and a Rhenus Hauser truck leaves Britain for the other countries on the continent at least once a week.

Several hundred truck loads are on the road for Rhenus Hauser every week. The British company has also been providing sea and air freight services to overseas destinations since 2006 and this sector has shown rapid growth. In addition to freight forwarding services, the company also provides warehousing and packaging services for goods, consolidation, tracking & tracing and it handles documentation.

The company has built up the strong position that it holds in the United Kingdom today over a number of decades. The original company P. Hauser & Co. began operations in Manchester in 1935 and other offices were then opened in the 1950s. Groupage freight services by truck began in

Advice on the spot

Traditionally, the chemicals sector has been one of Rhenus Hauser’s customers and this involves transporting primary products, particularly for manufacturing plastics and coatings. But automobile suppliers also use the experience of this service provider and entrust Rhenus Hauser with the management of containers, which have often been especially manufactured and are therefore very valuable. One machine manufacturer in Northern England has gone one step further: The company has incorporated the freight forwarding firm directly in its own factory and makes use of Rhenus Hauser expertise when it comes to transport issues. A Rhenus member of staff has been spending several days a week at the customer’s premises for several months and she not only handles the daily business, but also analyzes all the consignments in order to identify potential savings for the customer.

There is more information online: www.rhenus.com/united-kingdom
Rhenus in Italy intensified its international cooperation with a leading manufacturer of white goods last year: Following on the heels of the Czech and Russian factories of the domestic appliance manufacturer, the companies in Turkey and France also joined the supply network and handed over responsibility for the shipment of supply components to the service company. “We now coordinate hundreds of suppliers all over Italy, so that the different products arrive at the as-

Supply Chains for the Whole of Europe

An Italian Rhenus company keeps the flow of materials moving for manufacturers of white goods

Rhenus Logistics SpA is gaining the upper hand on the Italian market by providing specific customer solutions for manufacturers of domestic appliances, the furniture industry and other business sectors. The concept includes forward-looking ideas – for example, a reusable system is currently being set up for transport packaging.
assembly factories on time,” Guido Restelli, Managing Director of the Italian Rhenus company, explains. To achieve this, employees were specially trained and computer systems for specific customers were installed. Constant monitoring of transportation services provides an overview of what is going on and any discrepancies are recognized in good time.

Reusable system for transport packaging

The industry mainly uses disposable packaging to carefully transport washing machines, driers and other white goods at the moment. Plastic sheeting and parts have to be gathered up and recycled, which is a laborious task. Rhenus is now installing an alternative system in conjunction with major domestic appliance manufacturers and the Italian packaging producer Free Pack Net: a cheap and environmentally-friendly system for reusable packaging. The appliances are packaged in structures made of self-supporting and collapsible polypropylene. According to the manufacturer’s specifications, the components can withstand horizontal and vertical forces of more than one ton and can be used as many as 20 times. As Rhenus is also responsible for the delivery of the appliances to final customers, a closed container cycle has emerged here.

The furniture industry is also making full use of the Italian company’s delivery and installation services. Rhenus handles tens of thousands of transport operations to final customers every year and almost one in three jobs requires some assembly and installation work. Rhenus makes use of ten of its own logistics centers located between Turin and Bari for this work and domestic and international traffic with Europe, North Africa and overseas.

New transport routes

Daily services allow a 24-hour service, for example, to the Czech Republic or to Spain. The network of routes is continually being expanded. For example, the Italian company cooperates with its Austrian affiliated company and uses its logistics hub at Gross Enzersdorf near Vienna. The aim is to provide a much improved part load service for the former Yugoslavia and the rest of the Balkan region. New routes to Rhenus business locations in France were also set up last year – for example, a daily scheduled service between Milan and Lyon.

The tradition of handling international business goes back a long way at the Italian company: The previous company, Gottardo Ruffoni, began operations as early as 1872 and quickly established a network of business locations and partners in Western Europe and overseas. The company merged with Rondine, a specialist in traffic to Eastern Europe, in January 2000. IHG took over the major shareholding in 2004 and became part of the Rhenus Group two years later. The Italian company has been operating under the Rhenus Logistics SpA name since the beginning of 2009.

The company has a strong position in the domestic market, not least because of its high quality standards. For example, there are only a few Italian service providers that meet the high standards for part loads in the System Alliance Europe network – and the Rhenus subsidiary is one of them. The company is also certified in line with ISO 9001. This ensures almost faultless procedures: Rhenus transports more than half a million consignments in Italy every year – despite the high volume, the number of non-conformance reports (deviating from set standards) is well below one percent.

There is more information online: www.rhenus.com/italy
Rhenus Svoris has established itself as one of the leading complete providers of logistics services in the Baltic area within two decades. And it is not only customers that appreciate its excellent services: the company was also awarded the prize for being the best logistics company in Lithuania at the end of 2008.

“The jury assessed the candidates for the Logistics Prize according to various criteria, including their ability to innovate and the quality of their processes,” says Arunas Bertašius, Managing Director of Rhenus Svoris. In the end Bertašius and his staff captured first place – and the prize was presented at the Baltic Logistics Congress in November 2008.

Rhenus Svoris earned the award as a result of constantly increasing its capacities and routes and providing convincing concepts. The firm has business operations at three locations: The company runs a modern logistics center in Vilnius and it has offices in Kaunas and Klaipeda. A newly built facility was opened in the Latvian capital of Riga at the beginning of 2009. Its most important customer is a manufacturer of windows and it obtains warehousing and distribution services for its fragile products from one source. There is another business location in Tallinn in Estonia.

Minimum transit times

The major focus of the company’s business involves shipping groupage freight – Rhenus Svoris links Eastern and Western Europe along 35 routes. The combination of having direct links and efficient administrative handling ensures short transit times between the depots in the other EU member states and Lithuania: Computers, spare parts, spices and other goods that are imported through Germany’s most important port are quickly shipped to the Baltic area overland in trucks. But Rhenus not only provides the transportation, but can also handle the customs formalities at the destination – and this guarantees the fastest possible transit times.

About 30 of the company’s own vehicles are on the road every day in the Baltic area. The company not only handles temperature-controlled consignments, but also very heavy or over-
sized loads. Rhenus Svoris repeatedly provides the solution for special operations: The service company shipped movies from 17 countries to a film festival in Kaunas on time last October. “It was essential to handle the consignment carefully and provide security for this job,” says Bertašius. “The sensitive movie reels had to be watched the whole time so that nobody had the opportunity to make any pirate copies.”

Another unusual job required a special solution to protect the environment: Rhenus Svoris was the freight forwarding partner that organized the shipment of approx. 2,000 tons of pesticide waste and contaminated soil to Germany so that the materials could be disposed of properly. “We believe that it is important to eradicate contaminated sites like these professionally and as quickly as possible; this is an important part of protecting the environment,” Arunas Bertašius explains. “In doing this, we can play our part in ensuring that these harmful substances do not get into the water cycle.” The project was handled within the Rethmann group: Rhenus Svoris cooperated with Sava, a German subsidiary of Remondis.

Expanding the Network

When the Baltic countries joined the EU in 2004, this provided an economic stimulus for the region and triggered considerable increases in the flow of goods. So Rhenus Svoris will continue to benefit from the Baltic area’s role as a hub between East and West in the future too. “We are expecting the exchange of goods with Russia to increase again and we are already gearing up for this,” says Bertašius. The company joined System Alliance Europe in February 2009, which has also opened up new opportunities. Membership provides proof of the quality of services, for this international cooperation scheme for part loads insists on strict entry conditions. Rhenus Svoris is also aiming to continually improve its IT links with its partners in Europe – after all, the firm now has to defend its reputation as the “best company in the country”.

There is more information online: www.rhenus.com/lithuania
More locations, better service, new customers: Rhenus has a presence across France and is deliberately expanding its business.

The latest addition to the network of locations is Toulouse. The central geographical location makes the country’s fourth largest city an important transport hub; and the region is an important industrial center, among other things, for the aviation industry. Rhenus Freight Logistics opened a new business location there in September and it is being used as a transshipment base for consignments to and from southwestern France. The location also improves links with the Iberian Peninsula, particularly with Spain.

The new opening of the base completes the network of Rhenus Group locations and they now connect the most important industrial regions in France. Facilities in Gretz and Garonor serve the Paris metropolitan region and other locations are found in Angers, Beaune, Bordeaux, Lyon and Marseille.

Growth by cooperation

The Rhenus Group’s presence in the whole country and its international network make Rhenus an attractive partner for domestic companies. Rhenus launched a cooperation arrangement with Sernam in the spring of 2009, one of France’s major express transport and logistics providers with 55 business locations, 2,100 members of staff and annual turnover of approx. €370 million. Sernam uses the Rhenus network in order to provide its customers with international services for part loads weighing up to three tons – in the past the French company used to mainly transport small packages on international services.

The processes operate without a hitch. “Sernam has its business locations at every place where we have ours,” explains Tobias Bartz, Managing Director of Rhenus Logistics France. “For example, our business location in Bordeaux handles the Sernam consignments from the south of France and feeds them into our international network.” In the opposite direction, Rhenus uses Sernam to the national distribution of smaller part load shipments outside its own production area and, as a result, is able to improve the services it provides for its own customers – e.g. through the 24-hour nationwide service. Sernam has put in place a transport network that
success in third party logistics

In addition to the Freight Logistics business area, Rhenus Contract Logistics is also preparing the way for further growth. An additional facility with approx. 30,000 square meters of warehouse space is being planned at the Gretz-Armainvilliers location. The logistics center currently serves well-known companies operating in various sectors – for example, a German publishing group uses Gretz to store and distribute books and magazines. Rhenus employees also sort additional deliveries into loose-leaf binders so that the current materials are always delivered to consignees all over France. Rhenus stores and picks medical equipment and the associated materials, data media, printing paper and other accessories for a manufacturer of medical engineering products with global operations at Gretz; all this equipment is then dispatched to customers in Europe and Africa. A leading manufacturer of pipe work systems uses the location as its distribution center for the French market. The Warehouse Management System developed by Rhenus itself manages the processes within the logistics center – the operating controls were simply translated into French for use at Gretz.

Claude Bez, Managing Director of Rhenus Logistics S.A.S. at Gretz, believes that the location and its excellent links are a major competitive advantage. For example, the logistics center is easy to reach on public transport – that makes it easier to recruit staff. The geographical location very close to major transportation routes allows the rapid shipment of goods in every direction of the compass – and customers in the retail trade could benefit from this even more in future. The example provided by a chain of luxury stores demonstrates what individual complete solutions could look like in this sector: The company is gradually refitting all its stores in France with presentation units made in Leipzig. Rhenus is organizing the main transportation operations from Eastern Germany to Gretz and then handles the distribution and assembly of the goods all over France. The customer not only expects faultless work when the high-quality shop fittings are assembled, but there are precise specifications regarding timing too: Rhenus assembly workers have to arrive at some stores at 5 a.m. to prevent the trucks getting caught in early morning commuter traffic.

There is more information online:
www.rhenus.com/france
Supply chains now have to be designed to be more flexible than ever – bottlenecks at cross-over points require rapid reactions or changes to infrastructure demand alternative and more efficient transportation routes. The widely spread network of Port Logistics business locations and associated expertise levels allow this business area to rapidly adapt multimodal and cross-border logistics solutions to any changes in the surrounding conditions.

When the ARA ports became increasingly overloaded in 2007, the steel sector was looking for new port facilities in Europe. They made their new discovery in Romania: Central Europe can also be reached easily along the Danube River from Constanta, the most important EU port on the Black Sea. The “Rotterdam of the East” has quickly developed into an important hub for steel products – and Rhenus Port Logistics was on hand to manage the transportation chains for customers. “We organize the cross-docking operations from sea-going ships that enter the port from Asia or the Far East on to inland waterway vessels and then transport the goods to customers in Hungary or Austria,” Karl-Heinz Berger, Manager of the Romanian branch of Rhenus Port Logistics, reports. “We transport pipes and sheet metal as far as Regensburg on our own vessels and then distribute them all over Germany by rail or truck from our business location there.” Rhenus now transports tens of thousands of goods via this route every year. Steel products, especially pipes, are increasingly being transported to the Black Sea port in containers. Rhenus takes over responsibility for them at Constanta and then transports them on inland waterway vessels to the Romanian port of Giurgiu. Rhenus Port Logistics operates a warehouse at this location; the containers are unloaded there, the products are stored and are then distributed across Eastern Europe when the customer gives instructions. The empty containers are then returned to Constanta for their next journey. A separate business location is due to be opened in Constanta this year – then Rhenus Port Logistics will operate six in Romania.
is the short-sea specialist company within the Rhenus Group. The coaster transports the goods to Estonia within no more than three days. The commodities are then stored in a warehouse and are filled into big bags weighing 1.4 tons in line with customer instructions. The goods are then transported to the industrial companies in Russia by rail.

Transit point in Estonia

While the congestion in traditional routes triggered a search for alternatives in the steel business, the EU-wide expansion of ports has provided the basis for new logistics solutions. For example, the Estonian port of Silport, which was opened in 2005, has rapidly turned into an efficient transit point between Western Europe and Russia, particularly as the port operates alongside the Sillamäe free trade zone. Tax law in Estonia is comparatively liberal and transit goods held in the free trade zone remain absolutely tax-free. The port is designed to be a multi-functional center for RoRo traffic, containers, project loads and part loads, bulk commodities and liquid goods.

Rhenus is currently making use of these general conditions in order to ship bulk mineral commodities from overseas to Russia. The materials arrive in bulkers at Rotterdam in batches of approx. 70,000 tons. Rhenus then not only handles the vessel agency operations representing the interests of the ships’ owner, but also manages the material planning and handling operations for the goods’ onward transportation. It at all possible, the mineral goods are cross-docked directly from the sea-going vessel on to the coaster operated by RMS. RMS

Faster than trucks

“We can supply customers from Sillamäe within four to five days after the order has been received – when truck logistics services were used from Rotterdam in the past, they had to wait up to two weeks for fresh supplies,” Axel Brewe, Business Development Manager at Rhenus Port Logistics, explains. The reliability of the services is high, as Rhenus uses its own equipment for warehouse and logistics operations – the rail cars have been hired on a long-term basis, for example. Brewe is convinced that many other companies could benefit from the environmentally-friendly and efficient complete bulk commodity services between Rotterdam and Russia. “We are already talking to a number of potential customers about similar solutions.”

There is more information online: www.rhenus.com/port-logistics
Paul Parramore, who is responsible for the air freight business at Rhenus, is convinced that it will be possible to handle air freight even faster and more efficiently in the future. The new air freight terminal at Amsterdam Airport Schiphol will set new standards and make major improvements in services for customers.

“The flight from Hong Kong to Amsterdam takes less than twelve hours, but it often takes five days in all to deliver a consignment to the final recipient,” Parramore explains. “The vast majority of this time is required for customs clearance and other administrative processes.” A great deal of time can be saved by adopting slimmer processes – for instance, by using “e-freight”. The International Air Transport Association (IATA) has discovered that each air freight consignment is accompanied by up to 30 documents – enough paper to fill 80 Boeing 747 cargo planes every year. Each time a single form is missing, the consignment may be delayed or even rejected altogether.

Electronic customs clearance

The IATA project called “e-freight” is designed to drastically reduce the paper jungle and the error rate: The organization is aiming to replace 20 of today’s most common forms with electronic data transmission by 2010. Rhenus will be one of the first companies to introduce “e-freight” on many services in order to save customers time and costs. A pilot project is currently running at Amsterdam in conjunction with several airlines.

The new Rhenus terminal at Amsterdam Airport Schiphol is being built right from the outset in such a way that no second is lost, even when physically handling the goods: “We will bring together landside and airside operations in the same building. This means continuous processes and a shorter throughput time for our customers,” Parramore emphasizes. The new terminal will provide more than 8,000 square meters of space and the facility will house the latest conveyor and information technology equipment. The specialists at Cargologic will provide the professional air handling services. The Rhenus subsidiary has been operating at
Schiphol since 2008 and has markedly strengthened its network of business locations. The company has other operations at the Swiss airports in Zurich, Basel, Bern and Lugano; and Cargologic works at Frankfurt Airport in Germany. More than 50 airlines rely on their partnership with Cargologic — and some of them have been doing so for many years. Swiss WorldCargo extended its cooperation agreement with the company by five years just last year.

Expanding the range of services

Rhenus is one of the largest air freight specialist companies in the Benelux countries. The Group is even the market leader in terms of air traffic into and out of the Benelux countries — i.e. without counting transit traffic. The company would like to build on this success and further improve services for customers in Germany. Marc Oedekoven, Air Freight Manager in Germany, is placing his faith in a strengthening of the air freight teams and improved networking within the Group. He is also planning to expand the range of services on offer — to include temperature-controlled traffic, for example. He is assuming that more and more shippers will recognize the advantages of using air freight to transport urgent consignments, high-quality or perishable goods.

Rhenus is aiming to seize on new developments faster than others in the air freight business too and prepare for changes in the legal framework. The Group is ahead of many others in certification as an Authorized Economic Operator (AEO). This status provides tangible simplifications for exporting companies when it comes to customs clearance — and a freight forwarder with AEO status can pass on these benefits to customers. “There are perhaps 100 companies that are recognized as AEOs in the Netherlands,” Paul Parramore explains. “14 of them alone are Rhenus companies.” The air freight specialist sees this as a clear competitive advantage.

In the light of economic developments, many shippers are in the process of reassessing their logistics concepts — “Now is the right moment to test new solutions.”
Hub with the Best Conn

Poland’s significance as a transit country and logistics centre

Five years after joining the EU, Poland now plays an important role as a sales and supply market and as a transit country for the international flow of goods. The Rhenus companies in the country place great emphasis on cooperation in order to develop comprehensive tailor-made solutions for customers.

The country with its approx. 38 million inhabitants has recorded above-average growth rates for years – and the government in Warsaw is expecting Poland’s gross domestic product to grow by 2 percent in 2009. The country’s central location plays a major role in making it an attractive business location. Poland shares a border with Germany, its most important trading partner, the Czech Republic, Slovakia, Ukraine, Belarus, Lithuania and the Russian exclave of Kaliningrad.

Close cooperation

The Rhenus Group has four companies operating in Poland. The Contract Logistics, Freight Logistics and Port Logistics business areas are all represented by a single subsidiary and another company specializes in recycling. The level of cooperation is close: “We regularly meet in order to identify new opportunities to work together,” says Marek Klabacha, Manager of Rhenus Port Logistics in Poland. He adds that Rhenus particularly benefits from being able to provide a wide range of services and international networks when competing with local providers. “There are not many service providers here that can handle anything from a part load to a 100 ton shipment.”

The Port Logistics business area started life in Poland in the early 1990s. At that time, a seaport freight forwarding company was set up in Szczecin and this was followed by port operations in Gdansk and Gdynia and business locations inland at Gliwice, Ostrowiec and Malaszewicze. Each business location has its own area of expertise. Gdansk mainly concentrates on container shipments and imports, while Szczecin primarily handles exports. The office there also functions as an agent for RMS, the short sea specialist in the Rhenus Group. The Gliwice site mainly handles steel products; and a storage facility measuring 10,000 m² is currently being built in order to handle the increase in the volume of goods.

Clear cost advantages

The comparatively low level of costs in Poland makes the country an attractive location for warehousing – and this presents a golden opportunity for the Contract Logistics business area. For example, one manufacturer of electrical and electronic components with global operations uses the Rhenus logistics centre in Poznan as its central hub to supply outlets in Scandinavia and Central Europe. “We have 15,000 items in stock for this customer alone,” reports Marcin Bartosz, Manager of Rhenus Contract Logistics in Poland. The goods reach the final customers within no more than 48 hours, once an order has been received. There are other logistics locations at Teresin to the west of the capital.
Warsaw, Wroclaw Bielany, Olkusz and Gdynia; an office in Lodz manages the national distribution of domestic appliances for one manufacturer.

The Freight Logistics business area operates four international cross-docking bases at the most important business locations in the country and nine regional terminals for cross-border traffic. "We provide the complete range of services that our customers require," says Wojciech Sienicki, Managing Director of Rhenus Freight Logistics in Poland. “Our national network for part load consignments is integrated in the European Rhenus structures and we arrange air or sea transport for shipments going overseas.”

On the way to joining the euro

Poland is now one of the most attractive logistics business locations on the continent and ambitious plans to upgrade infrastructure should play a role in safeguarding this status. For example, the country is aiming to significantly upgrade its highway network by the time the European Soccer Championship is held in 2012. Airports, the rail network and seaports are all being modernized. Poland already meets EU standards in many areas and the country’s agenda includes adopting the euro as its currency. The government is absolutely determined to introduce the euro during the next few years. This development should provide a new boost for growth in trade and industry – and it will also further encourage demand for integrated logistics concepts.

There is more information online: www.rhenus.com/poland
There are as many as 15,000 components in a large modern executive car – and if a factory is building 850 of these cars every day and has to obtain 70 percent of the parts from domestic and foreign suppliers, the purchasing logistics operations have to perform at the highest levels permanently. Manufacturers are expecting just as much from their service providers. Rhenus has established itself in this business sector across Europe.

One engine component, which has been transported from a supplier in Portugal to the assembly factory in the German state of Thuringia, travels more than 2,000 kilometers on its journey. It is a long trip and plenty can happen on the way – “but the truck’s arrival may not deviate from the set time by more than one hour,” Bernd Gierschke explains – he is responsible for international business development at Rhenus Freight Logistics. In the light of the variety of incoming shipments, manufacturers have to manage the incoming goods that have been purchased in such a way that no bottlenecks occur and they cannot simply leave the planning work to the suppliers. To ensure that everything flows smoothly and any discrepancies are recognized at an early stage, the Freight Logistics business area has set up a control center for automotive logistics. Employees here maintain an overview of deadlines and the status of inbound shipments using computers. The spectrum of consignment sizes ranges from individual pallets to complete loads. Any discrepancies with regard to the plan are actively reported to the customer – anything else would be recorded as an error and would be a negative entry in the supplier’s ratings.

The strict time periods also help in another way: incoming goods are scheduled to arrive at the automobile manufacturer’s premises at different times so that the system is not overloaded. The freight forwarder also has a sense of planning security: “We know exactly when the vehicle will be available again and we can arrange the return load accord-
tive OOO now manages the complete purchasing logistics on behalf of Ford in St. Petersburg. “We began with the sequencing of car seats in March 2007,” Niels-Christian Host from the Automotive Competence Center reports. “Another service provider dropped out during the run-up phase and we were asked whether we could take over the complete purchasing warehouse within a few weeks.” They were able to – and Rhenus now unloads about 70 containers each working day, stores the materials and loads the items on to round trip trucks for the production process in line with demand.

The automobile industry not only has a reputation of being a particularly demanding customer – it is also way ahead when it comes to introducing innovative concepts. No wonder that companies in other sectors are watching developments very closely and are trying to use new ideas for themselves. After all, production networks for white goods and other consumer items are now globalized too. Expertise gained in the automobile sector is much sought-after here: “Using the experience that we have gained in the automobile logistics sector, we have developed a concept to supply a Czech factory manufacturing domestic appliances with parts from Germany – and we have been operating this on behalf of the customer for a year now,” Bernd Gierschke explains.

Cross-border cooperation is increasingly necessary in third party logistics too. The Russian subsidiary Rhenus Automotive OOO now manages the complete purchasing logistics on behalf of Ford in St. Petersburg. “We began with the sequencing of car seats in March 2007,” Niels-Christian Host from the Automotive Competence Center reports. “Another service provider dropped out during the run-up phase and we were asked whether we could take over the complete purchasing warehouse within a few weeks.” They were able to – and Rhenus now unloads about 70 containers each working day, stores the materials and loads the items on to round trip trucks for the production process in line with demand.

Information management as a success factor

The automobile industry has developed various concepts in order to transport components across national borders so that they arrive just in time and are fed into the assembly process just in sequence. One Swedish manufacturer uses Rhenus as its regional freight forwarding company for South Germany – the service company collects parts ranging from screws to engine components from dozens of suppliers, consolidates the shipments and transports them to Scandinavia in trailers. The pick-up orders are passed on by the manufacturer or by suppliers electronically. “We have an open platform and can serve all the interfaces,” Gierschke stresses. “Managing the flow of information in purchasing transactions is the key to working successfully in this sector.”
When Phoning Was a Luxury

The eastward expansion of the Rhenus network began after the fall of the Berlin Wall in 1989.

Western companies, which wanted to operate in the East after the fall of the Iron Curtain, were confronted by a wide variety of practical and legal obstacles. Rhenus opened a branch in Magdeburg as early as 1990 in order to use the location as a hub for domestic inland waterway traffic. But plenty of improvisation was needed: As it was impossible to rent office accommodation, the employees moved into an old switch tower. Telephone lines were also a luxury item – there were eleven lines per 100 residents in East German days. And after decades of German division, there were hardly any lines to the West. To combat this, the business location manager in Magdeburg used to regularly travel to Western Germany to make phone calls – from Helmstedt, just a few meters on the western side of the former border, where the West German network began.

Unresolved ownership issues

The new start in German relations struggled because of unresolved ownership issues. The principle of “return before compensation” had been written into the unification agreement between East and West Germany. Rhenus also asserted its ownership rights and made efforts to secure facilities in Leipzig, Magdeburg, Dresden, Fürstenberg and Havelberg. Some of the real estate had belonged to companies like WTAG, which had become part of the Rhenus Group. But the company did not succeed in recovering a single piece of real estate.

The “history” section recalls milestones in the development of the Rhenus Group. In this series we report on the years following the fall of the Berlin Wall and the opening of the East/West German border in November 1989.
However, the Group still owned real estate and facilities in West Berlin; they had been used to store what was known as the Senate’s reserves during the Cold War – provisions, which should guarantee supplies to the local population if another blockade was imposed. These items of real estate were sold and the Berlin North Logistics Center was established with a modern terminal building and a rail connection in the Brandenburg town of Velten on the north-western edge of the city. But Rhenus also continued its operations in the city center – among other things, it worked at Europe’s largest inner-city building site. The Group won the contract to manage the logistics for the work at Potsdamer Platz and in the new government district. Rhenus coordinated the truck, rail and inland waterway services to and from the site. This involved shipping about ten million tons of materials.

Developments in Central and Eastern Europe

Many new logistics tasks were required in Central and Eastern European countries after the demise of the Iron Curtain. Rhenus Poland began operating as a seaport freight service in Szczecin in 1991 and this was followed by other business locations in Gdansk and Gdynia. Rhenus Prague started work in the capital of the Czech Republic in 1993 and later purchased a logistics center in Nucice nearby. Rhenus also had a holding company in the Russian city of St. Petersburg in the early 1990s.

Business operations in Central and Eastern Europe continued to expand during the next few years – including the founding of new companies in Hungary and Romania. A major step forwards was taken in 2006 when IHG was taken over; its subsidiary Revival Express had set up transport services to and from the East from Frankfurt during the early 1990s and this provided the Group with business locations in the CIS, Ukraine, Estonia, Latvia and Lithuania.

The network of the Group’s business locations and cooperation partners now extended as far as Central Asia.

The demise of the communist dictatorships in Eastern Europe and the end of German division changed the face of Europe within a very short time. Some of the countries that were formerly part of the Eastern Bloc became members of the EU. Where the Iron Curtain once separated people 20 years ago, the borders and markets are now open – for Rhenus too.
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