Integrated Logistics

Combining competences

Cruise Line Logistics

No delays allowed!
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Dear Readers,

Over the past years Kuehne + Nagel has further developed and optimised its logistics solutions. With *Integrated Logistics* we offer our customers a comprehensive service, organising complex supply chains and all interfaces. We provide a detailed insight into this concept on pages 4 to 7.

The theme of this year’s Aviation Forum in Hamburg was *Aerospace Supply Chains: Globalisation and Innovation*. Our customer Airbus was a co-organiser of this important event, and we are proud that as their logistics partner we have been actively involved in the programme and contributed our expertise. Representatives of Kuehne + Nagel took part in workshops and addressed the audience with informative presentations. A visit to the Airbus logistics centre operated by Kuehne + Nagel was an integral part of the programme. You can read more about the Forum and Kuehne + Nagel’s services for Airbus on pages 14 to 16.

Who has not looked in wonder at the ocean giants on which thousands of people experience an unforgettable holiday every year? Modern cruise ships offer everything the heart could desire. For passengers to enjoy all their facilities to the full, logistics services must keep these floating hotels smoothly supplied with everything they need right round the clock. In order to do so, as one of the leading providers in this field Kuehne + Nagel sometimes has to perform seemingly impossible tasks. You can learn more about this interesting niche product on pages 10 to 13.

Life-long learning is an important part of Kuehne + Nagel’s corporate philosophy. For that reason, we develop further training programmes for all employees right up to the highest management level, in some cases together with professional partners. To find out more, see pages 8/9.

I wish you an interesting read.

Your Reinhard Lange
CEO Kuehne + Nagel International AG
“Integrated logistics combines Kuehne + Nagel’s competences”
Kuehne + Nagel has bundled its multimodal and supply chain logistics solutions, including lead logistics, under the name Integrated Logistics. The company offers its customers a one-stop shopping service, which steers, controls and optimises their cargo flows from A to Z. Reinhard Schullerus tells KN World in what way customers benefit.

Mr. Schullerus, what does Kuehne + Nagel understand by the term Integrated Logistics?
Reinhard Schullerus: Integrated Logistics stands primarily for all-in-one logistics offerings, better known as end-to-end solutions. This means that the customer no longer has to organise or buy in the various services along his supply chain but that the complete package is supplied from a single source. In many cases our service goes so far that the customer no longer has to consider whether a shipment is to be transported by airfreight, seafreight or by land. The choice of transport mode is made by Kuehne + Nagel on the basis of the customers’ individual needs and requirements. The system is similar to that of a general contractor in the construction industry: we are the general contractor for the customer’s supply chain.

Are these solutions new in the service portfolio?
Reinhard Schullerus: No, they are not new. We have offered integrated services in many countries and regions for a long time and have gained special competencies in this segment. Integrated Logistics is the result of successful developments in the various sections of Kuehne + Nagel, and under the name Lead Logistics a business field was built up some years ago which deals exclusively with integrated services. This is how the new approach works: We combine our know-how in the business field of Integrated Logistics so as to create an even more comprehensive, global offering in which lead logistics is a part of the service portfolio.

In what way does the customer benefit from the new structure?
Reinhard Schullerus: We reduce complexity. If a number of regions, companies or functional organisations are involved in a business operation, somebody must take over the task of the integrator. It is also important for the customer to be able to deal only with one single contact who is responsible for the whole supply chain including all modes of transport, regions and interfaces. It is crucial that Kuehne + Nagel analyses the supply chain and configures all stages of it – pre- and post-carriage, transport, warehousing, interfaces, value-added services – in such a way as to find the best solution for the customer and to take advantage of the full potential for optimising. It goes without saying that all safety and quality specifications and official regulations must be observed, too. The customer no longer has to worry about any of all these things, nor about his inventory levels. With a professional Inventory Management, the net current assets can be reduced and cost savings can be achieved.
Do you offer integrated logistics solutions only to large corporations?  
*Reinhard Schullerus:* Our integrated logistics services are aimed primarily at our key accounts. But the decisive factor is not so much the size of the company as the need for integrated logistics and the complexity of the supply chain management. Of course a certain volume is necessary, otherwise there is no potential for optimisation and cost reductions. Many small and medium-sized businesses which export their goods all over the world and whose highly complex logistics constitute a large cost item, are ideal users of such services.

Do you target primarily new customers or rather existing ones?  
*Reinhard Schullerus:* Both. However, experience shows that contracts of this kind can be more quickly concluded with existing customers because they already know us and there is a mutual trust which makes it easier to take our business relationship a step further. With tasks like integrated logistics projects, the two partners cooperate in developing the best solutions, as their relationship is much more than that of a simple contract.

Do you only accept contracts that embrace the whole supply chain from production to the supermarket shelf?  
*Reinhard Schullerus:* No. We offer the services the customer needs. These may be solutions for specific sections of the supply chain, or also more comprehensive services that begin at the customer’s suppliers. It is likewise not unusual for us to be asked to act as the overall organiser of a comprehensive supply chain. In that case we also employ the services of competitors in accordance with the customer’s instructions and cooperate with logistics and forwarding companies selected by the customer. In such concepts we adopt an absolutely neutral position.

In integrated logistics operations Kuehne + Nagel is very directly involved in the processes of the customers. How did the company acquire the necessary know-how?  
*Reinhard Schullerus:* It is true that we are strongly integrated into all processes and are thus able to develop customer- and industry-specific solutions and put them into effect. We do not have to keep reinventing the wheel. Our customers benefit from tried and tested methods and processes and the services of experienced staff. Furthermore, one should not underestimate the value of the IT systems which support all processes and ensure complete transparency. We have concentrated these capabilities in regional logistics control centres. And last but not least, our global network is a core component for integrated logistics solutions. Wherever the customer is active, Kuehne + Nagel is on the spot.
Partners for success

Worldwide sales activities, global procurement and changing market conditions result in increasingly complex supply chains calling for comprehensive, integrated logistics concepts. In addition to specialised know-how, two key factors are of central importance for their successful application: common goals and mutual confidence. A good example of this approach is the business relationship between Lexmark and Kuehne + Nagel.

"The implementation of global logistics concepts does not take place overnight as it is a continuous process. First of all an analysis of the existing situation and requirements is carried out jointly with the customer. The aim is to simplify complex procedures, reduce warehousing and logistics costs, and introduce measurable and transparent service standards," explains Dirk Reich, member of the Management Board of Kuehne + Nagel International AG. "Customers have differing requirements which also vary from industry to industry. It is important to precisely identify the needs of the customer. One must bear in mind that such projects are significant for both parties: The customer transfers the steering and control of his supply chain partly to the logistics provider, who assumes a far greater responsibility than in the case of a conventional transport contract." That is why, besides industry know-how, modern IT systems and a global network, a proven relationship of mutual trust is very important. "This is gradually built up on the basis of a good track record and close cooperation," Dirk Reich says.

In the majority of cases, integrated logistics projects are the result of a long and successful business relationship. This also applies to the 10-year contract for the provision of integrated logistics services in Europe which Lexmark International, a leading developer, manufacturer and supplier of printing and imaging solutions, has awarded to Kuehne + Nagel. The two companies have had a long-standing business relationship in a number of countries. Stephan Bily, Director EMEA Supply Chain Operations with Lexmark, comments as follows on the award of the major contract to Kuehne + Nagel: "Paramount for us, in order to sustain the momentum and drive more efficiency throughout the Lexmark Supply Chain, is the close cooperation with a partner sharing the same objectives as Lexmark in terms of process optimisation, cost reduction and continuous service improvements for our customers."

The contract includes the management of all inbound flows from Lexmark plants in the Philippines and Mexico as well as from their Asia based suppliers. Also covered are services such as contract logistics and final distribution within the EMEA region, reverse logistics management, process engineering and selected procurement support.

One-stop shopping concept

"The core pillar of the agreement is Kuehne + Nagel’s one-stop shopping concept with a control centre (Alliance Control Centre) for the steering of the Lexmark supply chain by the Kuehne + Nagel specialists," says Reinhard Schullerus. "As a partner, Kuehne + Nagel ensures that common objectives of reduced total costs and sustainably optimized service levels for Lexmark and its customers are achieved. With our expertise and experience, we develop and implement tailor-made solutions for the logistics and transportation network, its various stages and interfaces, using both our own services and those of other logistics providers if we act – on behalf of the customer – as the overall coordinator."
Qualification assures long-term business success

Knowledge ages ever faster, particularly in the dynamic business environment of global logistics. That is why continuous learning in line with changing requirements is an absolute must and the foremost principle of Kuehne + Nagel’s further development and training philosophy.

“Our customers expect ever more efficient solutions for increasingly complex requirements,” explains Lothar Harings, Chief Human Resources Officer and member of the Management Board of Kuehne + Nagel International AG. “Kuehne + Nagel was and is esteemed for its comprehensive, global service offerings and its very high quality. The basis for this is the expertise of our specialised staff and the quality of our management. Our long-term business success is therefore increasingly dependent on the continuous, target-oriented further training of our management and employees.”

4-stage Leadership Programme

“The further training concept for managerial staff developed by Kuehne + Nagel comprises four stages that address the specific needs of the different levels of management and combines them with practical training modules,” explains Ursula Seckler-Meineke, Head of Management Development & Training. “Great importance is attached to a programme whose individual elements build upon each other so as to develop the expertise of our staff in coherent manner in accordance with our corporate culture. We also focus on social competence and self-reflection. In order to motivate their staff, managers must know what impression they make on others.”

Leadership 1 courses are intended for departmental heads and team leaders and are held in the individual regions by local staff developers. Leadership 2 courses, which are attended by middle-management staff, are also offered on a regional basis.

Cooperation with the Cranfield School of Management

The Leadership 3 module and the Top Management Programme are offered at group level. The content of each course is tailor-made and concentrates on strategic elements specific to Kuehne + Nagel.

The CRANFIELD SCHOOL OF MANAGEMENT is a part of Cranfield University, located roughly 80 kilometres to the north of London. One of the world’s leading business schools, it is regularly placed among the top scorers in international league tables. The Cranfield Centre for Logistics and Supply Chain Management (CLSCM) is Europe’s biggest faculty in the special field of Transport, Logistics and Supply Chain Management. The training courses are based on two core convictions: Logistics plays a crucial role in the development of the modern world, and the efficient management of the whole supply chain is an indispensable element for business success in a global market environment.
The participants from top and senior management come from all regions and functional areas. This mixture permits an interesting exchange of experience and broad-based networking, as Matthias Knicky of Kuehne + Nagel Hamburg confirms: “Working together and discussing our experience with colleagues from all over the world in the Leadership 3 course clearly sharpened my vision for strategic and leadership-relevant themes,” the seafreight specialist says.

The content of the course modules is configured and communicated in collaboration with the renowned Cranfield School of Management, and the Top Management Programme is held exclusively in Cranfield. Explaining the choice of institution, Lothar Harings says: “This is the leading management school in the field of transport and logistics. The courses and programmes are developed in close collaboration with ourselves in line with our requirements, and undergo an annual review. In addition to the feedback from the participants and the company’s strategic and operational targets for the year, this takes into consideration the market developments and competitive situation so as to ensure the relevance of the material to the challenges facing our managerial staff.”

Claire Screen of Kuehne + Nagel Birmingham took part in the two consecutive modules of Leadership 3 course in May and October 2012, and is convinced that “this training gives us an excellent preparation for coping with the challenges of the future”. Donal O’Connor of the Irish national organisation endorses her view and adds: “A demanding and challenging programme which builds upon the leadership capabilities of the participants and confronts their thought and action with an ever changing business environment.”
The Navigator of the Seas majestically berths at the pier of the Italian port of Civitavecchia to the west of Rome. The ship with a length of more than 310 metres and a width of 48 metres – whose Godmother is the former tennis player Steffi Graf – can accommodate a total of 3,807 guests and more than 1,200 crew members. It is owned by the shipping operator Royal Caribbean Cruises Ltd., which has appointed Kuehne + Nagel to manage its international seafreight shipments. According to the contract, the logistics provider is responsible for all seafreight transports including customs clearance and precisely timed delivery to the ships of Royal Caribbean International, Celebrity Cruises and Azamara Club Cruises all over the world.

Many of the guests of the Navigator of the Seas have already been on a number of cruises, while for others the dream of spending their holidays on one of the world’s largest and most innovative cruise ships is coming true for the first time. On board a ship of this kind it is easy to combine activities such as swimming, jogging, climbing or using the spa facilities with the enjoyment of cultural and culinary highlights and visits to places of interest. The spectrum is enormous: The Navigator of the Seas and its sister ships have a number of dining rooms, bars, lounges and clubs as well as facilities such as theatres, casinos, spas, fitness centres, beauty salons, solariums, various swimming pools and whirlpools, mini-golf courses, climbing walls or skating rinks, not to mention the many shopping arcades and boutiques.

With such a diverse offering, it is not difficult to imagine what quantities of material and food and beverages – often refrigerated or deep frozen – are needed to enable guests to take advantage of the full service. Totalling more than 60,000 products, they include articles such as hotel supplies, items of equipment, machine spare parts, food, beverages, fittings, or goods for sale in the on-board shops.

With its services Kuehne + Nagel plays an important part in assuring the passengers of a carefree holiday and enabling the crew members to perform their duties.

Large growth potential
Like Hotel Logistics, for Kuehne + Nagel Cruise Line Solutions is a niche product with a promising growth potential. Within the organisation, it is placed in a way that it can take advantage of synergies with “Marine Logistics” – as for instance in the delivery of spare parts to ships, which are not infrequently located in remote locations. There are also a lot of parallels with hotel logistics, for cruise ships are floating hotels and giant catering undertakings. The know-how of the Kuehne + Nagel Group is combined in

No delays allowed!
The efficient delivery of supplies to cruise ships is one of the most challenging and complex tasks for a logistics provider. Kuehne + Nagel is very successful in this niche segment and recently won another major contract.
such a way as to develop and implement efficient and reliable global solutions. The list of services on offer is long, and for that reason only a few are mentioned here. They include forwarding activities such as air- and seafreight activities for normal and temperature-controlled freight, as well as all services related to warehousing and distribution. Purchase Order Management from the ordering to the delivery of the required products and online visibility are offered, just as are 24-hour availability, delivery direct to the pier and reverse logistics.

"In contrast to former times, in the course of a cruise a ship now visits many more remote areas without returning to its home port between trips," explains Achim Glass, Vice President Global Hotel and Marine Logistics, who is in charge of Cruise Line Solutions at Kuehne + Nagel. "This makes the whole task of supplying the ships far more complex but also more interesting. We offer our customers a complete package and do not limit ourselves to deliveries to the ship’s berth or to the dry dock."

**A call on the minister of agriculture**

The ships call not only at ports equipped with a modern infrastructure but also at small places in remote regions. In the many countries they visit, different regulations apply with regard to the entry of passengers and the import of goods. Special certificates are often demanded, complex customs formalities must be complied with or individual insurance cover is required. Kuehne + Nagel is able to provide all these services. In each case the logistics specialists must act quickly, and in a flexible and uncomplicated manner. For the first consideration is always that the comfort of the passengers is not affected by background activities.

Unexpected events have always to be taken into consideration. Susie Bobillo,
Cruise Line Supervisor with Kuehne + Nagel in Miami, has already experienced a good few. “We must always reckon with surprises, which may result from strikes in local port and handling operations, delays in loading or unloading due to the weather, congested access roads and many other unexpected events. In such cases we can count on our experience and place complete confidence in our Kuehne + Nagel colleagues on site. As our group operates in all fields and is represented everywhere, we can respond very quickly and flexibly and do not depend on external suppliers. That is a big competitive advantage!” However, Susie Bobillo recalls one case in which it took somewhat longer to find a proper solution: Japan’s food and import laws prohibit the import of meat, so that the products of the ship’s kitchens could not be used in Japanese territorial waters. It was therefore decided to contact Japan’s Minister of Agriculture directly in order to outline the problem and finally solve it to the satisfaction of all concerned.

Specialists at work
The portfolio of services clearly shows that Cruise Line Solutions is not just a routine business. It demands flexibility, global coverage and specific knowledge and expertise. The highest precepts are punctuality, transparency and continuous communication between all parties involved in the logistics chain. With a specialised team, Kuehne + Nagel ensures that deliveries take place within the available time window. “We work behind the scenes in advance of the berthing of the ship, and deliver goods to the quay at half-hour intervals, directly to the vessel and punctually to the minute,” explains Chris Kathke, Director Cruise Line Solutions with Kuehne + Nagel in Miami. “We deliver the goods and – if requested – pick them up again. The requirements differ; special attention has to be paid to temperature control, for many products have to be transported and delivered under refrigeration or even deep frozen. That is another reason why delays cannot be accepted. As a rule a cruise liner arrives at the port in the early hours of the morning; the passengers disembark and enjoy the excursion on land until the ship departs again in the afternoon. The logistics activities must be completed within this time window.” Close communication between all parties is therefore essential. “This particularly applies to our carrier partners, who place free transport capacity at our disposal at all times.”
Aviation Forum focuses on globalisation and innovation

At the Aviation Forum 2012 in Hamburg, Kuehne + Nagel was – as a close partner of Airbus – actively involved in the forum’s programme. A visit to the Airbus logistics centre operated by Kuehne + Nagel was an integral part of the event.

The Aviation Forum was held by the Institute for Production Management (IPM) in cooperation with Airbus. IPM is active in the fields of procurement, innovation, globalisation and supply chain management. In addition to the Aviation Forum it also organises an Industry and a Railway Forum.

The 2012 event was devoted to the theme of “Aerospace Supply Chains: Globalisation and Innovation”. As Lead Logistics partner of the co-organiser Airbus, Kuehne + Nagel was ideally qualified to contribute its expertise. In his presentation Dr. Carl Deppisch, Vice President Operations Aerospace & Defence, described future ways of geographically strengthening and qualitatively deepening partnerships between logistics and aviation companies.

“Globalisation and innovation are two main challenges of the Aviation industry,” Dr. Klaus Richter, Executive Vice President Airbus Procurement and Patron of the Aviation Forum 2012, wrote in his welcoming message. “The sustained dynamic of the emerging markets in Asia and the Middle East continues to drive our entire industry from the airlines to the supply chain. While we see global competition arrive continuous innovation is more important than ever.”

Airbus and Kuehne + Nagel: A close partnership

Globalisation and innovation – these two concepts not only stand for the challenges facing the aviation industry, but also characterise the business operations of Kuehne + Nagel. This is clearly reflected in the partnership with Airbus, which is being progressively developed.

“We had already been active as a logistics provider for Airbus for a number of years when we were awarded the contract for its European production logistics as part of an evolution of the supply chain. Since then, as Lead Logistics Provider (LLP) we have been responsible for production logistics at the locations in Germany (Bremen, Hamburg and Stade), France (Toulouse, St. Eloi, Nantes and Saint-Nazaire), Spain (Getafe, Illescas, Puerto Real, Cádiz and Seville), the United Kingdom (Broughton) and China (Tianjin),” says Carl Deppisch, who formerly held direct responsibility for operational management. Kuehne + Nagel has supported harmonised production logistics across all sites and grouped the smaller warehouse locations into regional hubs. “As logistics
partner we are directly involved in the further development and transformation of logistics, a process that continually has to adapt to new challenges.”

Kuehne + Nagel also supported the development and implementation of the logistics for the Airbus A350 XWB programme.

**Innovative concepts**

“A re-thinking process is going on,” says Carl Deppisch. “New aircraft lines, increasing production runs and growing inventory levels and supply chain stress in the production process have induced the manufacturers to make a thorough review of their industrial concepts. In the supply process for the production of the latest aircraft types such as the A350 XWB, smaller quantities of parts are required per delivery, but at shorter intervals or even on a call-off basis. In order to react immediately the suppliers need to move closer to the places of production,” Carl Deppisch says.

**The future lies in the Vendor Village**

In various locations, one of which is the Stade factory, “Lean Management” has been introduced. In preparation for this move, Kuehne + Nagel analysed the existing picking process in line assembly, compared it with alternatives and subsequently made the processes more efficient, leaner and more reliable. The logistics company now plans to go a step further: “Vendor Village” is the name of the scheme. This envisages shared facilities in the vicinity of Airbus production plants where parts from a number of suppliers can be prepared for call-off and additional services may be provided. Call-off will take place in accordance with the pull principle that has already been requested by Airbus and implemented on a joint basis by Kuehne + Nagel managing all supply flows.

“"We are moving demand and delivery points closer together so as to permit shorter delivery times and higher flexibility. This concept also has a favourable effect on inventory levels,” says Dirk Reich, Executive Vice President Contract Logistics and a member of the Management Board of Kuehne + Nagel International AG. “In this way we gain a number of advantages: optimisation of logistics costs, high transparency, synergies, fast response times for urgent deliveries, and generally shorter lead times with lower transportation costs.”
Cargo 2000 awards Platinum Status to Kuehne + Nagel

Kuehne + Nagel is one of only two logistics providers to have received Platinum Status from Cargo 2000. This distinction recognises Kuehne + Nagel’s leading role in the development of the platform and the implementation of the highest quality standards in the airfreight business.

“We are very proud to have received this distinction. As a founder member of Cargo 2000 we have actively promoted and helped to shape its development because we know how important quality programmes are for our customers and the whole airfreight industry,” says Max Sauberschwarz, Vice President Performance & Implementation Global Air Logistics at Kuehne + Nagel. The members are classified according to a points system by which the degree of integration of Cargo 2000 into their business processes is measured. There are four different levels, the highest of which is Platinum Status. “With the consistent application of the Cargo 2000 standards in all processes, our customers are able to measure our actual performance. We thus offer not only quality but also full transparency. At the same time Cargo 2000 supports us to enhance the efficiency of all processes throughout the supply chain and at all interfaces,” Max Sauberschwarz continues.

Always in the forefront of action
Despite the progress made by Cargo 2000, there is still a large potential for improvements. “Kuehne + Nagel was the first logistics provider to obtain phase 2 certification for all its 300 airfreight stations,” says Max Sauberschwarz. “Phase 2 means that all airfreight shipments can be measured in conformity with Cargo 2000 at HAWB level (HAWB = House Air Waybill), with clearly defined routes and the possibility of comparing planned delivery times with real-time data.”

Cargo 2000 has raised tracking & tracing to a completely new standard. The former degree of visibility was based on historical shipment data, but today – with phase 2 – the data can be measured on the basis of the actual performance, thus placing a true planning instrument at the disposal of Kuehne + Nagel’s customers.

Time for a further technological step
The next step towards phase 3 of Cargo 2000, which will allow the monitoring of each shipment at piece level, must now be taken. New and innovative technologies need to be evaluated and applied, above all in order to permit the identification of the transported goods down to article level. This is particularly important in view of the growing demands relating to security and visibility. Most of the necessary technology already exists. Tools such as RFID and GPS can be combined with warehouse scanner systems in order to better support real-time tracking & tracing and improve the quality of the service. For the customers, tracking & tracing at consignment level is no longer enough, for it is the individual articles that count. Cargo 2000 will play a major role in this development.
Successful operation of the new EuroHub in Hauneck / Germany

The EuroHub, which came into operation in June, has developed into a driving force for the European road transport network. Via this hub, Kuehne + Nagel provides daily line services between the major economic centres.

Four months after the start-up of operations, all processes are working smoothly at Hauneck in Hesse: Every evening, trucks on regular services arrive at the Kuehne + Nagel EuroHub from 47 locations in 30 European countries. Between nine in the evening and three the next morning the goods are speedily transported. In the opening night on June 1, 2012, more than 1,000 groupage consignments with a total weight of around 300 tonnes were handled. A few days later this had increased to 450 tonnes.

“The hub is a milestone for Kuehne + Nagel Europe,” says Reiner Heiken, member of the Management Board of Kuehne + Nagel (AG & Co.) KG and responsible for the Road & Rail business in Central Europe. “In combination with our 47 depots in Europe, we have created a road transport network through which we can reach all major economic centres for our customers in a very short time – and that on five days per week. The
IN THE FOCUS: STEFAN HARTWICH

As the operational manager, Stefan Hartwich knows the EuroHub like the back of his hand: Hartwich was already working for Carl Drude GmbH & Co. KG in 1999 when the building in Hauneck was completed. He was soon in charge of the hub operation, and since 2005 he has been forwarding manager. During this period he also collaborated for the first time with Kuehne + Nagel, which was then a customer of Carl Drude GmbH & Co. KG. “The two companies are linked by a partnership that has existed for many years. So I already knew Kuehne + Nagel very well in the autumn of 2011 when the decision was made to integrate Drude into the Kuehne + Nagel Group," said Hartwich.

A native of the state of Hesse, Hartwich played an important role in restructuring the Drude facility into the Kuehne + Nagel EuroHub. “We had eight months for the project," he explains. "We first focused on ensuring a functioning data interchange between the EuroHub and the 47 connected logistics facilities. We also drew up a timetable which gave the 47 depots ample time to collect the shipments from the customer and enabled them to deliver the goods exactly on time to the EuroHub." On June 1, 2012, the first trucks finally rolled onto the EuroHub site. “Already on the first night it was clear that our plans had worked out well," says Hartwich. “Our teams very quickly put the new procedures into practice in the hub, so that we are now very pleased with our performance and the collaboration within the network.”

increased departure frequency creates new business opportunities and enhances flexibility in European distribution and inbound logistics. Shippers can even better adapt their logistics processes to the specific needs of their customers. While two departures per week are customary in the industry, we offer daily line services to more than 30 European countries. At the same time, we provide our customers the possibility for scheduled European procurement logistics."

The decision to locate the EuroHub at Hauneck coincided with the acquisition of Carl Drude GmbH & Co. KG in autumn 2011. Drude, a family enterprise founded in 1894, is specialised in hub operations for international groupage networks. In Hauneck, Kuehne + Nagel now has a 7,200 square metres transhipment terminal with 105 loading bays and a total warehouse space of roughly 11,500 square metres under management. “Needless to say, sophisticated information technology is an important factor in the operation of the EuroHub. We are proud that from the first day we established a smooth interchange of data between the EuroHub and the 47 depots to which it is connected," Reiner Heiken said.
The Kuehne Foundation increases its activities in Africa

Since 2010 the HELP team of the Kuehne Foundation has advised aid organisations on the professionalisation of their logistics and offered them tailor-made training courses to this end. At the beginning of 2012 the Foundation strengthened its involvement in humanitarian logistics with the specially designed Africa Logistics Initiative.

The choice fell upon Africa because this is the continent where humanitarian problems are greatest and logistics least developed. Ethiopia is a good example: This country with a population of more than 90 million has been a focus of humanitarian aid for decades. Every year, between 500,000 and 1,500,000 tons of food aid is distributed there by the World Food Programme of the United Nations. Since Ethiopia has no access to the sea, almost all goods have to be imported through the congested port of Djibouti. At the same time the country is an important supply hub for the Horn of Africa region. The country, its people and humanitarian organisations are therefore confronted with a wide range of logistics problems.

Since March 2012, the Kuehne Foundation has been active in Ethiopia with a number of projects which approach these problems from different angles. Consultancy projects, such as with the national branch of Plan International, serve primarily to improve the logistics structure and processes of aid organisations in the emergency and development field. In order to bring about an enduring change within the organisation, the advisory activities are combined with logistics training courses.

Other types of projects aim at transferring adapted basic logistics technology to the maintenance of supplies. In rural areas such as Hawassa which is located 270 km to the south of Addis Ababa, 40 per cent of the harvest is lost due to the lack of transport. In collaboration with the British organisation Transaid, small farmers in the pilot communities in Hawassa are given the means to transport their harvests to market by the development, construction and introduction of simple means of transport such as modified bicycles and motorcycles.

The Kuehne Foundation also makes use of its many years of experience in the field of collaboration with universities in order to promote logistics at an academic level. At present, despite a policy aimed at encouraging education, Ethiopia still has only one university that teaches logistics. In view of the many problems facing this still relatively new course of study, it is receiving support in the revision of the logistics curriculum, the training of teachers and the improvement of teaching equipment. The Kuehne Foundation also holds courses of instruction in which students learn about the practical application of logistics. In order to establish logistics training in a firm and broad-based position in the Ethiopian university scene, the Foundation is also working with the education ministry and practical experts on the development of a standard curriculum which is to be introduced in universities throughout the country.

In the long term, as a complementary measure in support of university collaboration, it is planned to establish an operational training centre in Addis Ababa where specialists and students can experience and perform logistics processes such as putaway, retrieval and loading operations.

The Africa Logistics Initiative, which currently concentrates its activities in Ethiopia and Tanzania, has been established in order to implement the results of a research project conducted at the Technische Universität Berlin under the direction of Professor Helmut Baumgarten with the support of the Kuehne Foundation. It is planned to extend its activities to other African countries in the years ahead.

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A milestone day for the KLU and its first graduates

In September 2012 the first 23 students of the Kühne Logistics University (KLU) have completed their master studies in global logistics. The graduates were presented with their degree certificates at a graduation ceremony held at the Internationales Maritimes Museum in Hamburg.

"You have been prepared to face a world far more complex than the one I faced when I started in the business of logistics," Klaus-Michael Kuehne said during the graduation address and went on: "Trade volumes, supply chain complexity, competition, customer service requirements and government regulations have all grown dramatically over the past fifty years. The education you have received while at the Kühne Logistics University provides you with the foundation necessary for you to compete in this increasingly complex world. However, a firm academic foundation is only a base upon which to build a career. It is up to each of you to design your careers so that you take advantage of this foundation and achieve the success that I know you are capable of."

The MSc in Global Logistics at the KLU gives graduates a comprehensive insight into logistics from the perspective of all concerned – from the manufacturer and the supplier to the logistics company and the retailer. Students are taught systematically to deal with the requirements that the industry has of its managers. Experts and enterprises in the logistics metropolis add their experience and their know-how to this form of academic education.
Hamburg Messe und Congress GmbH (HMC) has appointed Kuehne + Nagel as its exclusive trade fair forwarder for at least four years.

Kuehne + Nagel will provide logistics services for Hamburg Messe und Congress GmbH on its trade fair site which comprises eleven exhibition halls and an outdoor area. The range of services includes the worldwide door-to-door transport of exhibition stands and material to the fair site in Hamburg. Kuehne + Nagel will also handle the logistics for the Congress Centre of the Hanseatic city. “After Düsseldorf, Cologne, Hanover, Munich and Nuremberg, Hamburg is already the sixth trade fair location in Germany for which Kuehne + Nagel has been appointed as the accredited trade fair forwarder,” explains Jörn Schneemann, Manager Expo and Event Logistics with Kuehne + Nagel (AG & Co.) KG. “Our team also has offices in Frankfurt and Stuttgart.” Hamburg Messe und Congress GmbH now operates one of the world’s most up-to-date trade fair facilities in the heart of Hamburg with a hall area of 87,000 square metres and an outdoor exhibition space of 10,000 square metres, as well as a congress centre with an excellent infrastructure. Each year these are the venue for some 40 own and guest events with nearly 12,000 exhibitors, which attract more than 700,000 visitors from all over the world.

Kuehne + Nagel Japan: A 30-year-old success story

Kuehne + Nagel enjoys an excellent reputation in Japan as a result of its strong customer focus, innovative power and high service quality.

When Kuehne + Nagel founded its Japanese organisation in 1982, few people imagined how quickly and fundamentally the forwarding industry would change in the coming 30 years. In those days people did not talk about logistics concepts but only of forwarding, transport and customs broking services. Kuehne + Nagel entered the Japanese market with this range of services, and subsequently developed into a provider of complex logistics solutions and an accredited partner of major Japanese and foreign companies. Its activities focused from the very beginning on the demands and needs of the customers and distinguished itself by features such as innovation, high quality standards and flexibility. Today, with about 300 employees in eleven locations in Japan, the company provides comprehensive integrated logistics services and specialises in perishables, marine, hotel and event logistics as well as emergency and relief logistics.
20 years in the service of customers in Russia, Poland and Croatia

After the political transformation of the 1980s a number of states in eastern and southeastern Europe soon became economically established. Kuehne + Nagel supported its customers in the "new" countries from the very beginning, and 2012 was a jubilee year in several of them.

Present in Russia since 1992
In 1992 Kuehne + Nagel was one of the first international logistics companies to establish its own organisation in Russia. What started 20 years ago as a traditional forwarding company has now developed into one of the major providers of integrated logistics services in the country. "With a workforce of around 700 in 17 locations in eight cities, we offer customers a complete range of services and operate logistics facilities with a warehousing space of 125,000 square metres," says Perry Neumann, Managing Director of Kuehne + Nagel Russia. "Our products and high-quality service have an excellent reputation among customers from all segments and particularly the automotive, high-tech, FMCG/retail and oil and gas industries."

Strong development in Poland
Kuehne + Nagel Poland was also founded in 1992. The organisation initially operated as a forwarder for local customers, but opened its first warehouse after only one year in order to provide major international companies with contract logistics services, a business which has been successfully developed. In Poland Kuehne + Nagel now operates warehouse space of 190,000 square metres. "We concentrate on specialised, end-to-end logistics solutions for customers from the key industries, and employ 1,900 people in 19 locations," says Tobias Jerschke, Managing Director of the Polish organisation.

A pioneer in Croatia
Kuehne + Nagel Croatia also had reason to celebrate, for the company was the first foreign logistics provider to commence operations in the country. "After opening the office in Zagreb we offered groupage services for local companies," Emil Justinic recalles. "One year later we developed seafreight services and established a base in Rijeka. Finally, in 1997 we rounded off the portfolio with the introduction of airfreight and the opening of a further facility at Zagreb airport. We now offer a portfolio that embraces the full range of services, and focus also on specialised segments such as logistics for high-value products, the chartering of ships or the handling of heavy lift cargo," Emil Justinic states.

As of November 2012