

## Regardless of Corona, there are still Old and Many New Challenges

**Topics for 2021** The past year has been a tumultuous one. The corona pandemic has turned many things upside-down and has demanded a great deal from all of us. Even if the vaccines that are now available are shining a light at the end of the tunnel, it is already evident that corona will continue to cast its shadow over 2021. But corona is not the only challenge we will have to face. “The pandemic and its effects will impact our lives for some time to come. Many big issues appear to have become smaller in the shadow of the pandemic and its consequences. But in reality, this isn’t the case. The structural challenges facing industry, national egoisms, climate change, the transport revolution, digital transformation – all of these issues are still there and are more relevant than ever before”, says BVL Board Chairman Prof. Thomas Wimmer. The recently published first issue of BVL-Magazin in 2020 addresses these topics and provides an overview of the agenda for 2021.

Corona has acted as a driver of digital transformation, and not only because many more people are suddenly working from home than was previously the case. “Companies who are able to respond flexibly to unforeseen circumstances will master the challenges of the future. In concrete terms, we initially need to focus on four issues that have already long been on the agenda of logistics and supply chain management, namely customer proximity, end-to-end transparency, innovation and flexibility”, writes Christoph Eltze, Deputy Chair of the BVL Advisory Board, in his foreword to the magazine. At the same time, the supply chains must be made more sustainable. Alternative drive systems for trucks are one part of the solution, but which technology will ultimately prevail – battery, fuel cell or eFuels? And how global will supply chains be in future? Joe Biden was inaugurated as the new President of the USA on January 20, and this should signal a return to better trading relations with Europe. In the magazine, Andrew Adair, founder and Managing Director of DC/Berlin Consulting answers three key questions on this issue. (ka)

[www.bvl.de/magazin](http://www.bvl.de/magazin)

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## Exploiting Opportunities in Times of Uncertainty

**Economy** At the end of January, it had been one year since the warning signs of the corona pandemic reached Germany. Employees at automotive supplier Webasto had become infected in China. "Following the initial shock, we succeeded in breaking the chain of infection by taking vigorous decisions, implementing systematic measures and with the support of our employees", recalls CEO Dr. Holger Engelmann one year on in an interview with the "Produktion" magazine.

At the end of February 2020, the Forum Automotive Logistics of BVL took place in Leipzig – still without any concerns over corona. For weeks after the event, virtually everyone believed that infections could be effectively contained – until the number of cases started to rise, the intensive care units began to fill up with people suffering from the disease, the external borders were temporarily closed, and the first lockdown was imposed from March 23.

For around twelve months now, we have been living under exceptional circumstances that have at times massively impacted both the private sphere and the development of business operations. So what can we expect in 2021? Any predictions are necessarily tempered by caution, as the past year has shown us just how unpredictable the future can be. When the findings of the February survey for the Logistics Indicator were published in the first quarter of 2020, corona was not even on the radar of sentiment in the logistics sector, resulting in a slight uptrend in business expectations, particularly in trade and industry. Under normal circumstances, 2020 would likely have been a good year. By May, the situation had become entirely different, and both the business climate indicator and business expectations had fallen to record lows.

The focus was then on the question of the shape of the curve and the issue of when and how the economy would recover. Would we see a V, U, W or even an L-shaped curve? It looked for a long time as though we were heading for the best possible outcome of a V-shaped curve. In its forecast in early September 2020, the German Ministry of Economic Affairs predicted that the overall German economy would shrink by 5.8 percent last year and then recover in 2021, achieving growth of 4.4 percent. Economics Minister Peter Altmaier presented a V-shaped curve and declared that the economy had bottomed out. In November, however, the polled scores for the Logistics Indicator showed a renewed downtrend in business expectations. The mood in December was brighter; after all, the end of the second lockdown appeared to be approaching fast after the holiday period.

The ifo business climate index fell once again in January 2021, and the February Logistics Indicator to be published in a few weeks' time is expected to follow suit. The appealing V-shaped curve merely reflects the unfulfilled optimism of better days, and there is still major uncertainty over the future economic trend: will it consolidate at an index score below the stable normal level or will it transition to a sad "W". The uncertainty has increased markedly since the lockdown was tightened and prolonged. The current plan is to end the latest lockdown in mid-February, but the experience of recent months has shown that there are no longer any certainties. The International Monetary Fund (IMF) forecasts growth of 3.5 percent for the German economy, while the German government has downgraded its own forecast from 4.4 to 3 percent. This means that the economy is not expected to rebound to pre-crisis levels by the end of 2021, but only in 2022 – because it still has to make good the 5 percent slump from 2020.

Both economy and society have been thrown seriously off balance during the past ten months. The value added chains have generally shown themselves to be robust, and the level and speed of adaptability have been far greater than could have been expected before the crisis. To retain this hands-on mentality, to remain agile and to push ahead with change processes creatively and systematically - these are the positives we can take

from the crisis”, says Prof. Thomas Wimmer in his foreword to the Report of the BVL Board for 2020. It is helpful if people can draw on an effective network and have access to colleagues with whom they can discuss ideas and developments. This is why BVL is even more important in times of crisis. At the same time, the association will also have to adapt – with new services, more “new work” and sustainability, more digital products, more streamlined organisational processes and state-of-the-art technologies.

BVL made a start by organising digital alternatives to the scheduled in-person events, such as the MX Award ceremony, the Forum Automotive Logistics and numerous chapter events – all of were staged in virtual format. In the same vein, BVL.digital is planning to hold the three-day Digital Logistics Days in March. The work of the focus groups is continuing in online formats as are the meetings of the various association bodies. For one thing is clear: hiding their heads in the sand is not an option for logistics managers and the people at the helm of BVL. The order of the day is to adapt to changing circumstances and make the best of the situation – in keeping with this year’s BVL theme: “Exploiting Opportunities – Adapt to Lead”. (ug/ka)

**Commentary by Prof. Christian Kille, Faculty of Economics and Business Administration at the University of Applied Sciences Würzburg-Schweinfurt, Member of the Council of German Logistics Experts**

**Corona hasn’t Reduced the Level of Logistics Services; it’s simply Moved them to Different Areas**

**Guest Commentary** When it comes to 2021, all the economic researchers appear to agree that the German economy will fare significantly better than last year. Based on a comparison of the individual forecasts of eight institutes, we can expect German GDP to increase by roughly 4 percent in real terms in 2021. This is a favourable outlook. So how will the logistics sector develop in this environment?

In a nutshell, the signs are pointing towards growth. We expect to see growth of over 3 percent in real terms, with a nominal figure of around 4 percent. What is astounding is that real growth of logistics activities will likely be lower than that of the economy overall. There are many reasons for this – and they have to do with the structure, the self-perception and the objectives of the logistics sector.

Logistics is a key pillar of the German economy and is a service provider to the entire population of Germany. Neither the reboot of industry after a shutdown nor the provision of goods to the population during a period of restrictions on mobility would have been possible without the performance capability of the logistics sector and the willingness to go the extra mile in times of corona. This realisation was widely shared in the crisis year 2020 for the first time, although it was clear to all of us in the logistics community. The public at large now (finally) appears to have recognised this fact. So why is the growth forecast for logistics activities relatively modest?

One reason is that the focus of logistics services has shifted – in particular to consumption – rather than declining in volume. The sectors that have been hit hard such as brick-and-mortar retail, food and drink service, the cultural scene and personal services will climb out of a deep slump in 2021 – at least that is the hope. The downturn in 2020 had no negative impact on logistics; indeed, in some cases it even had a positive effect. People consumed more, but they did so at home. This restructuring of sales into “ordering channels” entails a higher workload for logistics and therefore tends to result in growth stimuli rather than downswings. The measures enacted by the political decision-

makers have ensured that consumption has remained relatively stable, with the result that the logistics downcurve in the consumer goods segment has been much flatter – which means that growth rates in 2021 will tend to be lower.

When it comes to industry, the Council of German Logistics Experts sees a number of factors that make it unlikely that logistics will recover quickly and therefore equally unlikely that we will see high growth rates. The plant construction and mechanical engineering sector is still waiting for signs of confidence in the upturn and the investment-driven orders this would bring. With the rise of electromobility, the automotive sector is not only heading for a process of structural change that will directly impact logistics; the experts also predict that production volumes could be adversely affected in 2021 even without a shutdown, as the inventory of finished vehicles is already high. All the above makes for a very mixed picture.

These are macroeconomic reasons why, despite numerous growth stimuli, logistics will probably grow less than GDP. There are also a few microeconomic factors – as the self-perception of logistics is that of a sector that is engaged in a process of continuous improvement and ongoing optimisation in the efficiency of its operations.

## **Presentation of the MX Awards 2020**

**Excellence** Following postponements due to corona, the ceremony for the MX Awards 2020 took place as a digital event at Streamlab-Studios in Bremen at the end of January, when five companies were delighted to be presented with the awards. The overall winner was the Teisnach plant of Rohde & Schwarz GmbH & Co. KG. The company is a manufacturing service provider in the mechanical prefabrication segment and produces customised individual components as well as electromechanical systems in its final assembly areas. The company also offers development, design and general services for larger-scale service projects.

“With the Rohde & Schwarz production system, you have a clear vision for product and process innovation; you have created an impressive reality which is additionally underpinned by sustainability. Your production processes are modern and can effectively handle the high degree of vertical integration – as can your supply chain management concept. Industry 4.0 and cybersecurity are both integrated”, said Frauke Berger, Head of the Continental plant in Karben and a member of the MX Jury, in her tribute speech. “We remain convinced that only holistic optimisation results in long-term success”, added Prof. Thomas Wimmer, Chairman of the both the BVL Board and the MX Board.

This year the Gillette plant of Procter & Gamble Manufacturing Berlin GmbH topped the field in not one but two categories, namely “Customer Focus” and “Process Innovation”. The plant produces and assembles all the components of the brand’s wet-shave razor cartridges, and the Berlin location accounts for 50 percent of worldwide Gillette production. The central strategy is geared towards continuous product optimisation. The award in the category “Product Innovation” went to Plant 1 of Hilti AG, which produces components and accessories used in commercial and industrial fastening and assembly technology. The plant pools the company’s specialised expertise in the technical areas of forming, mounting and special processes such as powder metallurgy.

The winner in the category “Logistics and Network Management” was Leesys – Leipzig Electronic Systems GmbH. The electronic engineering and manufacturing service provider offers the full range of E2MS services from development, material

procurement, PCM assembly, automatic optical inspection, electrical testing, programming and module/device assembly through to after-sales services. Apra-Norm Elektromechnik GmbH is specialised in the development and production of cabinet and enclosure systems made of metal and plastic. A system supplier, it offers a one-stop service for design, production, assembly and delivery logistics – and was presented with the MX Award for the “Best SME/Information Technology”. (ug) [www.manufacturing-excellence.de](http://www.manufacturing-excellence.de)

## International Reports

### **BVL Chapter Turkey Online Event – “Digital Transformation Management”**

**Istanbul** Together with BVL Chapter Turkey, BVL Representative Turkey, Altay Onur, hosted the online event on digital transformation, which saw 23 local logistics enthusiasts come together on 6th February. After BVL Chapter Turkey Chairperson, Arda Polat, got the online event underway with his opening speech, the online participants were asked what is digital transformation? The first part of the event offered basic insights about the importance of data, the foundations of digital transformation, Industry 4.0 applications based on digital transformation (DT), and the history of the Industrial Revolution and DT components. It also went on to focus on collecting, monitoring and processing data, as well as finally evaluating data with examples of some cases. The second part of the seminar looked in to the steps that are to be taken in order to achieve Digital Transformation (Digital Maturity Self-Assessment and On-Site Digital Maturity Assessment Studies). Finally, the main parameters as to how digital transformation processes are projected were assessed using the main methodologies and control parameters. The nearly two hour-long online event was concluded with a Q&A session. University lecturers and students as well local industry representatives and consultants were among the event’s participants. [www.bvl.de/en/turkey](http://www.bvl.de/en/turkey)

*Report by Altay Onur*

### **BVL Chairpersons and Representatives**

The BVL Office would like to thank former BVL Representatives Lennart Brüggemann (USA - Detroit), Charles Christophe Fotso Bopda (Cameroon), and Shailen Shukla (UAE) for their voluntary service in previous years within the BVL Network.

### **New International BVL Members**

**Membership** BVL welcomes the following new international corporate members who have joined since the beginning of 2021:

- Personnel and logistics EOOD
- Storeganizer

## Imprint

LOG.Letter – Information for Members of the BVL Network

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