

Interview

GBPT includes opinions from decision-makers and scientists from various regions of the world in its publications and events. Last year, GBPT discussed possible ways out of the crisis with CEOs from Europe, the US, the Middle East, India and China, and how they are future-proofing their companies. Their message: despite the crisis, increasing globalization offers many opportunities. However, these must be recognized and exploited. Companies in the industrialized nations in particular will increasingly have to leave their comfort zones. This interview with Wolfgang Lehmacher was held at the Horasis Global India Business Meeting 2009.

Wolfgang Lehmacher, CEO, GeoPost Intercontinental S.A.S, France

GBPT: What are the consequences of the economic crises, globally and with respect to the transportation industry?

Lehmacher: The consequences vary from country to country, from industry to industry, and from company to company. Globally, there is a shift from focusing on opportunities to focusing on threats and this shift drives the lack of confidence. Consequently, consumers consume less, banks lend less and companies produce less. Transport is an early indicator of the state of the real economy and we have observed two shifts over the last months: the "mode shift" and the "speed shift". Specifically, goods which were previously transported by air are now being transported overland and we are seeing a shift in the level of demand from express solutions to slower solutions. These shifts bring significant cost savings to customers through optimized shipping. GeoPost, with its premium brand DPD and leading European express parcel network as well as alliances with premium airlines such as Air France KLM, is offering worldwide express and classic services, and is therefore well positioned to support customers in optimizing their supply chain.

GBPT: What is the outlook for the global economy?

Lehmacher: The outlook remains uncertain. Listening to customers, and looking at the current business trends, a slow oscillating recovery seems to be the most likely scenario. However, it is difficult to speculate and we may face a "W-shaped" recovery, driven by another sudden decline that erases recent gains, which could be driven by a renewed slowdown of demand. For example, we may encounter this situation when the current stimuli-packages come to an end and governments are not able to maintain stimulus. A lot will depend on how fast confidence can be restored. Having said that, we have confidence in the GeoPost/DPD business model and the strong relations with our customers and partners.

GBPT: What drives performance in the face of uncertainty?

Lehmacher: Achieving strong performance in uncertain conditions depends on leadership and the ability to maintain the focus on strategy and operational excellence.

Senior executives have to provide direction and simultaneously demonstrate pragmatism and confidence. Certain management tools require adjustments due to the existing situation; for example in the areas of reporting and planning. We have shifted reporting content to the most relevant areas and shortened the planning cycles. In the area of risk management, we need to balance the management of threats with the management of opportunities. Finally, management needs to keep the teams motivated and coherent, which can be achieved through open communication and intensified collaboration.

A strategy is only a good strategy when it works in both favorable and challenging times. The combination of parcel specialization, proximity and partnerships are the foundations of our success. Nevertheless, we cannot blindly trust our chosen course and need to have well developed "radars". It is highly important to ensure "awareness" about changes in the specific markets and shifts in the economic conditions and maintain the "flexibility" to respond. GeoPost, with its highly decentralized and partnership-based asset-light approach, is very close to the markets. Furthermore, our operations are

characterized by a high level of autonomy and a flexible operating model, allowing us to respond quickly to local conditions and customer needs.

GBPT: What will be the enablers of the next growth phase?

Lehmacher: The model of borrowing, importing and consuming in the “West” and saving, exporting and investing in the “East” has proven unsustainable. The new model will involve a re-balancing to focus more on the large, fast-growing markets around the globe. The next growth phase might therefore be led by the BRIC markets, through a combination of domestic consumption and intra-regional trade flows, in which logistics will be a key enabler. We are closely monitoring these developments as they will have significant implications for the express parcel sector, which might need to adapt its network designs, expansion strategies and product offerings.

GBPT: Innovation plays a key role in businesses. What are your activities in the area of innovation?

Lehmacher: Innovation is important to secure business. In order to illustrate this point, let me focus on three key areas: business model innovation, product innovation and process innovation.

We believe that the model of specializing on express parcels is an innovation in its own right. Based on our passion for parcels, we are driving product and process innovation, which are both closely linked within the express parcel business.

In their efforts to optimize their supply chain, customers are increasingly distributing to their customers directly. We offer customers pick-up and drop-off points through various retail networks. As the personnel in the shops are usually not used

to handling parcels, we have developed a device which trains and guides them in the most simple and effective way to ensure high service standards for the customers.

Information and communication technology (ICT) is one of the key enablers for process innovation. In many countries, we are using mobile technology to notify customers about the delivery of their merchandise and increasingly we are entering into dialog with customers if an alternative delivery date or time is needed.

Innovation is one of the key drivers of prosperity, and dematerialization and digitalization will play a very important role in the evolution of the express parcel sector and of our responses. Our aim is to be at the forefront of these developments.

GBPT: A large number of protectionist measures are emerging, despite the declarations at the last G20 meeting in London. How do you see the future?

Lehmacher: Political leaders have a huge responsibility in today’s challenging times. The future will largely depend on our ability to communicate and explain the advantages of free trade and globalization and the consequences of protectionist measures to the broader public. We are living in a global and interconnected world, which has once again been clearly evidenced by the financial situation.

As the world’s domestic express parcel specialist, we are able to serve both local and global markets simultaneously. GeoPost with its premium brand DPD can flexibly respond to future developments. In Europe and key markets worldwide, we are offering domestic, regional and intercontinental services. This geographically diversified and decentralized model is flexible and effective. Of course, this does not mean that we will be unaffected by potential shifts in the global economy. Nevertheless, we are



“The next growth phase might therefore be led by the BRIC markets, through a combination of domestic consumption and intra-regional trade flows, in which logistics will be a key enabler.”

Wolfgang Lehmacher,
CEO, GeoPost Intercontinental

confident that we can rapidly adjust in close collaboration with partners and customers.

GBPT: What does performance mean for you?

Lehmacher: It means creating value in the supply chain eco-system.