

SPARRING





»Globalisation should be my favourite word«

Prof. Klaus-Michael Kühne celebrated his 80th birthday this year. In a conversation with Prof. Raimund Klinkner, Chairman of the BVL Board, he looks back at key developments like globalisation and comments on future topics like digitisation and start-ups, logistics education and humanitarian logistics. His credo: Always stay alert!

Klinkner: *Mr. Kühne, when someone has celebrated as many business success stories as you have, then it's worth taking the time to look back. This is something Apple founder Steve Jobs also did, and he is said to have expressed a sentiment that we have also heard from you in the past: "If I look back at my journey, then I really should have not worked quite as much."*

Kühne: *(laughs)* Yes, there is some truth in that ...

Klinkner: *But the question is: what do we consider to be work and when is the right time to stop. Dustin Hoffman, who was born in the same year as you, answered this question by saying that only people who have a "job" can stop working, but that acting was always more to him than just a job. Would you agree with him? After all, you're still extremely active.*

Kühne: He has a point. I am still fit, and I really enjoy being involved in many things. My interests are wide-ranging – from Kühne + Nagel and VTG to Hapag-Lloyd and my foundation. Sometimes I even combine my private and working activities, as in the case of my hotels or the HSV soccer club. When I look at the great variety of interests, I sometimes even ask myself

how I manage to handle it all. But I am a perfectionist and do not really see it as work in the strict sense.

Klinkner: *The mega-topic of our era is digitisation. Occasionally, it's possible to gain the impression that all we have to do is write 4.0 after everything and we're suddenly right at the front of the field. During your working life, you've experienced and shaped many developments in logistics, above all the trend towards globalisation. If you compare globalisation and digitisation, what's your conclusion?*

Kühne: Globalisation was without doubt the most important development for me personally and my success in business. My father started the internationalisation of Kühne + Nagel after the Second World War, and I accelerated these efforts when I was still very young. Step by step we built up an international organisation. It was a truly pioneering work and not always easy – because we developed the network from within and with relatively little capital. Back then, by the way, what we did was not called logistics, but simply international forwarding. However, I realised at an early stage what an attractive busi-

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ness it was, with ever-growing markets that began to open up, as was the case with China, for example. Seen from that point of view, globalisation should really be my favourite word.

Klinkner: *Do you think that digitisation will drive the same kind of dramatic changes that resulted from globalisation? And do you believe that the relevant players have adequately considered this new challenge in all its facets? In my view, there are still too few people talking about the fact that digitisation also costs money – in other words, that companies will have to make massive investments.*

Kühne: For me it is not the beginning of a new era. There is a new term, in that "digitisation" has replaced "information technology". The latter term came to the fore in the mid-1960s parallel to the introduction of containers. At that time, hardly anyone thought that IT would lead to significant changes in freight forwarding. After a few years, however, people began to realise that IT was essential in order to automate work processes and optimise data exchange with the customers. This also cost a lot of money at the time. I must admit, however, that I have always been very cost conscious and made sure that the cost

structure at Kühne + Nagel is as advantageous as possible, but without curtailing our developmental options. I would say we were quite successful in this area. Still, we always need to be fully alert so that we don't miss out on any opportunities and always meet new customer expectations.

Klinkner: *You say that customer benefit must also be the focus in a digitised world. It sometimes appears as if digitisation is becoming an end in itself. I see it merely as a tool that enables us to react more flexibly to customer preferences, for example. What does Kühne + Nagel do to create this kind of value added?*

Kühne: Well, I don't want to give away any secrets ...

Klinkner: *(laughs): ... well I at least wanted to try ...*

Kühne: *(also laughs)* But I must also say that we at Kühne + Nagel haven't found the magic bullet either. This is a topic that needs to be addressed very broadly, and one aspect of this is to understand and meet customer requirements. And we need many capable employees who take many small steps. At the end of this process, the outcome is an occasionally far-reaching change in the direction of automation and digitisation.

Klinkner: And how will this then change the logistics sector overall and the companies who are active in the sector?

Kühne: There are two schools of thought. Some people believe that traditional logistics service providers will become superfluous in the course of advancing digitisation, and that start-ups will be able to perform the same functions from the armchair, as it were. Others say that traditional logistics service providers have huge opportunities if they act as trendsetters. At Kühne + Nagel, we are pursuing the latter goal. But the battle is not yet over.

Klinkner: *What is your personal feeling about start-ups in the logistics sector? Do you say: whatever they can do we can also do ourselves? Or are you more ambivalent? Or do you perhaps even promote the efforts of start-ups in logistics?*

Kühne: *(takes a deep breath)* Well, there are naturally some extremely brilliant lights among the start-ups, and possibly even some charlatans. Many of them will disappear, but it could well be that one or two newcomers make their big breakthrough. To this extent, we shouldn't really demonise them, and we at Kühne + Nagel are also considering some kind of collaboration in certain areas or ways of promoting these new compa-

nies. We have no concerns at all about interacting with them, because ultimately these are the people that bring innovative ideas to logistics. And we should give them plenty of creative leeway.

Klinkner: *Promotion is a good cue. You do a lot of good and praiseworthy things to promote further education and training in logistics – through your Kühne Logistics University, for example, or your involvement in DAV, the German Foreign Trade and Commerce Academy. Why is this issue so close to your heart?*

Kühne: The further education and training of young people is of paramount importance. Although it is true that the relevance of logistics within the overall economy has continued to grow in recent years – while freight forwarding used to be rather looked down upon – and that logistics companies are today seen as important partners of trade and industry, it is still the case that many young people today simply do not have much of an idea of what logistics is about. "Logistics manager" is not really seen as a dream career, despite the wide-ranging and international nature of the modern logistics job profile. This is why, with my foundation, with the Kühne Logistics University (KLU), I have made it my mission to train young

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people around the world – from South America and Africa to the Middle and Far East – for the sector. We have already made quite a bit of progress in the seven years since the KLU was founded. We added a Bachelor programme to the Master programme two years ago, for example. We have also been granted the right to award doctorates, and we now have more than 20 Professors. But we need to take further steps – even though the university does not fund itself but relies on the Kühne Foundation. It's an investment in logistics professionals of the future and in the logistics elite – and therefore an investment I am pleased to make.

Klinkner: *I think that what you have created is extremely impressive, and I'd like to use an example to show how this kind of commitment pays dividends. In order to improve the image of logistics, we at BVL created, as you know, a day of action called Supply Chain Day. In the early days, around 20,000 people took the opportunity to obtain information about logistics, and the number of visitors has meanwhile reached 40,000. At the central press conference last year, the reporters were being shown around by a young man. When one of the reporters asked him how he became involved in logistics, he said it was when he visited an event on the very first Supply Chain Day and realised what*

an interesting field this is to work in. He then studied logistics and is today someone who is a valuable addition to our industry. I find that very encouraging.

Kühne: That really is an encouraging example, although I do sometimes wonder whether BVL, which I have always experienced as a powerful organisation, could not do even more to improve the image of logistics. In my view, this is something that is particularly apparent when it comes to career choices. It is simply a fact that many young people don't feel that logistics is appealing and instead head for sectors like IT or industry. This is where I would like to see greater creativity and also more resources from among the ranks of the BVL members. Another question in this connection relates to the kind of status DAV still has and should have in the future. At the moment, it seems to be leading quite a shadowy existence – certainly compared to the days when we at Kühne + Nagel used to send our managers to DAV for training. We should work together to restore DAV to its former strength, because it's a really important establishment for broadly based further education and training.

Klinkner: *I would like to thank you for this impulse, and I also see it as an invitation to work together to develop new strategies. Before we finish, I would also like to talk about your involvement*



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in the field of humanitarian logistics. I believe it's fair to say this is an area in which we are kindred spirits. BVL explored this topic in great detail at the International Supply Chain Conference back in 2010. This was also the year in which you launched your initiative "HELP Logistics – the Humanitarian Emergency Logistics Platform". What prompted this initiative, and how has the platform developed over the years?

Kühne: The idea came from Prof. Helmut Baumgarten, who was on the Advisory Board of my foundation. He was already deeply and regularly involved with the situation in Africa back then, and he served as a great inspiration. Our aim with HELP is to perform two core functions. First, we want to advise aid organisations so that they are able to overcome the transport bottlenecks in the event of disasters. Our goal on this front is to enable the aid organisations to take action themselves and to show them how they can deliver aid to the places it is actually needed. Moreover, we provide logistics training for employees of aid organisations. The geographic focus is on (East) Africa through a location in Kenya, on the Near and Middle East through our presence in Amman in Jordan, and on Southeast Asia through our centre in Singapore.

Klinkner: *You named Prof. Baumgarten as a pioneer of humanitarian logistics. He is now encouraging others not just to react*

as needed in the event of crises but also to adopt a proactive strategy and to help to develop the African countries commercially, for example. In this connection, he talks of a Marshall Plan for Africa. What's your view on this?

Kühne: I think this is an excellent idea, particularly in view of the large flows of refugees from Africa heading for Europe. Africa itself must be strengthened, even if this is an enormous task given the widely differing structures and stages of development in the various countries. But it is important for all of us that Africa makes up lost ground and that the people who live there have a future. (sr) ■

Personal profile

Following a commercial apprenticeship (banking and foreign trade), Klaus-Michael Kühne joined the family business, Kühne + Nagel, in 1958 and was appointed CEO in 1966. In 1975, the company's international headquarters was established in Switzerland, where Kühne was Chief Executive Officer, after which he became Chairman of the Board of Directors from 1992 to 2011. The current Honorary Chairman is the majority shareholder of Kühne + Nagel International AG – the holding company of the global Kühne + Nagel Logistics Group – in Schindellegi in the canton of Schwyz. Activities that are particularly close to his heart are his two foundations, which promote research and teaching in the fields of logistics and medicine (e.g. the Kühne Logistics University in Hamburg), and the numerous cultural projects that he supports (music and literature).