

Translation:

Interview with Robert Blackburn, Chairman of the Board of BVL International, originally held and published in German in the DVZ newspaper on January 17, 2018, pages 8/9

## **Blackburn calls for more investment**

DVZ interview

The new Chairman of the Board of BVL International, Robert Blackburn, warns of shortcomings in the national infrastructure. He also calls on SMEs to invest more money in new technologies.



*Mr. Blackburn, when did you hear about BVL for the first time?*

I'll never forget it. I was at the airport in Berlin in 2006, and I'd just visited a Siemens location. I was surrounded by lots of people wearing BVL badges and talking about BVL. So I asked one of my colleagues: "What's BVL?" The year after that, I ended up talking to Thomas Wimmer, and I joined the association.

*You took over as Chairman of the Board of BVL at the beginning of the year. What will be your first task?*

Thanks to the work of my predecessor Raimund Klinkner, the association is in an excellent state of health. As a member of the Board and Vice-Chairman, I was like all the other Board members heavily involved in the development of the current strategy. Above all, it's important that all the members are aware that everything BVL does is done in their interest. We have 11,200 members and we are still growing.

*How much potential would you say there is for further growth?*

That's very difficult to say. We believe we could attract a further 5,000 members. But that could take a few years ... (... smiles ...).

*How do you intend to position BVL in the long term?*

We need to focus on the education of young people, the further training of those in employment, and the professional exchange of ideas and opinions. We must continue to represent the common interests of our members from the entire logistics sector – also vis-à-vis the political powers-that-be. Germany has not invested enough in the logistics infrastructure, and this is negatively impacting logistics activities. It shouldn't be the case that a freight forwarder has to drive an extra hundred kilometres because a bridge is unstable. Moreover, digitisation adds a new and dynamic dimension to economic activity, which means that "Digitalization meets Reality" is more than just a BVL theme for one year. The pace of technological development in the value added chains is driving fundamental changes worldwide.

*What is your personal focus? In which areas do you want to position the association more clearly?*

In recent years, we have already been gearing our strategy towards further training and the interaction between members in our expert network, and we will continue along this path. During my time as Vice-Chairman, these were the focal points of my work together with the Board. The fact that we now have a new Chairman doesn't mean we need a new strategy. So what you need are people who are interested in logistics and want to learn something.

*The skill shortage is also being felt in your sector. How does BVL intend to address this problem?*

We need stronger logistics branding, and this is something my Board colleague Frauke Heistermann and the BVL "Image of Logistics" focus group have already been working on for a number of years. Logistics is a great sector, but when it comes to recruitment we are competing with the automotive industry, engineering and the trading sector. This poses a major challenge, because most people know more about these other industries than they do about logistics, which often takes place behind the scenes. The aim is therefore to inform people while also raising their emotional awareness for logistics. In this connection, another idea created by BVL is Supply Chain Day, which has been taking place every year since 2008. In 2018, this day of action is scheduled for April 19. A further initiative, the "Best Brand" campaign, is designed to focus on branding, and there is a new format this year called "Vitamin BVL", which will bring students and companies together.

*The political parties in Germany are currently struggling to form a government. What political framework conditions would you like to see put in place for the logistics industry?*

I hope that our politicians will take a look back at the 1950s. As then, what they need to do now is to all pull in the same direction and understand the interests of the country and the population. Policymakers must create a framework for growth. China is a highly attractive market, but it's neither an open market nor a fair one for German companies. The USA recently implemented the biggest tax cuts since the 1980s.

What is our response to these kinds of economic stimulus programmes? While it's true that the German economy is currently extremely healthy, this could change very quickly. We need planning certainty for our companies, be they manufacturing companies, service providers or retailers.

*So how does BVL intend to generate ideas to drive developments in this area?*

Improving the infrastructure as soon as possible is in the common interest of our members, for example. Not just in Germany but across the borders to all our neighbours in Europe. This is something we are strongly advocating. Germany used to be the world leader in rail transport in terms of both passenger and freight movement. Now the trains are getting slower, they stop more and more frequently, and investment in the network is lagging behind.

*Still, Germany is faring well economically relative to other European countries.*

That's true, we're doing very well. 2017 was a record year. But we're living on our past achievements in many areas. Take rising energy costs, for example, which have serious consequences for production plants, logistics companies and freight forwarders. It's possible that other European countries who have had problems in the last five to ten years are catching up fast. Spain is recovering, and France appears to be on an uptrend, not least because President Macron has implemented outstanding policies.

*According to the Logistics Performance Index of the World Bank which will be published once again this year, Germany was the leading logistics location in recent years. Do you think the quality of logistics operations would suffer if the political situation continues as it is at present?*

I am naturally delighted that we are the number one. You could say we're complaining from a very privileged position. But the question is: how do we maintain this position?

We must up our investment in the physical and digital infrastructure in Germany. One of the symptoms of the current situation that we're all familiar with is that there are still mobile "black holes" on many sections of the railway. As a result, we're unable to fully exploit the available productivity potentials. This is also about ""Digitalization meets Reality"".

*There are currently real bottlenecks at the Brenner Pass. Would it be possible to solve problems like this by implementing different logistics concepts, or should we even perhaps try to downsize flows of goods instead of always forecasting new growth so that we can call for infrastructure expansion?*

Let us take a step back and look at the big picture. The global population is growing and consuming goods. If we want to maintain our prosperity, we as logistics managers must efficiently transport these goods to the places where people need them without placing an excessive burden on the planet. This is a huge challenge. Logistics is sustainable when it's efficient. There is certainly still potential for logistics managers to reduce the volume of transport by taking strategic decisions or making changes to day-to-day operations. "Collaboration" is one of the keys to success. But the international flows of goods are not set in motion by logistics, but ultimately by the decisions of consumers. The job and responsibility of logistics is to route these flows of goods as efficiently as possible via the existing channels.

*But resources are finite, and we can regularly see excessive burdens on the planet in many areas.*

Logistics managers can employ technologies to reduce the burden on our environment and on society. I was involved in the introduction of digitalization at chemical giant BASF for more than a decade. This led to major improvements in efficiency – in intralogistics, on road and rail, but also in maritime shipping. New digital technology uses fewer resources. The interlinking of planning systems is more effective. It is important that we have down-to-earth systems. This must also be a focal point of training and education. The better we train freight forwarding managers, and the better transports are coordinated, the lower the volume of freight transport that we will see on road and rail. How do you load a truck? How can deliveries be coordinated? Which packaging is the best one for different modes of transport? These are the basics that we must teach the next generation.

*Itinerary planning, truck loading, shipment tracking ... none of these are new approaches towards making transport operations more efficient. But it seems that the challenges associated with these activities have still not been successfully mastered. How will digitalization change this situation?*

Each generation of technologies brings with it new challenges and great opportunities. I was recently at a large freight forwarder who plan their routes on a big chart on the wall using pens. They claim this is the most efficient method because all employees look at the giant chart. It will not be possible to use this kind of system in future. Today, consignments and routes can already be automatically matched using artificial intelligence. What is also true, however, is that the logistics managers have to understand the algorithms behind these processes so that they can intervene if something goes wrong. Approaches like this have been around for a long time, but they were never as complex as they are today. In addition, the sheer pace of processes and routines has increased enormously. Expectations of consumers and in the B2B business are higher today than I've experienced at any time during the last 25 years.

*The digitalization of the economy is now supposed to be the solution for all kinds of things. And it will probably result in a further acceleration of processes. At the same time, we often hear that the German economy is not particularly good at implementing digitalization compared to many other countries. What is your opinion on this, with specific reference to the logistics sector?*

We're not all that bad in terms of our preparations for digitalization. We organise seminars, we talk about digitisation a lot, and some companies are already doing a great deal. But we are lagging behind when it comes to making the investments that can fundamentally turn the game in our favour. German SMEs must dig deeper into their pockets and have a belief that they can be successful in the future with overhauled or totally new business models.

*Perhaps many SMEs don't even know where to begin. Based on your experience, what would you say the typical situation is in today's companies?*

If you walk into an office where intralogistics is organised, you will see the following picture in 85 percent of manufacturing companies: the employees are sitting next to each other in open-plan offices. One of them looks at e-mails, prints something out and fills out a piece of paper. The next one physically stamps the piece of paper. The next one checks it and stamps it again, signs it and passes it on. Then it's scanned and entered into an SAP, Oracle or Microsoft-system – after which it's filed somewhere and physically forwarded, on paper in other words.

*How do you turn an analogue process like this into a digital one?*

Totally new systems are being developed for this purpose. Mails are no longer printed out, for example, but the data are automatically transmitted. Documents can be scanned and forms filled out automatically. All of this takes a matter of seconds. The mail and the new form are placed next to one another, and then stamped and signed electronically. There are no second or third employees who check and sign the forms. The software checks whether everything is accepted and whether additional approval phases are necessary. All of this is performed automatically, and the only time a document is printed out – and automatically inserted in an envelope – is at the end of the chain in the case of customs formalities or exports. This is common practice in China, for example, and it's something we also need to implement in Germany.

*New challenges and opportunities are now fast approaching in the form of blockchain. What is the potential of this technology for the logistic sector?*

Blockchain is "merely" the next new technology under the overall heading of "Industry 4.0". It enables us to exchange data between people and companies in a legally secure and trustworthy manner. This is another example of "Digitalization Meets Reality", and it will impact both the employees and the workplaces in the sector. We must prepare our education and training systems for the new qualifications and skills that are needed. This is not about blockchain as a technology but about how it can be used by logistics companies, who have to exchange data with manufacturing companies and consumers.

*How long will it take before this technology plays a significant role in logistics?*

It will take another two to three years. The first trials are already underway, but we have to be realistic. There are currently a handful of highly innovative logistics companies who are pushing ahead with this technology. When the smaller carriers and the retail sector see that the bigger companies are using it, then they'll also begin to introduce it.

#### ABOUT ROBERT BLACKBURN

Robert Blackburn was Head of the Supply Chain Operations & Information Services division at chemical corporation BASF for ten years before he took over at the helm of the Hoffmann Group at the end of 2016. The 49 year-old held further management positions at IBM and Deloitte. Blackburn has been the honorary Chairman of the Board of BVL International since the beginning of this year. The German-American obtained a Bachelor's degree from the universities in Maryland and Heidelberg before being awarded a Master's degree in Management by the University of Virginia. He then completed a PhD in Economics at Würzburg University. Blackburn is a long-distance runner, a practitioner of the martial art taekwon-do and has four children.