Airfreight:
The route to success

_LCL moves to a new level
_Fairs & events: among the market leaders
_Awards in Asia Pacific
Dear reader,

Increasing levels of globalisation and ever closer integration of the world economy mean supply chains are becoming more and more complex. At the same time, the need for reliable and efficient logistics solutions is growing rapidly, accompanied by greater demand for competitive airfreight solutions.

Kuehne + Nagel constantly adapts its airfreight service offerings to suit changing customer requirements. For example, we are currently developing a series of innovative, time-defined airfreight products, which no other logistics provider can claim to offer to date. By leveraging standardised IT-based processes, we will be in a position to offer our customers worldwide even higher levels of reliability and quality of delivery.

Kuehne + Nagel is looking to intensify the process of establishing industry standards in the sector. Our Cargo 2000 implementation and investment in the GF-X neutral reservation system, for example, both contribute to standardising airfreight processes worldwide.

The airfreight industry is growing, and Kuehne + Nagel’s ambitious goal is to strengthen and develop its market position. We believe that the new logistics terminal in Frankfurt, our airfreight hub in Central Europe, offers the optimal conditions for further business development – All reason enough to make airfreight the focus of this issue of Kuehne + Nagel World.

If you have any suggestions or comments on this issue, you can contact us at world@kuehne-nagel.com.

I hope you will enjoy reading this edition of Kuehne + Nagel World.

Yours

Klaus Herms
Chief Executive Officer
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The route to success

Despite a volatile and highly competitive market, Kuehne + Nagel again expanded its market share in the airfreight sector last year. Roland Bischoff, Senior Vice President, Global Airfreight, spoke to Kuehne + Nagel World about the division’s strategy, the benefits of Cargo 2000 and new service packages.
“Having successfully completed our pilot project in Paris, our globally standardised IT platform has allowed us to rapidly implement Cargo 2000. Since mid-2003, we’ve integrated Phase 2 functionality into our IT platform worldwide, thereby helping to establish a new industry standard in airfreight.”

>> KUEHNE + NAGEL WORLD: Airfreight is an important part of the supply chain for many international companies. What services does Kuehne + Nagel offer its customers in this area?

BISCHOFF: Our product portfolio includes everything from standard consolidated shipments to tailor-made airfreight solutions such as dedicated charters or onboard courier services. We handle some 25,000 shipments every week to over 300 destinations around the world – that fills a good 100 B747 freight aircraft.
KUEHNE + NAGEL WORLD: Kuehne + Nagel also offers a range of specialist services for certain industrial sectors. Could you tell us more?

BISCHOFF: We’ve developed a series of niche products for the aviation, shipping and hotel industries.

Our Aviation Logistics service offers intelligent spare parts supply solutions to airlines and maintenance companies. We supply our customers quickly and reliably with the components they need through our worldwide network of 40 aviation logistics gateways. We don’t just handle conventional shipments here, but also express deliveries of whole engines or other important aircraft components when an aircraft-on-ground event occurs. Defective parts can also be directly collected from the customer, flown to his workshop and then brought back with the fastest possible turnaround time.

We provide similar solutions to the shipping industry too, supplying shipping companies with spare parts through our worldwide network of strategically-located warehouses. The parts can be delivered to any port in the world, promptly and to deadline – cutting repair times and ensuring that sailing schedules are kept.

Then there’s our Hotel Logistics service. Kuehne + Nagel offers a worldwide supply chain management service to customers opening or refurbishing luxury hotels. Thanks to professional coordination and control of the whole order, material and supplier management system, our customers in the hospitality business can rest assured that the entire hotel inventory will be delivered on time.

KUEHNE + NAGEL WORLD: Kuehne + Nagel is the first – and so far the only – logistics provider to implement Phase 2 of the Cargo 2000 programme worldwide.

BISCHOFF: That’s right. Having successfully completed our pilot project in Paris, our globally standardised IT platform has allowed us to rapidly implement Cargo 2000. Since mid-2003, we’ve integrated Phase 2 functionality into our IT platform worldwide, thereby helping to establish a new industry standard in airfreight.

KUEHNE + NAGEL WORLD: What does that mean for Kuehne + Nagel customers in concrete terms?

BISCHOFF: What is new is that with the implementation of Phase 2 we can pro-

Roland Bischoff, Senior Vice President, Global Airfreight.
actively monitor all shipments anywhere in the world. For the first time ever, we can also confirm the precise time of delivery to the consignee.

Our IT system automatically generates a route map for each individual shipment, describing the precise transport plan from door to door. The system then continuously compares the current status of a shipment against this route map. If there is any risk of deviation from the plan, the relevant Kuehne + Nagel stations are automatically sent a warning so that they can take the necessary action – regardless of where the shipment is at the time. This puts us in a position to react before any errors occur, which means we can offer our customers an enhanced reliability and quality of service.

We are able to create and monitor 90,000 different door-to-door route maps; at the door-to-airport level we are talking about up to 1.8 million possible routes. Imagine how many staff you would need to manually process and monitor such a huge volume of individual shipments!

**KUEHNE + NAGEL WORLD:** Can customers also expect new products from Kuehne + Nagel as a result of Cargo 2000?

**BISCHOFF:** We’re currently working hard to utilise the competitive advantage which we’ve gained from implementing Cargo 2000, and are developing a new range of airfreight products in close consultation with our international customers.

The existing, rigid “time-definite” approach primarily introduced by express service providers is in reality often hampered by unavoidable factors such as local public holidays or the opening hours of customs offices. We’ve taken these inconveniences into account when implementing Cargo 2000, and have stored an individual profile for each of our stations in the system that is always kept up-to-date. When a Cargo 2000 route map is created, our system accesses these station profiles and generates a precise, realistic plan as to how a shipment will be forwarded from door to door. Local holidays, the opening hours of our offices and the like are all automatically included in the generation of the route map. The new system also puts us in a position to offer a single global standard.

Now we want to share these new benefits with our customers, and will be introducing “time-defined” products which are based on transport plans that promise a realistic delivery time at destination – regardless of whether the customer chooses an express or standard product.

In addition to our new standard products, we’re also developing a range of solutions to fulfil the specific requirements of certain sectors. For example, a product which ensures Cargo 2000-controlled forwarding of pharmaceutical products at constant temperature is already in the pipeline.

This will for the first time allow a conventional logistics company to offer time-defined services comparable to those offered by integrators today – without the usual restrictions on the type, weight and size of goods. We plan to gradually introduce these new products during 2004.
“We are able to create and monitor 90,000 different door-to-door route maps; at the door-to-airport level we are talking about up to 1.8 million possible routes. Imagine how many staff you would need to manually process and monitor such a huge volume of individual shipments.”
“GF-X has become established as a very powerful and extremely well-accepted reservation platform over the past few years, particularly in Europe and North America. Interface integration of the GF-X booking system into our global airfreight system has already delivered noticeable process optimisation in our internal reservations process.”

>> airfreight reservation system GF-X. What is the purpose of that?

BISCHOFF: One of the biggest challenges are the growing security regulations – both in terms of physical security and security of information. For example, the Air Automated Manifest System (AAMS) of the US customs authorities will come into force this year. These regulations require carriers to send detailed shipment data to the local customs authority electronically before an aircraft arrives in the USA. It is quite possible that other countries may also want to know what’s entering their territory on board aircraft in the future. This will have major implications for the airfreight industry. As a member of FreightForward International (FFI), we’re working closely with other companies in the sector to develop appropriate standards for globally secure supply chain processes.

The imbalance in traffic flows remains another challenge for us. The difference in loading levels on aircraft to and from China is a case in point. Because of China’s disproportionately high export volume these days, aircraft often fly into China with a low loading factor. This means that higher utilisation and thus profitability need to be achieved on the return leg from China, a factor which affects freight rates for shipments ex China. This unfortunate phenomenon manifests itself on routes to Europe as well as in transpacific shipments.

Overall, however, the airfreight market has once again stabilised at a promising level, and we’re expecting business to gain further momentum in future.

KUEHNE + NAGEL WORLD: Why should customers choose Kuehne + Nagel’s airfreight products?

BISCHOFF: The three decisive factors for customers are reliability, transport time and costs. Customers are looking for a logistics partner they can absolutely rely on, and who is highly capable as well as flexible. Already today, Kuehne + Nagel is all of this – our growth figures illustrate this impressively.

Crucial to our high degree of reliability and success are the expertise and customer focus of our staff all over the world.

Kuehne + Nagel stands for global presence, high-quality logistics solutions and financial stability. We operate a modern, globally standardised IT system >>
About Cargo 2000  Cargo 2000, an interest group of the International Air
Transport Association (IATA), brings together some 31 major airlines, handling agents and
freight forwarders. By analysing and optimising the current process on the basis of uniform
quality standards worldwide, the Cargo 2000 initiative aims to improve the efficiency of the
air cargo industry. Through standardisation and increased visibility, airfreight processes will
in future be managed more reliably and become measurable, which will also allow for the
direct comparison of individual providers.

At the heart of the Cargo 2000 programme lies the automatic generation of a door-
to-door transport plan for each shipment, the so-called route map. Each shipment's status
is continuously monitored against its individual route map, and in the case of deviation
from the plan, an automatic warning is triggered, enabling the freight forwarder to pro-
actively take corrective action.

The implementation of Cargo 2000 is divided into three phases:

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that is among the best in the industry. In
combination with the successful integration
of Cargo 2000, we can offer our customers
a consistently high and reliable level of ser-
vice worldwide. In particular, we are close
to launching a number of new, leading-edge
products that no other logistics provider
can currently offer in this form.

It is our aim to provide our cus-
tomers with innovative and comprehen-
sive logistics solutions!

KUEHNE + NAGEL WORLD: Thank you very
much for talking to us.
Geared to growth

A 15 million euro investment has been made to build a modern logistics terminal at Frankfurt Airport’s CargoCity South. The facility provides the foundations for the further development of the company’s European airfreight business. Kuehne + Nagel also offers its customers substantial value added services at the new location.
LAST SEPTEMBER, the Hessian Minister President, Roland Koch, and Klaus-Michael Kuehne, Executive Chairman of the Board of Directors of Kuehne + Nagel International AG, inaugurated the new logistics centre in the presence of representatives and business partners from the trade, industry and service sectors.

“With the creation of a considerably larger airfreight terminal we are accommodating rapid business development, the more so as Frankfurt is the centre of our airfreight activities, not only in Germany but in the whole of Europe,” Klaus-Michael Kuehne said in his inaugural address.

Around 55 per cent of central European import and export volumes of Kuehne + Nagel’s global airfreight organisation are currently handled via Frankfurt. With more than 300,000 consignments in 2003, the terminal will gain further significance in the future and is to be developed into a European logistics hub within the Kuehne + Nagel organisation. The integration of airfreight into complex logistics solutions as well as Kuehne + Nagel’s innovative IT-supported airfreight products will be fundamental to the achievement of this goal.

Frankfurt has long been an integral part of Kuehne + Nagel’s operations. Complementing the traditional seafreight business, the company set up its airfreight organisation there in the 1950s, and Frankfurt airport fast developed into a centre for the company’s operations. Today Kuehne + Nagel belongs to the market leaders in airfreight forwarding – in Germany and worldwide.

The ideal location and infrastructure, large surface area and proximity to customs, airlines and handling companies were key factors in Kuehne + Nagel’s decision to base its airfreight terminal at CargoCity South.
Flexibility is key

When providing airfreight solutions to the automotive supplier industry, logistics know-how is essential. But equally, creativity and flexibility are key when it comes to shipping an assembly line from Brazil to England.
No matter how much planning goes into a logistics project, one must always leave room for improvisation. Kuehne + Nagel’s airfreight specialists in Birmingham, England, and Porto Alegre, Brazil, demonstrated just this when they faced the challenge of shipping an entire assembly line for Dana Traction Technologies Europe, the British subsidiary of US automotive supplies manufacturer Dana Corporation, to their UK plant in Witton near Birmingham over Christmas and New Year. Working in close cooperation with engineers at Muri Assembly Systems in Porto Alegre and Dana, Kuehne + Nagel specialists planned and managed the entire shipment from door to door.

Though in close proximity to the manufacturing site, the runway at Porto Alegre Airport was too short for a cargo freighter with a full payload to lift off. In consideration of Dana’s cost-containment requirements, Kuehne + Nagel thus decided to use Cargolux’ scheduled cargo services from Curitiba to Europe.

Right from the start, flexibility was crucial. During the dismantling and crating of the assembly line, weight and dimensions of the cargo kept changing. This demanded constant communication between the Kuehne + Nagel project team, the engineers and Cargolux for the load planning of the 110-tonne capacity B747-400 freighters. Weighing in at 163 tonnes, the final shipment consisted of 81 boxes, some of them up to nine tonnes in weight.

In order to ensure safe transportation of the entire consignment from Porto Alegre to Curitiba Airport, 700 kilometres north over difficult Brazilian roads, Kuehne + Nagel rented 14 air-suspended trucks. After customs clearance and fumigation at Curitiba, the first 90-tonne shipment took off for Europe right after Christmas last year. The second shipment followed two weeks later.

In England, upon customs clearance on wheels, the cargo was planned for direct transportation to Dana’s plant for installation. However, a modified assembly schedule by the engineering teams now required the various boxes to be delivered in installments. At short notice, Kuehne + Nagel organised interim storage at their warehouse in Birmingham and developed a staggered delivery plan, allowing for the optimal sequential assembly of the line. In order to handle the cargo at the warehouse, a special heavy-loads forklift was also hired.

“Kuehne + Nagel did an excellent job with this particularly difficult machine move,” said Paul Wood, Global Commodity Manager for Dana Spicer Europe Ltd. “The company showed flexibility on the Brazilian as well as the UK side of the supply chain. It has some very good local knowledge in Brazil and the team in Birmingham was able to seamlessly adapt to our changing requirements.”

The project was completed at the end of January 2004, just four weeks after the line’s disassembly in Porto Alegre.
Intelligent solutions for the aviation sector

FLS Aerospace has renewed a contract for Kuehne + Nagel to undertake the delivery of spare parts to maintenance workshops around the world. FLS is one of more than 70 customers benefiting from the company’s aviation logistics service.

__FLS AEROSPACE__ is Europe’s largest independent aircraft maintenance provider and among its customers are some of the continent’s foremost low-cost airlines. With cost-efficiency at a premium in the industry, success for FLS depends not least on a first class logistics and distribution service.

Kuehne + Nagel is able to provide this with a dedicated team based across a network of more than 40 aviation logistics gateways around the world, many on call 24 hours a day, seven days a week. Guaranteed cargo space for airline spare parts, from the smallest components to entire six-tonne engines, ensures punctual delivery and a speedier uplift of disabled aircraft. Routine orders can easily be upgraded to aircraft on ground (AOG) status if necessary.

Online tracking and tracing allows for increased visibility, thus enabling customers to improve materials and workshop planning. “Through our freight management initiative, which we have developed in partnership with Kuehne + Nagel over the past three years, FLS Aerospace has simplified procedures with its vendors and has made significant improvements in cost control and service,” says Brian Sheridan, Group Manager Vendor Management, FLS Aerospace.

Some of the world’s best-known airlines are already taking advantage of Kuehne + Nagel’s aviation logistics service. The increasing trend towards outsourcing non-core competencies as well as the realisation that the delivery of spare parts can be more efficiently handled by an independent provider continue to encourage this development.
Hotel logistics for Saudi Arabia

Kuehne + Nagel’s hotel logistics product offers customers in the hospitality trade the specialised management of their supply chains with regard to hotel openings or refurbishment projects. Key markets include Latin America and the Middle East. In Riyadh, Kuehne + Nagel recently completed such a major contract.

--- OFFERING THEIR GUESTS the highest levels of service, the finest hotel groups in the world demand no less in the procurement of their furnishings, fittings and operational equipment. Kuehne + Nagel recently executed a complex project involving the opening of a five star hotel in Riyadh by a leading Canadian hotel group.

The task of furnishing the new hotel was contracted out to the Absal Trading Group, one of the Kingdom’s leading contractors and providers for hospitality and turnkey projects. The company selected Kuehne + Nagel as its logistics partner due to its track record in accomplishing similar large-scale prestigious projects.

The job of furnishing the 249 rooms, suites and apartments as well as administrative offices and a business centre had to be planned down to the last detail. It involved the procurement of around 270,000 individual items from more than 100 suppliers in 23 countries. Every item, from safes to vases to bedframes, had to meet the strictest specifications and quality criteria demanded by the hotel operator. In close contact with Italian hospitality procurement companies Set Spa and S.D.S. Group, both responsible for the purchase of furniture fixtures, operating supplies and equipment, Kuehne + Nagel managed the global supply chain.
With specially established consolidation gateways around the world, the company’s project specialists arranged for worldwide vendor management and seamless transportation by land, sea and air to Riyadh. Local activities in Saudi Arabia were coordinated by a team of Kuehne + Nagel experts, fulfilling the company’s responsibility by delivering materials to the installation company on site. At the same time, the Kuehne + Nagel project team at the headquarters in Switzerland managed and monitored over 250 consignments, mostly by air, and worked seven days a week to provide the Absal Trading Group with the best possible service.

One of the highlights of this project was the organisation and successful execution of three dedicated charter flights. With the cargo arrival deadline fast approaching, Kuehne + Nagel consolidated material from around the world in Germany and Egypt and used a Boeing 767-300 ER from the royal fleet of Saudi Arabia to fly the goods to Riyadh. Kuehne + Nagel staff in Frankfurt and Cairo worked around the clock to ensure just-in-time delivery.

“We are most satisfied with the expertise and professionalism with which Kuehne + Nagel has handled these delicate operations,” said a spokesman for the Absal Trading Group.

In addition to the project in Riyadh, Kuehne + Nagel has recently completed further prestigious large-scale hospitality projects in Qatar, Kuwait and the United Arab Emirates successfully.
Expanding integrated logistics in France

With the opening of a new logistics terminal in Greater Paris and the acquisition of the overseas logistics division of the CAT group, Kuehne + Nagel is expanding its integrated logistics services in France.

__IN LAGNY-LE-SEC__, some 15 kilometers northeast of Paris’ Charles de Gaulle Airport, Kuehne + Nagel recently opened a new logistics terminal with an available warehousing space of 23,000 square metres. Equipped with the company’s globally standardised warehouse management technology as well as sophisticated security systems, the modern logistics platform stores over 20,000 pallets and serves as the cross dock location for both distribution and reverse logistics.

The increasing quantity of product returns necessitates efficient management of replacement, repair or disposal services. The high-tech sector in particular can make remarkable cost savings from professionally managed reverse supply chains by a competent logistics provider.

Among the customers already benefiting from the new state-of-the-art infrastructure at Lagny-le-Sec is French group Thomson, a leading supplier of consumer electronics. The new facility serves as its distribution and returns hub for Southern Europe and the Benelux region. From this location, Kuehne + Nagel France manages the warehousing and distribution services to Thomson customers in France, Belgium, Luxembourg, Italy, Spain and Portugal. In addition, Kuehne + Nagel also manages the pan-European supply chain for NEC Computers International from Lagny-le-Sec, enabling NEC to benefit from the seamless integration of freight forwarding and contract logistics capabilities.

Kuehne + Nagel is seeking to further expand its single-source integrated logistics offering to customers. The acquisition of the overseas logistics division of French group CAT in January 2004 facilitates the expansion of forwarding activities in France as well as in Mexico and Belgium, and in particular strengthens activities for the automotive industry. In agreement with existing customers, all current businesses and contracts have been taken over by Kuehne + Nagel. As well as the Renault group, suppliers to the automotive industry count among the customer base. The acquired division encompasses air- and seafreight, customs clearance and project business, the latter being mainly managed for French industry customers. __
New logistics terminal in Greater Milan

Already well positioned in the Italian freight forwarding market, Kuehne + Nagel’s ambitious goals with regard to the expansion of its national contract logistics business and the offering of integrated solutions are ably supported by a new state-of-the-art facility.

Located at Brignano Gera D’Adda, between Milan and Bergamo, two of Italy’s most important economic centres, the new logistics terminal has an available warehousing space of 36,000 square metres with the option to expand up to a total 70,000 square metres. The new centre meets the most modern environmental and security specifications, and accommodates the entire forwarding and contract logistics activities as well as the Milan branch, thus allowing for considerable synergies and the optimisation of processes.

Customers in this economic region can now benefit from Kuehne + Nagel’s whole range of services under one roof. According to Filiberto Metta, Managing Director of Kuehne + Nagel in Italy, it was of vital importance to expand the scope of
services and optimise infrastructure in order to increase value for customers. “This new building underlines our focus on the expansion of the contract logistics business in Italy and the provision of integrated logistics services.”

Customers are able to take advantage of Kuehne + Nagel's standardised warehouse management system. In addition, the integration of the contract logistics systems with those of international forwarding results in the optimisation of costs and processes for customers’ supply chains.

The new terminal demonstrates Kuehne + Nagel's ongoing commitment to the region, which began 40 years ago with the opening of a freight forwarding office in Milan. Today, the company is represented in 22 locations across Italy and has almost 450 employees.

“This new building underlines our focus on the expansion of the contract logistics business in Italy and the provision of integrated logistics services.”

Filiberto Metta, Managing Director, Kuehne + Nagel SpA
Expansion of overland operations in Germany

The range of contract logistics services and overland activities in Germany is being broadened through the acquisition of the integrated logistics provider Pracht Spedition + Logistik GmbH as well as a close collaboration and partnership with the medium-sized logistics company WM Group.

PRACHT, based in Haiger/Hesse, had a turnover of 210 million euros in the year 2003, placing it amongst the leading medium-sized providers of integrated logistics services in Germany. With around 1,200 employees and more than 140,000 square metres of warehousing and logistics space in central Germany (Haiger and Rennerod), the company offers industry-specific contract logistics solutions. It also operates an overland network with over 100 regular line services to all major German and European economic centres. Kuehne + Nagel received approval from the German antitrust authorities for its takeover of Pracht earlier this year.

According to Klaus-Michael Kuehne, Executive Chairman of the Board of Directors of Kuehne + Nagel International AG, the acquisition of Pracht Spedition + Logistik GmbH is a significant step in the framework of Kuehne + Nagel’s ambitious plans for further successful expansion in Germany. Pracht’s many years of experience and proven capabilities in overland transportation offer the ideal platform for Kuehne + Nagel to further strengthen this business field.

Kuehne + Nagel’s service offering will be additionally strengthened through the partnership and close cooperation with medium-sized logistics company WM Group, based in Bocholt. This intention was underlined through the purchase of a 40 per cent stake in WM Cargonet, whose activities encompass system-driven groupage in Germany and Europe, full and part truckloads as well as sea- and airfreight, thus allowing Kuehne + Nagel access to a national and international overland transportation network. Both Pracht and WM Group are members of the leading German groupage network IDS and ELIX/ILS. Furthermore, Kuehne + Nagel has acquired WM Group’s contract logistics operations in Eastern Germany. The logistics terminals in Chemnitz and Leipzig complement Kuehne + Nagel’s existing network in Eastern Germany in Berlin, Dresden and Erfurt.
Integrated logistics pays off
Combining Kuehne + Nagel’s forwarding and logistics know-how, press maker MAN Roland now enjoys single-source integrated logistics fulfilment in North America. The shared warehousing solution allows the company to pay only for the space and services it actually uses.

In 2001, MAN Roland North America, the US-based arm of one of the world’s leading printing press manufacturers, made a strategic decision to concentrate its resources on its core business. That meant outsourcing its parts distribution tasks to a third-party logistics provider with the necessary infrastructure and competence in warehousing and distribution.

Relinquishing control of its highly demanding distribution requirements was a particularly sensitive issue for MAN Roland. Most of its clients require next-flight-out delivery – major newspaper publishers can’t afford any press down time. A careful and intensive search was therefore conducted and concluded with MAN Roland choosing Kuehne + Nagel Logistics, Inc., the Group’s contract logistics subsidiary in the United States.

“We were already using Kuehne + Nagel’s seafreight services for shipping most of our web printing equipment from Europe to North America,” says Frank Holt, MAN Roland’s Director of Logistics. “Choosing Kuehne + Nagel for logistics as well resulted in the marriage of forwarding and logistics capabilities that was very attractive to us. Kuehne + Nagel can give us one-source capability from factory floor to customer door.”

Kuehne + Nagel implemented a shared warehousing solution at a strategically located site where many industry-related customers are also based, enabling the considerable exploitation of synergies. Shared warehousing allows customers to pay only for the space and service they need – as their business expands or contracts, logistics costs run parallel to the revenue stream. This solution allowed MAN Roland to sell a warehouse in New Jersey and move its inventory into 11,000 square feet of Kuehne + Nagel’s Chicago-area distribution centre. MAN Roland now had the flexibility to increase and decrease space, depending on its day-to-day requirements, while maintaining inventory just a short distance from its US headquarters.

Kuehne + Nagel manages 18,000 stock keeping units and handles some 100 same-day orders daily from MAN Roland. It receives the requests from the press maker’s SAP system, picks, and often repacks each one. An experienced Kuehne + Nagel specialist completes all quality control, ensuring thorough in-bound and returns inspection.

The solution provided MAN Roland with the variable cost model it was seeking. In addition, since MAN Roland began working with Kuehne + Nagel, inventory accuracy has improved by 11 per cent. “Kuehne + Nagel has reduced order lead time for Midwest and West Coast customers thanks to positioning our inventory point in the middle of the country,” Holt says. “They also provide an after-hours emergency order service. All emergency orders are required to be ready for pick-up with two hours of notification.”

Both in 2002 and 2003, Kuehne + Nagel was 100 per cent compliant with these requirements.”
LCL moves to a new level

For many years, the forwarding industry neglected the Less than Container Load (LCL) product to prioritise full container load processes. With an increasing demand for automation and system integration to improve information flow and productivity among the parties involved, LCL has now taken centre stage.
Kuehne + Nagel was quick to recognise the trend towards less than container load shipments, setting up an independent global LCL network back in 2000, headquartered in Hong Kong and with regional offices in Bremen, Chicago and Toronto. Committed to providing either direct or maximum one-stop routings, customers are guaranteed fast transit times and a low risk of cargo damage due to minimal trans-loading.

In particular, customers benefit from full visibility along their transportation chain. KNLogin is Kuehne + Nagel’s worldwide 24/7 online tracking, tracing and shipment information system for sea- and airfreight, and can be accessed via any standard Internet browser. The system is able to provide both historical and anticipated status information as well as reporting and management analysis on shipment, package, order or item level. In addition, the document imaging feature enables customers to view bills of lading, commercial invoices and packing lists.

“By focusing on information technology to support the more effective management of LCL movements, we are targeting closer relationships with cargo owners,” explains Frank Hercksen, Vice President, Global LCL Management.

The ongoing implementation of barcode technology will further enhance LCL handling. Initial tests have been successfully concluded and the global rollout is underway. “This will be an excellent opportunity to further strengthen customer relationships and position Kuehne + Nagel as the preferred partner...
for future growth,” adds Hercksen.

One major electronics components manufacturer says, “Kuehne + Nagel’s ability to adopt barcode technology based on our own standards has become a key element of our LCL shipping process. We are benefiting from LCL automation based on a true integration of systems, resulting in substantial improvements to the information flow. In addition, consideration of the physical process flow has allowed consolidation of multiple foreign vendors for US manufacturing locations and led to considerable cost savings.”

“By focusing on information technology to support the more effective management of LCL movements, we are targeting closer relationships with cargo owners.”

Frank Hercksen, Vice President, Global LCL Management
Among the market leaders

Kuehne + Nagel has a long tradition of providing sophisticated logistics solutions to exhibitors at trade events worldwide. After doubling its capabilities in Germany last year, the company has recently expanded its operations into the Czech Republic. >>
WITH A TOTAL of over 2.5 million square metres of space available, the German exhibition business is huge. Four of the five biggest venues worldwide are located in Germany and a large number of jobs are directly dependent on the sector that generates an annual turnover of around 10 billion euros.

Kuehne + Nagel was already accredited as the official forwarder of the exhibition centres in Frankfurt, Hanover and Munich. The acquisition of Birkart Fairs & Events GmbH in 2003 further extended the company’s on-site presence to Cologne, Dusseldorf and Nuremberg. Thus, Kuehne + Nagel covers almost two thirds of Germany’s entire exhibition capacity. With an established reputation for professionalism and service quality in the business, the company this year succeeded in securing accreditation as official forwarder of Brno Fairs in the Czech Republic.

The KN Expo Service offering provides a full range of services that can be tailored to exhibitors’ requirements. On-site facilities are fully equipped for handling the smallest items up to the heaviest machines. Loading and transport services from factory floor to exhibition stand and back, as well as managing exhibitors’ empty packaging, are part of the company’s offering. Added to this are assistance in packing, unpacking and setting up...
stands, discreet transport services, the supply of marketing material, travel and catering arrangements and the mediation of transport insurances. Kuehne + Nagel employees are totally familiar with customs regulations and procedures.

Exhibitors and trade show organisers globally can rely on Kuehne + Nagel’s logistics expertise. For example, as official forwarder the company supports German exhibitors and organisers at trade fairs in China.

With 13,000 commissions a year, Kuehne + Nagel is among the market leaders in trade fair logistics.
Second-hand steel plants to Asia
Already since 1998, Kuehne + Nagel’s project department in Dusseldorf has been involved in the logistics of exporting shut-down steel plants from North Rhine-Westphalia in Germany to Asia.

**The Disassembly** of the steel plants in Germany is the responsibility of Chinese contractors. Kuehne + Nagel takes over the dismantled parts of the installation at the site and handles the entire logistics chain to Asia, including the seaworthy packing of electrical and mechanical components.

This requires comprehensive logistics solutions for the transportation of heavy and oversized components such as mill stands, turbines, generators, torpedo cars and cowpers weighing up to 200 tonnes, to the port of Antwerp. Combined transportation by heavy goods vehicles and river barges is the best option since direct conveyance by road alone does not receive the necessary approval from the authorities in Germany, the Netherlands and Belgium. The preparation of heavy lift cranes, transportation frames and stowage space aboard the barges and the planning of loading procedures is arranged by Kuehne + Nagel.

In Asia, the shut-down facilities are overhauled and installed. They continue running for many years under the maxim “Made in Germany” – proof of the high quality of former German steel production.

In close cooperation with Kuehne + Nagel in China and Malaysia, the project department in Dusseldorf has successfully handled some 200,000 freight tonnes, most recently transporting a cold rolling mill to Malaysia using three heavy lift ships.
Under one roof at 5 Nguni Drive

For many years, Kuehne + Nagel operations in Johannesburg have been split between separate locations across the city. Now, on the eve of celebrating 50 years in South Africa, all Johannesburg personnel and operations are finally together under one roof.

IN A PRIME LOCATION, the brand new building is situated on the eastern perimeter of the city, with easy access to all major routes and in close proximity to Johannesburg International Airport. The new Kuehne + Nagel national head office is equipped with the most modern technological features and contains, for example, a purpose-built state-of-the-art training facility.

Attached to the headquarters is a brand new 6,000 square metre warehousing facility, fully equipped with a globally standardised and integrated warehouse management system. Electronic barcoding is also in place and the security system is awaiting TAPA certification, expected for mid 2004. This will enable Kuehne + Nagel in South Africa to provide logistics services in accordance with high-tech manufacturers’ freight security standards.

As the company looks forward to celebrating 50 years in South Africa, the building marks a new beginning. The various departments’ proximity allows for synergies and optimised operational and communication processes, and a revitalised team spirit is providing ever improving service excellence to Kuehne + Nagel customers in the region.

30 years in Malaysia

AT THE END of last year, the 30th anniversary of Kuehne + Nagel’s Malaysian operations was marked by celebrations for customers and staff. This year the company is expanding its capacities.

Kuehne + Nagel originally entered the Malaysian market via a joint venture with Syarikat Permodalan Kebaryasaan (SMK) in 1973. There were six local employees based in Kuala Lumpur at that time and the team quickly expanded to include a branch office in Penang.

Today, Kuehne + Nagel Sdn. Bhd. employs more than 120 people based in Kuala Lumpur, at Kuala Lumpur International Airport, in Penang and Johor Bahru. The company offers a wide range of services including international forwarding by sea and air, customs clearance, interstate trucking, contract logistics and distribution, pick and pack for mail order companies, transport insurance and supply chain management.

The office in Kuala Lumpur is currently being developed into a regional hub for Kuehne + Nagel’s LCL activities in Asia via the country’s port of Tanjung Pelepas. Additionally, the first half of 2004 will see the opening of a new logistics terminal in Kuala Lumpur, which will be fully equipped with a standardised integrated warehouse management system.
Expansion of presence in Pakistan

Kuehne + Nagel has been operational in Pakistan since 1998, offering customers the full range of export and import services for sea- and airfreight. With a staff of 6, the new office in Faisalabad is already supporting the activities of the Karachi headquarters as well as the company’s branches in Lahore and Sialkot.

**IN SEAFREIGHT,** Kuehne + Nagel is the market leader on the Pakistan-Europe trade lane, which accounts for 75 per cent of the national company’s business. Exports include perishables, cotton, leather goods, ready-made garments, linen, sports goods, surgical instruments and carpets. Imports are mainly construction materials, prefabricated items for the assembly of cars, household goods, electrical appliances, textile and leather processing machinery as well as foodstuff.

A further significant component of local operations lies in project logistics as well as development, aid and relief logistics. The project department recently handled two 270-tonne transformers for a Pakistani power company, transporting them from the port of Karachi to company’s power station 45 kilometres away. Additionally, 75 per cent of all import business consists of UN and other aid and relieve cargo in transit to Afghanistan, which is shipped through the port of Karachi.

Following the national company’s success in the market, 2004 will see the opening of further offices in Pakistan.
Asia Pacific organisation picks up prestigious awards

In Asia Pacific, Kuehne + Nagel has been busy picking up awards, both at last year’s Asia Logistics Awards as well as at the Hong Kong Awards for Services early this year.

As the rapid growth of industrialisation in China as well as the rise in cargo handling in Asian ports continues, Kuehne + Nagel’s concentration on the development of the Asia Pacific market proves effective in meeting the increasing demand for comprehensive logistics solutions in the region. In recognition of Kuehne + Nagel Asia Pacific’s operational excellence, the company has again been awarded prestigious prizes by industry and government bodies.

Last September, over 350 logistics and supply chain professionals gathered at the Ritz-Carlton Millenia Hotel in Singapore for the gala award presentation of the Asia Logistics Awards 2003. The annual event acknowledges the leaders of the Asian logistics industry and is determined by votes cast by the readers of Lloyd’s Freight Transport Buyer Asia and the Asian readership of Containerisation International and International Freightling Weekly. Kuehne + Nagel’s achievements in regional seafreight operations as well as its excellence in providing integrated logistics and international forwarding solutions in the region won the company awards for “Sea Freight Forwarder of the Year” and “Lead Logistics Provider of the Year”.

Asia Pacific organisation picks up prestigious awards

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More recently, in January 2004, the Hong Kong Awards for Services were presented at a gala dinner. These awards in 5 categories aim to promote and recognise outstanding companies that achieve continuous improvements in their service productivity, thus enhancing sustainable growth and global competitiveness in Hong Kong. In assessing the service productivity standards of Kuehne + Nagel, the central judging panel, consisting of senior government officials and business leaders, awarded the company the Productivity Award for its standard industry model for defining core processes across the corporation. This model enables the company to constantly monitor its key business processes and serves as a source of competitive advantage. The company has also dedicated substantial efforts towards upgrading its information technology, in order to facilitate the smooth running of its business and increase efficiency of supply chain operations.

Additionally, Kuehne + Nagel’s operational excellence also won it a Certificate of Merit in the Export Marketing category, underlining the success of the company’s marketing strategies to capture overseas markets and gain major global key accounts.

Andy Weber, Managing Director of Kuehne + Nagel (Asia Pacific) Management International Ltd, said, “We are very honoured to receive these esteemed awards. They underpin Kuehne + Nagel’s leadership in the global logistics arena, and in particular our customers’ confidence in our service offering. The company will continue to focus on the expansion of its presence in the region and maximise on opportunities arising from the favourable economic environment, while striving for the highest customer satisfaction and providing the best possible value.”

As companies continue to relocate their manufacturing and production facilities to the region, Kuehne + Nagel’s Asia Pacific organisation is continually expanding the range of its value added services, constantly setting new standards in planning, managing and executing sophisticated supply chains on behalf of its customers.
The peak of fitness

Used to facing demanding tasks on a daily basis, it’s no surprise that in their free time too Kuehne + Nagel specialists seek out challenges that stretch them to the limit. For example, climbing Mount Rainier.

The inactive volcano encased in over 90 square kilometres of snow and ice is the most heavily glaciated peak in the contiguous United States. Last year, four Kuehne + Nagel mountaineers reached its summit at 4,392 metres.

Exhausted but in good spirits are, from left:
Marcel Mueller, US LCL Manager; Michael Gaulin, US Manager Forest Products; Juerg Bandle, Senior Vice President, Sea Freight; Bill Kascel, Vice President, Kuehne + Nagel Minneapolis.
On the subject...  
Lydia Bourletsika, Sales Import Department / Air & Seafreight, Frankfurt

**On the subject... your career:**  
I successfully completed my training as a forwarding sales representative in 1987. After several years’ professional experience with various forwarding companies in Frankfurt and Nuremberg (Import Operations), I transferred in 1999 to Kuehne + Nagel in Frankfurt, Sales Import Department / Air & Seafreight.

**On the subject... your professional style:**  
Customer-orientated, flexible, motivating, convincing, goal-orientated.

**On the subject... what you don’t like at all:**  
Superficiality, arrogance, dishonesty, scheming, unreliability.

**On the subject... what you like about your fellow men:**  
Reliability, candour, friendliness, multicultural thinking and behaviour.

**On the subject... your hobbies:**  
Citytrips, shopping, opera and ballet, sport, reading, cooking.

**On the subject... your preferred means of transport:**  
Car, aeroplane.

**On the subject... your preferred reading material:**  
Der Spiegel, Vogue. Authors: Hesse and Irving.

**On the subject... your philosophy of life:**  
Live for the day, think positively, be fair to your fellow men.