

# Briefs detail

## Special Feature: Interview with Wolfgang Lehmacher, President & CEO GeoPost Intercontinental

23/Dec/2009 by [John Manners-Bell](#).



In an exclusive interview with Transport Intelligence, **Wolfgang Lehmacher, President & CEO [GeoPost Intercontinental](#)** sets out how his company has coped with the economic downturn and why he believes his company is well placed for expansion during the recovery.

**Q: How has [GeoPost](#) coped with the global economic crisis?**

A: [DPD](#) is the world class express parcel brand of GeoPost and we continue to enjoy success in a highly competitive market. Our offering is well positioned and consistently focuses on the needs and wants of our customers. With highly reliable networks, we are supporting customers in optimising their supply chain which is of particular importance in today's volatile environment. Our vision was, is and will remain unchanged; to become the world's domestic express parcel specialist. The high level of local autonomy allows partners and local entities to quickly respond to any kind of changes in the market.

**Q: Are you satisfied with the company's performance?**

A: Sure, we believe that our strategy and our focus on parcels have been instrumental in successfully defending our European position in the express parcel market. Our business model of decentralisation and collaboration has proven resilient. This said, we are proud of our good performance but we are never satisfied with it. Only by constantly striving beyond our current achievements will we put ourselves in a position to provide the customer with a little extra every day. In the GeoPost / DPD system, employees at the customer interface decide how to best serve their needs and wants. And the organisation is flexible enough to constantly adapt to this reality.

**Q: Are there any sectors in which it has been able to out-perform the competition? If so, how?**

A: We believe that our strength is embedded in our clear strategy and the superior local adaptation of our operations and offerings. While the strategy is applied top-down, the operation is built bottom-up. In 2009, ground outperformed air transportation and the cost effective services outperformed the premium products. The bottom-up built global network operates on the basis of highly efficient combinations of owned and partner assets. This

formula of entrepreneurial partnerships allows every participant in the process to focus on his strength, resulting in economies of focus and better results. A collaborative model like ours focuses on the essentials, on the fundamentals of our business, on the fundamentals of network management. The GeoPost / DPD global network is a process driven network not an asset driven network. It is a network where the lead entity taps into the capabilities and the talent of various players and seamless processing is the common theme. In our networks, routing decisions are taken locally. This ensures that the operations can follow the promise given locally to the customer. Success in our industry is based on rigorous quality and cost management as well as most adapted products and customer care. This requires flexibility. Our strategic choice provides space for local flexibility, which forces the center to be flexible as well.

**Q: How do you differentiate your company in the market?**

A: As said, GeoPost / DPD differentiates itself through the highly decentralised organisation which results in a highly customer driven and flexible approach. We position ourselves as the specialist for parcels. This underlines our global capability, our strong domestic positions and our belief in specialisation. At our scale, the combination of these three factors is a differentiating factor in the express parcel industry.

**Q: Where do you see the growth markets of the future?**

A: Firstly, there are the business and product trends. The parcel business is a growth market of the future. Our success is based on the natural trend towards parcels. We observe that the weight per shipment decreases over time. Simply said, the freight of today is the parcel of tomorrow. Already today, even when we are importing parcels in bulk from Asia to Europe, most of the goods are distributed as parcels. While markets mature more and more freight will convert into parcels. In emerging markets, today's small parcel operators can be tomorrow's major players in the transportation market. The B-to-C parcels segment is another future growth market. Already today, B-to-C flows outperform B-to-B flows as the consequence of the internet.

Secondly, there is the geographical dimension. From a regional perspective, the fastest growing markets in recent years have not been the developed economies, but regions like Eastern Europe and the BRICs. These markets are expected to outperform the developed world in the years to come. We are the leading express parcel network in Eastern Europe as well as in Turkey and Russia through our partnership with Yurtici Cargo. In addition, we have taken positions in the Indian market through the partnership with the Continental Group, in South Africa in partnership with the Laser Group, in the UAE with the Kanoo Group and as well in China and various Asian countries. Based on the knowledge and experience of the selected partners in the GeoPost / DPD network, we are offering customers all over the globe well adapted domestic

and international express parcel services.

**Q: What are your major challenges?**

A: In the 'short term', the express parcel industry will continue to face 'price pressure'. The 'long term' challenge will be to find effective responses for the 'sustainability needs', including 'fossil fuel scarcity'. Adjusting to constantly changing patterns of globalisation and protectionism represents an intrinsic challenge of the industry.

After a period of pressure on results, market players are looking for ways to fill their networks; price being one possible parameter to achieve this.

Nonetheless, it is clear that over time good service requires the appropriate price to offer it sustainable. And we are convinced that low quality has a cost too, and more importantly a potential long term negative impact. This is why those who under pressure tested alternative solutions regularly return to GeoPost / DPD.

The business needs sustainability and sustainability needs the business. The transportation industry has the responsibility to contribute to the reduction of energy consumption and carbon emission. Other stakeholders have the ability to support us in these efforts. Provided the initiative is understood as a multi-stakeholder challenge, I am confident that we will jointly find effective and efficient solutions. Only the combination of appropriate operating concepts, appropriate technology and infrastructure as well as appropriate regulatory frameworks will produce the optimal results. At GeoPost / DPD, we are monitoring the evolution of the company's carbon footprint and consult customers with respect to the difference in carbon emission of alternative choices in the transportation mode.

Finally, globalisation and protectionism drive supply chain design, either towards more regional or more global flows. Whatever the situation, GeoPost / DPD is prepared based on the efficient local, regional and intercontinental networks. In all cases, collaboration is a workable model to cope with change and challenge. I am convinced that applying a partnership concept to a global supply chain eco-system is a very responsible way to run a business. In fact, I am certain that the specialisation and partnership model is the best way for us to create value for partners and customers alike.

**Q: What will GeoPost look like in 5 years time?**

A: We will continue to work tirelessly towards obtaining leading positions in key markets as the result of the value we create for the GeoPost / DPD customers. The specialised and customised model allows us to operate in the most efficient and flexible way in the current economic environment. Furthermore, it also allows us the luxury of expanding our business. Our model resist economic and market pressure, our local businesses and

partners know how to adapt. We intend to continue to grow our network and invest in our products to be the first choice in express parcel deliveries.

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