Solving the transport conundrum:
How transport and logistics can provide the stimulus

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Dear readers,

How do you prevent an impending collapse? “Slow down, calm down and deal with the root causes in good time,” says the doctor. The same applies to the freight transport business. We have to start a rethink right now if we are to prevent mega-traffic jams on German roads in just two decades time. We will have to put logistics concepts we know and love under the microscope and promote technical innovations. However, the sector will not be able to master all these challenges alone. Politics and society in general will also have to play their part. But we can give a positive stimulus, take our responsibilities seriously and contribute to achieving an overall solution.

The challenges of the future will require clear quality and environmental management and much else besides. CargoLine is setting an example as we are the first general cargo alliance to be certified in both these areas. The two aspects interlock perfectly – just like the products and logistics at the drive chain manufacturer Rexnord. Our report describes the role that our partner Spedition Schäfer plays in its supply chain. The relationship between Rondo and Spedition Finsterwalder is a completely different animal as they go about ensuring that pets are never short of a tasty nibble.

In an interview with CargoTime, Stefan Seils, our new Chairman of the Advisory Board, underlines the advantages of a strong alliance of medium-sized companies. His comparison of us with a donkey is only unflattering at first glance. In fact, the analogy is in praise of our endurance, our persistence and the precise, calm manner in which we work together in an alliance, the advantages and disadvantages of the “Freight Transport and Logistics Masterplan” and the future of general cargo alliances.

In an interview with CargoTime, Stefan Seils, our new Chairman of the Advisory Board, talks about the process of closing ranks at the highest level. CargoLine has elected a new Advisory Board. In an interview with CargoTime, Stefan Seils, Chairman of the Advisory Board, talks about the process of working together in an alliance, the advantages and disadvantages of the “Freight Transport and Logistics Masterplan” and the future of general cargo alliances.

I hope you enjoy the latest edition of CargoTime!

Jörn Peter Struck
(Managing Director)
Time for a rethink

Freight transport on our roads will reach its limits in just under two decades according to forecasts. A greater emphasis on local production and consumption, new technologies and increased efficiency could be the keys to sustainable development.
By 2025 (at the latest) Germany’s roads will be at virtual gridlock if traffic volume continues to grow at its current rate. According to the “Traffic Forecast 2025” produced for the German Federal Ministry of Transport, the volume of goods transported by rail, inland waterway and road is expected to grow by almost half over this period and lead to a collapse in the road infrastructure. It presents bleak visions of mega-traffic jams stretching for a hundred kilometres or more – possibly driving the economy to ruin. The annual cost of traffic jams on German roads is already estimated to be approaching 102 billion euros.

And German truckers are not the only ones queuing in desperation. As the No. 1 transit country in the centre of Europe, hundreds of thousands of foreign trucks roll through Germany every day; by 2010 they will account for 40 percent of road freight traffic.

In recent decades, traffic capacity in freight transport has risen continuously. On average, for every percentage point of economic growth, freight transport increases by 2.2 percent. Transport volume expressed in tonne-kilometres – the product of transported goods and distance travelled – will grow by 74 percent over all methods of transport by 2025. Over this period, local goods traffic will grow by only eleven percent while long-distance goods traffic will increase by 84 percent – a rate that is clearly above the average. At the same time, vehicle productivity will fall significantly due to longer standstill periods, traffic congestion and drivers searching for parking spaces. Transportation will not only become more expensive but increasingly difficult to plan.

Furthermore, environmental taxes, road charges and commodity speculation on the one hand and finite resources on the other are leading to a rapid rise in energy prices and making transportation even more expensive. The calls for efficient, environmentally-friendly logistics with the potential to reduce costs and hence increase efficiency are therefore growing ever louder.

The rethink has already started: “Traffic cannot continue to grow in this way without damaging its own ability to function,” says Jörn Peter Struck, Managing Director of CargoLine. “Our role is changing. To an ever greater extent, freight forwarders are becoming problem solvers; we are transforming ourselves from executors into consulting companies and creators of intelligent logistics concepts.”

The long and winding road to Tangiers

By day, the tiny North Sea shrimps live buried in the sand; only at night do they venture out into the open sea to seek food. Hardly a long journey for the tasty crustaceans. But what happens after they are caught borders on the absurd: the freshly boiled shrimps are transported 2,500 kilometres through Europe by truck, then across the Mediterranean Sea to Morocco. There they are peeled by skilled female hands and trucked straight back to Germany. A daily wage of just six euros for these workers makes this act of logistics madness possible and profitable. Yet this practice will soon be at an end. Exploding fuel prices and poor product quality, in particular, are making relocation of production abroad a less attractive option. According to a study conducted by the Fraunhofer Institute for Systems and Innovation Research, approx. one in five companies will relocate its production back to Germany.

However, consumers must also be aware of the consequences of their actions: Is it really necessary for us to have everything in stock everywhere and all year round? Do we really need strawberries in winter or bottled mineral water from the south of France?

Without a serious rethink on the part of consumers, industry, retailers and transporters, it will be impossible to deal with the challenges of the future. Calls for action achieve very little. Every federal government so far has failed to reduce goods traffic or shift it away from the roads. Moreover, their estimates have proved completely wrong. As the Federal Minister of Trans-
port, Wolfgang Tiefensee (SPD), admitted according to the magazine “Der Spiegel”: “The growth rates for traffic have simply thrown overboard all the forecasts made in the 90s.” In the view of the news magazine, the Federal Transport Infrastructure Plan has “long become an emergency document”. And the new “Freight Transport and Logistics Masterplan” passed in July this year with its 35 measures for faster completion of roadworks, opening of the hard shoulder and more flexible road charges is already suffering a similar fate. “In years to come, it is unlikely that this document will be remembered for its far-sightedness and creativity,” is the opinion of logistics expert Prof. Wolf-Rüdiger Bretzke. At the same time he criticises the industry’s own out-of-date logistics concepts. He says it is “ghastly when ‘Just-in-Time’ models and ‘One-Piece-Flow’ concepts are held up in the logistics sector as models of intelligent process design.”

Rail transport not yet an alternative
However, for the foreseeable future there will be no serious alternatives to the truck. Nearly 70 percent of freight volume is currently transported by road. Speed and punctuality are top of the list of priorities. The railways, in contrast, are too rigid, do not have enough capacity and are too slow. In fact, many terminals and sections of the rail network are already overloaded. The German Association of Freight Transport, Logistics and Waste Disposal (BGL) believes that transferring just ten percent of road freight to the railways would increase rail freight by almost half at one stroke. Combined transports do make sense on some routes, such as those operated by CargoLine partner Spedition Finsterwalder in Halle/Saale as a “Railport” for Deutsche Bahn. However, it would be misguided to expect a significant switch to rail freight in the near future. A new study from the consulting institute Jones Lang LaSalle draws the same conclusion. “As long as road transport is faster and more efficient and the costs are not significantly higher than the costs of rail transport, the majority of logistics companies will not really consider changing,” says Chris Staveley, Logistics Manager. But he also forecasts that “in the final reckoning, cost will be the factor that drives a sustainable switch from the roads to the railways as well as a growing awareness of environmental issues.” He adds that it will probably take at least another ten to fifteen years before rail freight is established as a sustainable competitor. That said, another survey by Jones Lang LaSalle shows that of the most important logistics companies throughout Europe, half are preparing for this type of development right now. They are already selecting logistics locations with direct access to the rail network even if they do not yet actively use it.

New technologies to protect the climate
Freight transport in Germany accounts for only approx. five percent of the country’s total CO₂ emissions. Approx. one third of this amount, however, is produced by heavy trucks so increasing their efficiency makes a contribution to climate protection. Although many freight forwarders are already using fuel-saving trucks that meet Euro norm 5, there is more that can be done. Other approaches include the development of more efficient engines that benefit from reduced moving mass, lower friction, optimised fuel injection pumps or variable valve controls. A study recently presented by the Friedrich-Ebert-Stiftung titled “Climate Protection and Road Traffic” shows that it would be comparatively easy for heavy goods vehicles to achieve fuel savings of ten percent and that there is even the potential for reducing fuel consumption by 32 percent. The much discussed gigaliners – extra-long trucks with a total weight of 40 – 60 tonnes – could also make a contribution to further reducing CO₂ emissions. After all, they require between five and 30 percent less fuel to transport the same quantity of goods depending on the type of vehicle and the route.

Slow and steady wins the race
New technology and gigaliners will not be enough by themselves to master all the
problems the future will throw at us. The best way to protect the environment and climate is to avoid creating traffic in the first place. This will require the optimisation of logistics processes. The proportion of deadheads is still too high. So rethinking also means questioning established wisdom. If we are to take preservation of resources seriously “we should abandon the standard practice of handling all the processes as quickly as possible and instead only work to meet the customers’ actual expectations horizon,” says logistics specialist Dr.-Ing. Falk Mikosch. He warns that attempting to master an ever growing number of different logistics processes creates the risk of running into a “complexity trap”. Companies should ask whether the customer is really prepared to pay for express delivery, for example, which consumes so much more in terms of effort and resources and is not always strictly necessary. He advises the sector that a different approach could be for companies “to differentiate themselves from their competitors with logistics services that save resources while remaining robust, secure and flexible.”

As well as optimising the efficiency of packaging and the means of transport, warehouse strategies and the relationship of local and long distance transport must also be put under the microscope. “There used to be a trend to central warehouses and direct journeys. Now the main focus is on re-thinking the time factor. In the future, there will once again be more decentralised warehouses for frequently required consumer goods and certain transports will switch from courier delivery to general cargo and from general cargo to container part loads,” extrapolates Jörn Peter Struck. The “city logistics” model is another example of how existing capacity can be exploited more efficiently. In this model, the deliveries of several freight forwarders are bundled for inner city routes. They are assembled and transported by just one company on an optimised delivery route.

New materials handling and warehouse technologies can also increase efficiency significantly. As far as possible, all logistics process modules must be designed as standardised and exchangeable. They should no longer be tied into a rigid process chain but assembled flexibly using automatic controls that take account of the task they have to perform. This will require intelligent software, which also allows optimised route planning when dovetailing deliveries for a number of companies. For example, the joint research project with the cryptic name “SOA4LOG” at the Technical University of Berlin is already successfully working on a “service oriented application platform for logistics” of this type. The future has already begun.

Whenever it is reasonable, freight forwarders are already using combined rail-road transports.
More than just a link in the chain

No warehouse can function without fork-lifts and no fork-lift can function without chains. Rexnord Kette, based in Betzdorf, is Europe’s largest manufacturer of these power transmission components. CargoLine partner and freight forwarder Schäfer, based in Neunkirchen near Siegen, is responsible for organising the European and intercontinental transportation of its products, production-orientated delivery of semi-finished products and much more.

The Siegerland region is famous for three things – Krombacher beer, the warehouse and office equipment manufacturer SSI Schäfer and the metal-working industry. Iron ore was mined and worked here as early as 500 BC. The reduction of iron into steel and its processing into useful products are still an important element of the region’s industry today. So it is perhaps natural that Rexnord Kette GmbH, nestling between the Westerwald and Siegerland regions, manufactures industrial chains from steel. One type of these industrial chains, the so-called leaf chain, is used as a lift chain and safety component in fork-lifts made by well-known manufacturers.

Preventing premature chain wear
At the very latest, a fork-lift manufacturer or original equipment manufacturer (OEM) becomes aware of the fact that not all chains are equal when he chooses the wrong one. If the torque is too high, the chain suffers so-called premature chain wear and breaks as a consequence. Then everything comes to a standstill. To ensure that this does not happen and every customer finds the ideal chain for his application, Rexnord offers a comprehensive service alongside its technical consulting. A variety of different benchmarks such as breaking load, fatigue strength, chain size and wear are used to determine the correct chain. Rexnord Kette GmbH offers customers a choice of around 5,000 different chains including special chains, for which the Betzdorf company has designed 650 specific tools and 30 special steels. “Many customers believe that the breaking load is the most important factor to consider when selecting a leaf chain. But the elastic limit is achieved well before the breaking load limit. So a chain of this type is only safe if the computed fatigue strength value is equal to or greater than the load,” emphasises Carlo Benevolo, Supply Chain Manager at Rexnord Kette.

As all major manufacturers of fork-lifts and their OEMs are based in Germany, approx. 50 percent of the company’s production remains in Germany, which is Rexnord’s largest market. Schäfer, from the nearby town of Neunkirchen, is charged with transporting these consignments and those to and from Austria, the Czech Republic and Switzerland.

Medium-sized and uncomplicated
In selecting Schäfer as its transport and logistics provider, Rexnord has killed not just two but three birds with one stone. Firstly, Rexnord values the medium-sized character of the owner-operated freight forwarder – decisions are taken and implemented quickly, the number of contacts in the company is limited to a few people who are known personally to Rexnord’s staff. At the same time, Schäfer, as a partner of the general cargo alliance CargoLine, offers the full range of services and comprehensive flow of information and goods that would be expected from a large corporation. Secondly, the Betzdorf factory has only two loading ramps. Due to the high frequency with which Schäfer can send vehicles to deliver or collect goods – even at the weekends – Rexnord is able to relieve the pressure on its warehouse and cramped dispatch area. Thirdly, over the course of many years of cooperation, Schäfer has taken on an ever greater proportion of the logistics side of the business – effectively becoming an extended arm of the production process.

One-stop-shopping
One of Schäfer’s important roles is in raw materials logistics at the Betzdorf site. This
includes picking up wire band and slit strip used in the manufacturing process from suppliers in Germany and various other EU countries. In conjunction with the Rexnord quality management team, Schäfer inspects incoming goods and produces the corresponding documentation to ensure that the raw materials can all be traced. If the steel strip or other raw products are not needed immediately, they are stored by the freight forwarder. The same applies to bought-in products. When the production department requests fresh supplies, the CarGoLine partner order picks the various raw materials and transports these several times each day as required to the production line within two hours at most in a synchronised process. The trucks are loaded with finished goods for the return journey. These are either taken directly to the recipients, stored in containers (FCL) destined for the USA, or to Schäfer’s own logistics warehouse where they are sorted and prepared for customers to collect themselves. “We also take care of the shipment of intercontinental cargos and procurement orders via the European ports of Hamburg and Rotterdam including customs clearance, warehousing and delivery to the production line,” explains Bernd Höppner, European Sales Manager for Automotive and Contract Logistics at Schäfer, referring to the sea and air freight expertise of its sister company SIS Internationale Speditionen-GmbH.

Schäfer has also recently become active for a supplier of Rexnord based in the Far East. The freight forwarder imports and stores approx. 120 containers of bought-in goods per year, deals with customs clearance and transports them to the Betzdorf factory as required. For Rexnord, this is a significant advance on earlier practices. “Before Schäfer set up the consignment warehouse, we had to store all the goods in the limited space we had available and pay for them all directly when they arrived. Now we simply order the quantities we need at the moment and only pay for these. The remainder of the delivery waits at the freight forwarder until it is needed,” says Benevolo.

**Initiative is welcome**

Next Rexnord wants to test the new CarGoLine product “NightLineFix”, which guarantees delivery on a specified working day two or more days after collection. This is useful as many OEMs request delivery to the day.

In addition, Schäfer und Rexnord Kette GmbH will set up a logistics chain in partnership with an important supplier of finished goods. In much the same way as the consignment warehouse already described, this operation will encompass logistics, stock placement and removal as well as the warehousing itself plus transport as required between Neunkirchen and Betzdorf. The high volume requires an IT connection which allows suppliers and Rexnord to access all the data online in their own production planning and control systems.

Carlo Benevolo is particularly impressed that Schäfer has, on its own initiative, created complete documentation for all upstream and downstream processes – thereby ensuring a high level of information is always available. From the collector to the accounts department, everyone knows what he has to do and when. The system minimises the number of errors and if one employee is unable to work for a longer period, another can easily takeover his tasks. “This system means Schäfer has a clear advantage over both its larger and smaller competitors,” he concludes.

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**Leopold Schäfer**

When the freight forwarder Spedition Leopold Schäfer GmbH was founded over 60 years ago, it laid the foundation stone for the internationally active company Schäfer&SIS® Interlogistik that exists today. The freight forwarder has been a partner in CargoLine since 1996. The company has over 5,300 square metres of cargo handling and warehouse area at its location in Neunkirchen.

www.cargoline.de/partner

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Rexnord leaf chains add an extra measure of safety to fork-lifting.
Pets must be taken to the vet if they have arthritis and to a therapist if they exhibit unusual behaviour. They must be insured and coiffeured until finally they are taken to their last resting place by a pet funeral director. The number of pets is growing constantly. 5.3 million dogs and 7.9 million cats were counted last year in Germany, a total of more than 23.2 million pets – not including fish in the nation’s aquariums. Statistically, there is a pet in every third household. Consequently, the market for animal products is growing strongly: in 2007 pet owners spent 3.3 billion euros on pet food and equipment alone. Demand is increasing for tasty tit-bits as well as healthy and organically produced food. After all, if it’s good enough for people, it won’t hurt the animals.

Morsels for moggies
“Even in difficult economic times, Germans don’t save at the expense of their pets,” says Josef Bosch, Member of the Board of Rondo Food. “They are part of the family and the emotional bond is very strong.” At the company’s site in Halle/Saale, Rondo Food mostly produces snacks for cats and dogs but also for rabbits and guinea pigs. These are tasty treats to be used as rewards but also for dental care or as a healthy, vitamin-rich supplement to their main diet. The company originally manufactured blanccmange and other powders under the name “Wellen”. With the “Tewells” brand, it was once one of the biggest competitors to the major German food brand “Dr. Oetker”. Production of these lines was sold for a profit and since 2006, Rondo has been exclusively a manufacturer of snacks for pets. Time has shown this decision to be correct: sales have grown every year by up to 25 percent since this change of direction. Rondo Food manufactures solely for the large retail chains throughout Europe and almost always to order. However, the company processes less meat than you might expect. “We mainly process meat for our snack salami style products in various flavours,” explains Josef Bosch. “And all our meat is from healthy animals that were slaughtered for human consumption!” Quality and hygiene standards are high – higher even than for food for human consumption and the process is continuously monitored by health and safety officers. Animal food can also be eaten by humans as he knows from his own experience. Fully automated production plants process greaves meal, starch and vitamins into snacks. Glycerine ensures flexibility. The ingredients are mixed, boiled, shaped into rolls, strips or stars, passed through a chilling tunnel and then cut to the right lengths. Finally the tit-bits are packed and assembled according to the customers’ specifications.

Transport and storage
Spedition Finsterwalder, the freight forwarder from Halle/Saale, is responsible for the transportation and storage of the snacks. At least five trailers can be found at the plant on any working day moving around 51,000 pallets each year. Approx. 60 percent of these are transported directly to customers and 40 percent delivered to the refrigerated storage depot, which is operated by the freight forwarder. “The high standards of hygiene also apply in transport and storage and they are inspected regularly,” explains Sven Köcke, Marketing Manager. Finsterwalder is certified according to DIN EN ISO 9001:2000 including...
HACCP – like all CargoLine partners – and is therefore permitted to store and transport packaged food products.

Larger consignments and complete loads are delivered to the central warehouses of the big retail chains, such as Aldi in Germany, Tesco in England or Continental in France. The many smaller shipments are primarily supplied directly via the CargoLine network. To avoid deadheads, the trucks supply the factory with packaging materials, which are also stored by Finsterwalder.

The freight forwarder – whose name refers to the owner, not the town of almost the same name in Brandenburg – has had its headquarters in the Allgäu region of Southern Germany since 1937 and operated an independent facility in Halle/Saale since 1990. Every day, this centre schedules over 350 vehicle units for consignments delivered throughout Europe. Increasingly customers are using services such as warehousing, goods inspections, packaging and order picking. Most recently, the company has become a “Railport” for the German railway network Deutsche Bahn and can supply customers who do not have their own rail connection via the combination of rail and truck transports. After they arrive by rail, the goods are loaded directly onto trucks and delivered immediately, or are warehoused and delivered later by road to their destination “just in time”. The company’s own shunting locomotives provide transport around its 2.5 kilometre internal rail network.

**Logistics centre with a future**

For Finsterwalder, the choice of the location of Halle/Saale has proven to be a good one. “Because Central Germany has a big future as a strategic logistics centre,” says Sven Köcke, who is clearly satisfied with the company’s development. “We virtually had to start from scratch in 1990 – now we are one of the giants here in this sector.” The region has convenient access to the ideal combination of road, rail, air and waterway routes in all directions. Leipzig/Halle Airport is a central hub for air freight and the Halle/Saale rail freight depot is to be expanded into one of the most important hubs in Eastern Germany over the coming years. Good reasons why large companies such as Amazon, Quelle and Rossmann have located their mail order centres in the area.

By 2015, the logistics sector in Central Germany expects to create 100,000 new jobs – in addition to the existing 160,000. The situation at Finsterwalder underlines this trend: in 2007 alone, its number of employees in Halle grew from 420 to 560.

Rondo Food is one of the freight forwarder’s Top 10 customers and Josef Bosch is happy to confirm Finsterwalder’s “good service as well as qualified and well-motivated employees.” All shipments are recorded electronically right down to the very last package and can therefore be tracked in real-time on the Internet – a standard service provided by all CargoLine partners. Work is currently in progress on a further IT interface, which will allow the freight forwarder to provide the animal snack producer with all the data from its warehouse electronically.
**Partners of the year**

- Hermann Maier Spedition KG (Singen), Balter und Zimmermann GmbH (Gera) as well as L. Wackler Wwe. Nachf. GmbH (Wilsdruff) are the “CargoLine Partners of the Year 2007”. These three companies made a special contribution both to the success of the general cargo alliance and to quality assurance over the course of the 2007 financial year. The key factors were their performance in the following categories: ratio of shipments dispatched with the required quality and punctuality, conscientious use of the CEPSRA II Track & Trace system, the total number of shipments dispatched and percentage increase compared to the previous year, implementation of and adherence to the corporate design standards as well as the involvement of their employees in the alliance’s working parties and decision-making bodies.

The number of marks achieved in the above categories rose overall in comparison to previous years. Furthermore, the scoring was close for all CargoLine partners. This underlines the even and reliably high level of performance achieved by all our partners.

**New partners in Southern Europe**

- The transport and logistics service providers Larioexpress (Como) and Lusocargo (Lisbon, Porto) are the latest reinforcements to the CargoLine network. They joined the alliance in summer 2008. Every night, Larioexpress drops off consignments at CargoLine’s European hub in Hauneck and picks up the ones destined for the Como area. As a result, the alliance’s customers can serve the greater Como-Milan region – Italy’s most important commercial centre – even more quickly and directly than before. Lusocargo operates regular transports with the CargoLine partners BHS (Bremen), Bursped (Hamburg), Koch International (Osnabrück), Köster & Hapke (Hanover), Lebert (Kempten), Schmidt-Gevelsberg (Schwelm) and Wackler (Göppingen). A daily shuttle between the Portuguese locations supplements the direct lines to and from Porto and Lisbon. This combination ensures the daily connection to Germany.

**Safety first**

- “It’s so heavy, there’s no way it will move,” is a thought that crossed the minds of many a consignor or haulage contractor, before they found their incorrectly secured load flying all around them. An impact at just 20 km/h or an abrupt braking manoeuvre at 60 km/h can propel heavy goods towards the driver’s cab causing serious damage. Videos at the website www.lasiportal.de illustrate these dangers impressively. The site also features neutral information and tips on how to secure loads safely on trucks.

Marotech from Fulda is the initiator of the portal. The company is a new customer of John Spedition GmbH and provides a complete range of load-securing products such as dock bumpers for trucks, loading bridges or wedging boards. It also manufactures its own high quality non-slip mats. These mats contain a particularly high proportion of binding agent and hence last 30 to 40 times longer than the apparently cheaper protective matting from the construction industry that is often used – despite the fact it is not permitted for use in securing loads. They also provide far greater grip. “Our mats are tested according to the strict VDI-guideline 2700. They are also put through tough real-life tests by the Fraunhofer Institut IML in Dortmund before being launched on the market,” reports Marotech director Steffen Uth. The effort has paid off. At the sector trade fair LogiMAT 2006, an independent jury voted the “MT Supergrip” non-slip mat the best product in the category “Order Picking, Packaging, Securing”. The jury noted that the mat, which has been developed specially for heavy loads, makes an exceptional contribution to road transport safety due to its exceptionally high coefficient of friction. It comes as no surprise that Marotech also pays close attention to the quality and safety of its transport service providers. “John Spedition’s customers have the feeling they are in safe hands,” is the judgement from Marotech. If there were guidelines for customer satisfaction, John Spedition would certainly meet them.


**Who needs the European Football Championships ...**

- ... when there is the CargoLine football tournament?! For more than 1,400 (!) players and supporters, the UEFA event was just a sideshow as 45 CargoLine teams and five guest teams lined up on June 14 in Ottenbach near Göppingen. Klaus Riegert, member of the German Parliament, kicked off the excitement in the final, in which MTG Mannheim prevailed 2:0 against the team from TSV Ottenbach. The winning team MTG Mannheim stole the UEFA EURO’s participants’ thunder.
New Advisory Board

According to schedule, the partners of the CargoLine alliance elected their Advisory Board on 28 May. Its roles are in the strategic development of the alliance as well as to advise and support the management. The board is composed of shareholder company representatives André Biwer (Lebert, Kempten), Rolf Lorenz (Schmidt-Gevelsberg, Schwelm), Udo Schneider (Schäfer, Neunkirchen) and Stefan Seils (Bursped, Hamburg) as well as the franchisees’ delegate Anton Galster (Finsterwalder, Halle/Saale). Stefan Seils was named Chairman of the Advisory Board and Udo Schneider as his Deputy. In Rolf Lorenz and Stefan Seils, the Advisory Board is strengthened by two managing directors of companies with an important focus on the international business. André Biwer and Udo Schneider are already in their third term in office on the board; Anton Galster has been a member of the board since March 2007. Together they plan to develop both the security of the network and the closer integration of CargoLine’s European partners (see also the interview with Stefan Seils on page 16/17).

Advocating Germany as a manufacturing location

Interview with Jens-Heinrich Beckmann, Managing Director of IVSH – a new CargoLine customer

Mr Beckmann, what does “IVSH” stand for?

The IVSH addresses a remarkably wide range of themes affecting a broad target group. It provides its members with detailed information about developments in the sector; it is a point of contact for retailers but also a mouthpiece for its members to address retailers themselves; it is active at both domestic and international trade fairs, deals with issues affecting exports, participates in the creation of new laws and regulations, which are relevant to the sector, and coordinates the interests of its members at the European level. It is also a tried and trusted platform for communication and campaigning on the part of its members and its activities focus on increasing their competitiveness.

IVSH (German Association of the Cutlery and Houseware Industry) Managing Director Jens-Heinrich Beckmann

Is “Made in Germany” still a seal of quality?

“Made in Germany” and “Made in Solingen” still have a first-class reputation, especially in international markets. Many products, particularly those in the upper market segment, continue to be manufactured in Germany. This requires regular investment in research and development but also in production facilities and employees. Our members are clearly committed to Germany as a manufacturing location.

Are your members suffering from the competition of retail brands?

It is impossible to overlook suppliers like Tchibo or Ikea in our market; they are a part of it. We can see this in the supplier relationships that crop up again and again involving these or similar retailing concepts. However, their business models often do not match the way our members see themselves. For example, many do not have their own development departments but orientate their products to the innovations of other suppliers. Products which are designed and launched in this way are admittedly sold for a lower price but are also of a much lower quality than the branded products manufactured by our association. This is certainly not unproblematic for our members – but I think it would be overstating the case to talk about “suffering”.

Should medium-sized companies receive greater support?

“Support” is the wrong word – there is simply not enough freedom to act. From rampant bureaucracy to high taxes and charges, there are many things that make the lives of small and medium-sized businesses in our industry extremely difficult. We would welcome a clear and dependable regulation framework and certainly self-help measures. But we can do without state intervention.

What are your hopes for the partnership with CargoLine?

Our members profit from first-class service and good value terms and conditions. CargoLine’s partners in return profit from a greater volume of orders and easier access to potential customers. We intend to work as closely as possible with CargoLine and develop the existing cooperation.

What do you believe will be the effects of the increase in road charges or the planned ban on trucks overtaking?

Sensible regulation of goods traffic is obviously a good idea. But what is “sensible”? The planned increase of road charges for trucks is certainly not a good idea. Many freight forwarders are already economically marginal providers with very little financial room for manoeuvre. An increase in road charges combined with a blanket ban on trucks overtaking and presumably high diesel prices in the long term is damaging for the freight forwarding business, for its customers, consumers and Germany as a location for business.

http://ivsh.creative-minds.de/
International

Hungary – the very name conjures up images of paprika, salami and Lake Balaton, the sentimental love story of Piroschka or Romy Schneider as “Sissi”. As Empress Elisabeth (Sissi) of Austria, she fought against the will of the court for reconciliation with Hungary and eventually became its queen. Romance and pleasures of this nature are still to be found there today – but the country’s connections to the rest of Europe have long been completed.

Service beyond transportation

As Hungary is an important crossroads in Eastern Europe, the European Union is to provide 7.3 billion euros for the development of the Hungarian transportation network by 2017: there will be 330 kilometres of new motorways, 500 kilometres of railway will be modernised and 1,100 kilometres of roads will be repaired. “We already have very good access to the major centres and Hungary’s neighbouring countries. When the development work is complete we will also be able to travel faster in its outlying areas and inner cities,” expects Robert Breitwieser, Managing Director of the freight forwarder Englmayer Hungária.

Since 1994, the Englmayer Group, which has its headquarters in Wels/Austria, has operated what is now its largest foreign subsidiary with a central hub in Biatorbágy, a suburb of Budapest, and four more depots in Hajdúdorog, Kecskemét, Győr and Veszprém. In the first few years, the company focused primarily on the customs clearance business. Today, its most important sectors are general cargo and express deliveries, e.g. in office logistics: Englmayer delivers office materials to customers’ desks for Corporate Express from Austria or Kaiser und Kraft from Stuttgart. The company also provides what Breitwieser describes as “services beyond pure transportation from A to B”, e.g. for stocking the shelves of the branches of Hennes & Mauritz from its central warehouse in Poland, for the 40 shoe shops belonging to Deichmann Schuhe from Feuchtwangen or for high-tech equipment for Fujitsu Siemens. These services include everything from setting up equipment and testing that it functions correctly to delivery of display materials, returning empty packaging or disposal of used boxes. From its base in Hungary, Englmayer organises express deliveries of spare parts for DAF Trucks, which belongs to U.S. parent company Paccar, to destinations throughout Eastern Europe.

Connecting networks

“We can reach our customers very fast because we now have a large, smoothly-running network,” adds Robert Breitwieser. Since the beginning of 2007, this has included the use of the CargoLine network. Each day, consignments are dropped off and picked up at the CargoLine European hub in the town of Hauneck in Northern Hesse. The network also has daily routes to and from Bulgaria and Romania. This high level of integration into Eastern Europe with branches in Croatia, Romania, Slovakia, Slovenia and the Czech Republic is an important pre-requisite for the success of the Englmayer Group.

“We want to develop our branches and partnerships in Eastern Europe even further and create even better networks so that we can be one of the top providers in Eastern Europe in terms of delivery times,” says Breitwieser explaining his vision.

More than just paprika and Empress Elisabeth


In the Hungarian capital, the grand Chain Bridge links the two districts Buda and Pest.

Enlgmayer
Hungária Kft.

achieved sales of 4 million euros in 2007. Each month, the company’s 50 vehicles transport 12,500 consignments. At its headquarters in Biatorbágy, the freight forwarder operates a 2,000 square metres cargo handling centre and a 1,750 square metres logistics hall.

www.englmayer.at
AEO, AES and Atl@s – New developments at customs

Language in our sector is laced with acronyms and abbreviations such as “AEO”, “AES” and “Atl@s”. But who knows what these terms from customs authorities mean precisely?

“AEO” stands for “Authorised Economic Operator”. Companies domiciled in the EU who deal with customs have been able to apply for this status since 1 January 2008. Approval involves meeting extensive requirements regarding reliability, financial solvency, previous record in meeting relevant legal regulations and the implementation of certain security standards. By no means every applicant whether a consignor or freight forwarder can meet these conditions. An AEO is therefore considered a particularly reliable and trustworthy partner in the international goods management business. By introducing this scheme, the EU is supporting the efforts of the World Customs Organisation to guarantee the safety of the international supply chain at every stage from the manufacturer of the goods to the consumers.

Reputation up, handling times down

Companies do not merely profit from the high reputation this status accords them; they also save time because, e.g. the conditions for certain customs simplifications certificates are considered to have been inspected and permanently recognised once the certificate is granted, so other inspections are not required. It is also expected that international companies will make this status a requirement for their freight forwarders due to the demanding qualification tests. In addition, optimisation of process and internal control mechanisms can also achieve indirect benefits. These include fewer security incidents and unexplained losses of goods. Despite the effort, expense and the fact that all previously granted customs simplification certificates continue to be valid, it could still be worthwhile applying for the status – or using a freight forwarder with AEO status.

The new F-class

AEO status is valid without time restrictions in all EU member countries. In the foreseeable future it should also receive recognition in non-EU countries such as the USA, China and Switzerland. The AEO can be applied for in the following categories: C “Customs simplification certificate”, S “Security and safety certificate” and F “Combined customs simplification/security and safety certificate”. These differ in terms of the authorisation requirements and the concessions associated with them. The vast majority of CargoLine partner companies with active export businesses have applied for AEO-F.

AES and Atl@s

Another completely different topic, although also relating to customs, is Atl@s. The “Automatisierte Tarif- und Lokale Zoll-Abwicklungssystem” (“Automated Tariff and Local Customs Processing System”) is an IT procedure run by the German customs authority in order to automate and speed up customs clearance. With Atl@s, paper documents such as notifications on import duties are replaced by electronic messages in the EDIFACT format. The registration data is stored centrally and is available to all the relevant institutions (auditing departments, German customs investigation offices, state financial administration offices etc.). In addition, data for export statistics is regularly transferred from Atl@s to the German Federal Statistical Office.

An important cornerstone for implementing the E-customs initiative is “Atl@s-Export”, which was introduced in August 2006. It consists of the “AES” (Automated Export System) and “ECS” (Export Control System) and is intended to replace the old paper-based export process for commerce on 1 July 2009. CargoLine partner companies are setting a good example in E-customs and helping the environment at the same time: more than half already use paperless processing of their customs clearance procedures. More information is available at www.zoll.de
Closing of ranks at a high level

On 28 May the partners of CargoLine elected a new Advisory Board (see also page 13). CargoTime spoke with Stefan Seils about his plans as the new Chairman of the Advisory Board as well as about CargoLine and the market in general.

Mr Seils, congratulations on your election as Chairman of the Advisory Board! How did you feel after the result was announced?

It was a mixture of concern and pride. Concern because of the challenges and responsibility; pride that my colleagues in the CargoLine family have expressed their faith in me in this way. And pride also because I am allowed to represent CargoLine in the outside world.

Why?

Because CargoLine is one of the really good partnerships. We can see that in the growth, stability and quality of the network, the satisfaction of our customers and also the fact that, today, CargoLine is perceived differently from the way it used to be.

Did it take a long time to persuade you to stand for election?

No, it is an honour – it’s not something you say “no” to. For the application to become chairman, promises were then needed from my colleagues that they would actively support me.

What moved you to be nominated?

Three things: an opportunity to participate in building the future of CargoLine, to influence important decisions and contribute to moving CargoLine in the right direction in the future.

What would you like to achieve with the Advisory Board?

Well, on the one hand, there are the plans we make ourselves; on the other, there are changes that present themselves to us from outside and where all we will be able to do is react. Under all circumstances, we must ensure that, internally, CargoLine remains at least as united as it is today. In the outside world, the process of concentration continues. We have to find the right answers in order to maintain CargoLine as a homogenous network of medium-sized companies.

What do expect from working together with the management?

The role of the Advisory Board is to advise the management. We will discuss specific points and attempt to find solutions. And the more we confront these issues, perhaps even vigorously discuss them, the more clearly we will be able to focus on the various aspects that are necessary in order to make a decision later. Different viewpoints about the way ahead can always be accommodated as long as everyone is working towards the same goal. This unity is an advantage: while we are busy dealing with facts and important questions, other alliances are trying to accommodate the differing aims of their shareholders.

How would you describe the culture of argument at CargoLine?

It is good and of a high standard – exactly the way it has to be. It is important to be able to argue in order to get the best possible results – and afterwards it is important to be able to drink a beer together and be pleased about what we have achieved.

DSV has taken over ABX. What do you think will happen now?

We will find out what DSV’s intentions are for the acquired operations in October at the earliest, now that the relevant monopolies commissions have just given the green light. In any case, the long-term strategies of DSV and also Kühne & Nagel have not yet changed: both want to have their own networks in Germany. Everyone in the market will have to adapt to that.

Can CargoLine take preventative measures?

Firstly, CargoLine has long-term partner contracts and therefore a certain degree of peace. On the other hand, the responsible committees at CargoLine must continue to discuss the question of network development as a matter of constant importance.

Stefan Seils

Stefan Seils, born 1958, became Managing Partner of the Bursped Group on 1 January 1991 in line with the family succession. As well as Bursped in Hamburg, the group also includes the two CargoLine operations Köster & Hapke (Hanover) and the Bremen-based joint venture BHS (Bursped/Hartrodt/Schmidt), Bursped Logistik (international charter business) and Lorel (Bursped/Würfel), which is active for Mercedes-Benz in Bremen. The fully-qualified lawyer, who worked for two years as a lawyer after passing his second state exams, is married and has two daughters.
There is no basic problem if a large group is a participant in a number of locations. But there is no question of becoming dependent on a single company either at a national or international level.

How do you think CargoLine is placed in comparison to its competitors?
We have an outstanding position compared to other networks or systems – in terms of the structure provided by our medium-sized companies and operating performance. In the area of IT, we can provide information that is at least as good as that of many competitors, if not better. It’s just that we don’t market that aspect as strongly.

How would you describe the typical CargoLine partner?
The typical CargoLine company identifies strongly with the network, is well-managed in terms of quality and processing and operates with a view to sustainable development. It is committed to the general cargo business and sees it as the core business, which it wants to continue running in future with energy and a readiness to make the necessary investments. The relative size is a secondary consideration.

What else does the ideal partner need?
Diversity is our strength; the more one-dimensional we become in any direction, the greater our vulnerability. I always say that if CargoLine knew what CargoLine knows, we would be almost unbeatable. Our colleagues all operate specific businesses, which also require a high degree of logistical expertise and could also be interesting business propositions – but go completely unnoticed if we just look at general cargo.

Do you see a future for alliances such as CargoLine?
Yes, absolutely! I believe that customers continue to be very interested in receiving honest, personal service from a local company. Naturally, CargoLine will have to develop its products in order to continue offering its customers innovative, market-driven services. Our customers must see their transport and logistics needs reflected in what CargoLine offers and feel that their consignment has not just been picked up but that it is in good hands. That way they can be sure their own customers are satisfied. Transport services are becoming ever more important for suppliers because their customers are increasingly paying attention not only to the quality of the delivered goods but also the quality of the delivery - punctuality, completeness, order, etc.

What is your opinion of the “Freight Transport and Logistics Masterplan”?
As a sector, we can be pleased that politicians are devoting time to this question. There was a time when we were not valued in this way and would never have received this kind of attention. Taken individually, of course there is much to criticise from the viewpoint of road-based transport in these 35 packages of specific measures. But it also contains many good ideas.

Do you have any final comments?
I really believe that CargoLine is a very good alliance. Each partner runs his own company successfully. That means that there is always plenty of know-how sitting round the meeting table – and everyone is confident enough to express his or her opinion. Sometimes you really have to show what you are made of, but in the end the result is always something good.
The smoothly organised operation of a freight forwarder and modern environmental protection are a perfect fit for each other. CargoLine’s partner companies are the first general cargo alliance in Germany to prove this point. Since 1 August of this year, the alliance has been certified not only for its quality management according to DIN EN ISO 9001:2000 including HACCP but also for its environmental quality in accordance with the international standard DIN EN ISO 14001.

From paperless clearance, bundling of transports, route optimisation, avoidance of deadheads, use of biodiesel and fuel-saving trucks to driver training courses, generation of solar energy, waste separation and biological treatment of waste water in vehicle washing facilities – all these practices and many more have been standard in our partner companies for years. This new environmental certification now offers a window for the world to see how we actually operate and underlines our commitment to actively protecting the environment. It is a sensible addition to the re-certification of our quality management, which was achieved successfully for the second time and on schedule. It applies to all partners in the alliance, many of our partners abroad and – uniquely – also to affiliated local freight forwarders. CargoLine holds the main certificate and the various sub-certificates are linked to it. The certification extends beyond the normal services, too, in as far as the transit times for the premium products NightLine, NightLine NextDay, NightLineFix and NightLinePlus are also certified. Compared to other alliances, this is a significant advantage in quality.

HACCP certification also serves to protect consumers. It guarantees food hygiene standards all the way along the production and transport chain. According to this certification, CargoLine is permitted to store and transport packaged food products, e.g. jars, canned foods, bottles or canisters.

Certification is managed by Moody International Certification GmbH, the well-known company based in Mönchengladbach. “At CargoLine, all our products and services are documented transparently and verifiably. We offer a uniform quality of cross-border service,” explains Jörn Peter Struck, Managing Director of CargoLine. Appropriate structuring and documentation of operating processes helps to make the most of resources and soften the impact on the environment. However, it also helps to reduce liability risks as well as costs for energy, water and waste disposal. “We want to run our business responsibly and minimise our environmental footprint. Our success in gaining environmental certification confirms that our efforts are bearing fruit,” emphasises Struck.

A commitment to actively protect the environment

CargoLine is the first general cargo alliance to be awarded both quality and environmental certification.
New product NightLineFix:
How do you deliver on the specified day?

How do you deliver on the specified day?
Does this ring any bells? You customer calls on Monday to tell you that he needs his shipment to arrive precisely on Thursday – not Wednesday and not Friday. It is for exactly these situations that we have created NightLineFix: you hand over the shipment to us at least two days before delivery is due, or earlier if you wish, and we deliver it on the precise specified day.

Your advantages at a glance:
› Delivery schedules planned to the day (collection at least 2 days prior to the specified delivery date)*
› Improved control of the flow of goods
› Relieves pressure on your dispatch area thanks to early collection
› Your vendor rating improves
› Area-wide delivery
› High transparency through Track & Trace at package level

* If Cargotize is unable to deliver on the agreed date, the customer only pays for the service actually provided. Exception: force majeure.
One of our partners is never far away.