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Managing LOGISTICS

DB Schenker has had operations in Australia for five decades, providing land, air, and freight services, as well as integrated logistical solutions, to its loyal customer base.

Images courtesy of DB Schenker

In 1962, the German company Schenker & Co expanded into the Australian marketplace, setting up a base in Sydney. Now called DB Schenker, after Deutsche Bahn (German Railways) became the majority shareholder, the organisation has presence all over the nation and provides sophisticated supply and logistics solutions across a range of industries.

CEO Australia and New Zealand Ron Koehler shares some of DB Schenker's proudest moments, its commitment to sustainability and his vision for the future with *The CEO Magazine*.

***The CEO Magazine:* You started your career with DB Schenker in 1978 as a heavy-lift transport specialist and worked your way up the ranks. Over the years, what have been the biggest changes within the industry and how has the business had to adapt?**

Ron: It is a much more professional industry these days and I would say it is probably

more competitive. Obviously IT and visibility play a major role, so we have had to be highly proactive as an organisation in order to be competitive in the marketplace. That is very important. We are proud of ourselves because we are capable of delivering end-to-end solutions and that is what distinguishes us from the crowd.

Throughout your time with the company, what have been the greatest highlights or biggest projects that you have worked on?

I will concentrate on two main ones. One was in 2000—the Sydney Olympic Games. We handled all of the international activities for the event, building up a team from two to 250 permanent people at the peak. We were operating eight or nine offices throughout Sydney at the various venues and developing a global team because DB Schenker in Sydney was smaller back then. Working with that dedicated team, we were able to deliver a successful Olympic Games experience. That

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was the start of our global push to be very active in the sporting events business.

The other highlight was when we secured the contract for the largest project within Australia, which was the Chevron Gorgon liquid natural gas project in Western Australia, a \$50-billion investment. It is just coming into the final stages and we have been working on that for four years. We had a cargo movement from 50 countries into Western Australia, and at the peak we employed more than 200 people worldwide, and in Western Australia more than 50 people. We managed our own cargo ships and overall we moved 2.5-million tonnes of freight, the heaviest single piece weighed more than 2,000 tonnes.

Last year, DB Schenker Australia and New Zealand managed the logistics of the G20 summit in Queensland. How was that experience?

We have a reputation, from a security point of view, from other high-profile events, and that's what the federal government was >





looking for when we secured the contract. They wanted a company they knew could handle high-security events and, certainly, when you've got 20 leaders of the world arriving in private and government planes, security is on highest alert. We integrated with the Australian Federal Police and the Queensland Police Service and had a team of more than 100 people come together for it.

We moved about 4,000 pieces of luggage for the delegates. The various people like Barack Obama, Vladimir Putin, and Angela Merkel all arrived at the same airport and we moved their delegations' luggage into their hotels. With a job like that you can't miss a beat. You have to have a 100-per-cent delivery quota; everybody needs their piece of luggage within minutes after arriving at their hotel room. Movement was very restricted and clear guidelines and procedures were developed well before that event to make it happen successfully.

What have been the biggest challenges that you have had to overcome as CEO?

A big challenge was certainly during the GFC. The sector dropped in revenue by about 20 per cent, basically overnight. In order to stay profitable, we had to reduce staff and that was an industry-wide situation. We needed to align our workforce but we lost a lot of talented staff. At the same time, we needed to make sure that the company stayed competitive. That situation didn't just affect us, but many industries out there.

The merger with logistics provider BAX Global was another challenge. During the integration we lost a lot of good talent at the time and there were a lot of challenges in terms of IT. Though it was a challenge for the two companies to come together, we are now bearing the fruits and we have a strong organisation which has a much wider reach and greater opportunities on the contract logistics side.



Can you tell us about DB Schenker's commitment to environmental sustainability?

That's a very big topic for our organisation because it is also important for our shareholder Deutsche Bahn German Railways. As the largest electricity user in Germany to run trains which move five million passengers every day, it has a commitment that by 2020, 50 per cent of the rail network will run on renewable energy. I think it is at about 30 per cent already so the company is already ahead of the game and very confident it will achieve this aim.

In Australia, we have made a significant investment to reduce dependency on fossil fuels over time. We are making sure that our facilities are always green rated. From a construction point of view, we pay attention to make sure solar panels are going up and that there is LED lighting in our facilities. In all of our new buildings that is absolutely a must. We recycle water and we make the building work as efficiently as possible.

How does DB Schenker develop and nurture relationships with suppliers and other core partners?

At the end of the day, we are only as good as our partners. We have clear agreements with selected carriers and we try to limit the number of suppliers we work with. Take trucking, for example. Years ago, we had 200 trucking companies that we utilised, and we have reduced that to fewer than 30 or 40 in the country now. They have gained more volume but in

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return we also expect high quality from them, and we also expect good IT solutions so that we can integrate that into our systems.

Furthermore, it is important that our suppliers are adhering to the laws and being compliant or we will not operate with them. We have clear standards and we expect that our suppliers reach them as well. We need to have a good proposition to our customers with whom we have long-term relationships, and we can only achieve that through our suppliers. It is a team effort.

What's your vision for the future of DB Schenker?

We are a growing company. Globally, we have certain targets and we also have them here in Australia. In a number of years, we will be a billion-dollar company—in Australia, that is a significant size. We are in the top 300 companies in terms of size in Australia, but size isn't everything. We also want to be a well-known company in this marketplace which enhances global trade.

We want to be continuing to invest in our IT infrastructure and to be the best in terms of IT capability. Furthermore, we want to be the employer of choice, to make sure we have well-trained people, and we are investing a lot in that. We need to be ahead of the marketplace and to be competitive in the future for our customers. ●

"Ron has led DB Schenker through many changes in our industry. Demand for efficient supply chains continues to grow and e-commerce is changing consumer behaviour. Companies like StarTrack assist DB Schenker through partnership and collaboration to enable the best service and value for customers." - Bob Black, Executive General Manager, Parcel Services



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