

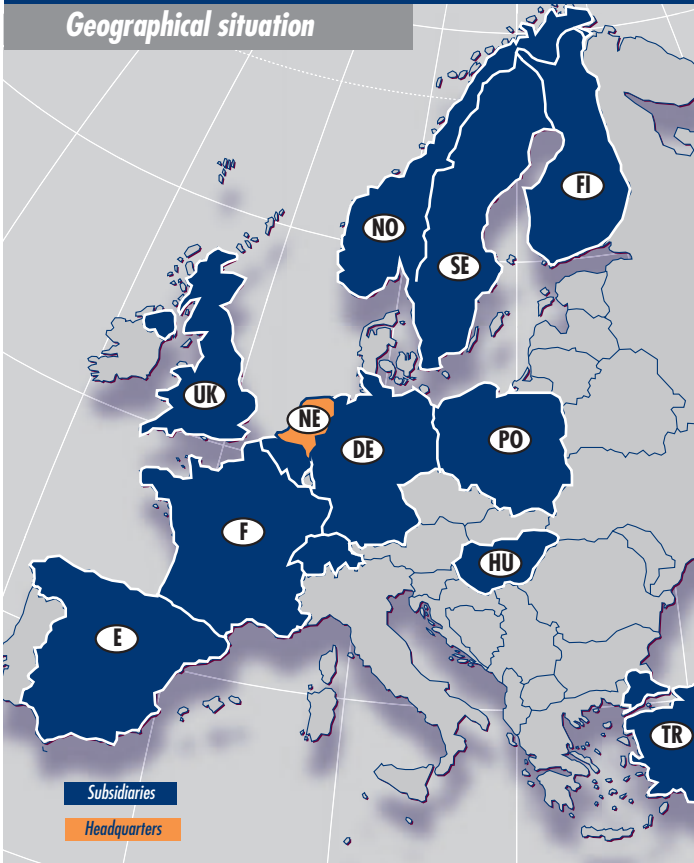
Sowing the seeds of



CONTEXT

Although the first transport activities of the Den Hartogh family stretch back to 1920, it is only after the end of the second world war that one can really speak of its development. Very soon oriented towards international operations, with services extending as far as Tehran even back in the 60's, the company gradually came to concentrate on one core activity, namely the chemicals industry.

Geographical situation



Key figures

- Shareholding : Jaak and Peter Den Hartogh
- Turnover : 195 million EUR (2007)
- Growth : 15 to 20 % p.a.
- Personnel : 1,000, of which 550 are drivers
- Fleet : 2,200 tanker-containers (1, 2, 3 or 4 compartments), 400 tanker semi-trailers, 500 tractor units
- Business Units : Liquid Logistics, Gas Logistics, Tank Cleaning, Logistics Management, Storage Terminals



Guaranteeing the future of a European scale family transport business. Developing true partnerships with the largest clients. Making methods which, in other companies are nothing but empty statements, really work within the business. . . Den Hartogh has made all this happen within just a few years, by concentrating on an element which is sometimes neglected in the transport business: intelligence.

f intelligence



Den Hartogh has become one of the European leaders in the tanker transport of chemical products.



Mark Warner, Group Strategic Manager, symbolises the opening of the family company to external directors.



Despite a shift towards tanker-containers, the classic tanker semi-trailer remains necessary for certain clients.

What had begun in 1920 as a simple distribution service for the family grocery business has today become a group which provides its logistics services to one of the most demanding industrial sectors there is.

It was at the beginning of the 70's that the development of Den Hartogh really took off. Firstly, the company acquired its first tanks and built its first storage facilities. Then it sowed the seeds of its European expansion by creating a first foreign subsidiary in Belgium.

The second crucial turning point in the history of Den Hartogh came in

2001 with the takeover of all the chemical activities of Eurovos. Because while the addition of new activities and of a fleet of 800 containers represented a significant step forward, this takeover also fitted in with other external growth operations carried out elsewhere (Elda in France, Brockerhoff in Germany).

Clear positioning

"In 2000 we radically changed the philosophy of the company", explains Jaak Den Hartogh, Group Managing Director. "We changed

from an approach based on 'wheels' to an approach based on transport concepts. The takeover of Eurovos made this evolution recognisable. Eurovos was a young tanker-container operator. We had to find a balance between our wheels and their systems, within a new multimodal perspective. This caused quite a bit of friction within the personnel, particularly with certain drivers who believed that driving in Munich no longer constituted international transport. But we got there". In parallel with this evolution, Den Hartogh redefined its core business. This is how the distribution of pack-

aged goods in the countries of the Benelux—an unprofitable activity—came to be halted in 2005 and sold to Raben.

This disposal did not have any negative repercussions on the development of the company, which was able to count on strong demand from the chemicals industry for tanker transport. "In a few years we managed to re-balance our client portfolio, both geographically and by type of product", explains Mark Warner, Group Strategic Manager. "Before, our largest client accounted for half of our turnover, but this proportion is now down to



Satellite tracking of tanker-containers is becoming generalised.



All communications with drivers go through a Qualcomm platform.

10%. The two next biggest clients account for 7% each". So now, the positioning of Den Hartogh is clear: a cutting edge logistics services provider for the European chemicals industry.

Logistics, you said...

The notion of logistics here goes beyond what many transporters understand by the term. Den Hartogh of course offers storage facilities at Moerdijk, but this activity is sub-contracted to Vopak, who bought these operations in 2005. There is certainly a Business Unit called Logistics Management, but it does not have any personnel (don't talk of '4PL' at Den Hartogh, though, this is considered as a 'dirty word').

"Logistics is one of the most usurped words in the world of business", believes Mark Warner. "With us, logistics are designed as an organisation which enables the flow of raw materials right through to the finished product stage. Our strategy aims to offer companies in the chemicals sector a global and collaborative management procedure for the supply chain and according

to demand. Clients such as ours have to be able to achieve visibility for their industrial products within five years".

The role of the tanker-container

An example of what this type of thinking can lead to can be seen in the equipping of the tanker-containers with a satellite communications system. "This enabled us to develop multimodal transport solutions where we know more than if the tanker-container was being towed by one of our drivers. And this significantly strengthens our position with regard to our clients, by encouraging loyalty".

The tanker-container has become the central transport unit. "It is flexible, and doesn't just serve as a transport unit, but also as a temporary storage unit. And it is particularly suitable for the development of new markets", Warner goes on.

The Den Hartogh fleet has thus seen a significant shift from classical tanker semi-trailers towards the tanker-container. But this does not signal the end of the semi-trailer.

"We still have 400 of these, mostly less than five years old and more and more standardised. They are very complementary to the tanker-containers, and I would even say they are indispensable for offering

"We have to be innovative, otherwise our only weapon would be price."

a total service to clients, particularly where products which have to be transported under controlled temperature conditions are concerned", explains Warner.

Advanced Planning and Scheduling

If Den Hartogh has succeeded in maintaining annual growth of 15 to 20% without losing the thread of its development, this can be attributed to its IT systems. On March 7th this year, the company passed another landmark in this domain. Following a pilot project involving 200 containers, all of the 2,200 transport units of the group are now subject to a planning process using an anti-

icipated planning system (APS), developed internally.

"A good dispatcher can manage between 35 and 40 vehicles", explains Warner. "But beyond a certain fleet size, the dispatchers them-

selves have to be subjected to planning. This represents a waste of time and no longer enables optimal utilisation of the means of transport. We have therefore developed a centralised planning system which integrates constraints from the client side, from the freight, from geographical considerations, from legislation and from our own transport materials. It also integrates all of the dispatchers' know-how, but in a structured way. With this system, and with 12 dispatchers, we are able to plan the movements of 1,500 different freight units, but this now represents a permanent process. And we sometimes get some surprises, because the algorithms sometimes come up with solutions



The tanker-container is more flexible in a multimodal perspective.

the dispatchers would not have considered...”

The other advantages of an Advanced Scheduling and Planning system involve the analysis of results and simulation. “It enables us fairly easily to evaluate the impact of a new client or a new mission, which helps greatly in our calls for tender operations. And, using objective bases, we can also differentiate between clients according to their particular constraints. And finally, we can give the best prices to clients who advise us of their freight missions in advance”, Warner continues.

Tactics and strategy

The key to all these recent developments are the personnel. Starting with Jaak and Peter Den Hartogh, the two shareholders, who have accepted to call themselves into question and accepted to confide whole sections of their company to external managers, who are now in the majority on the board. At all levels of the enterprise, the culture of dialogue and motivation is not just an empty phrase. Nor is investment in what could be called

‘business intelligence’. And so, twice a year, two-day meetings are arranged with the various national directors, where everyone has to present a case study of one of their competitors. The most interesting aspects of this competitor are then analysed. “This took up some time at first”, Warner admits, “but after five years of functioning, this method is starting to bear fruit”. And there is also the question of skills at every level of the organisation. But how do you convince graduates to become involved in a company active in a sector which Mark Warner himself describes as ‘not sexy’? “It is up to us to convince society that transport is a sector of activity where there is room to develop one’s capabilities. Because people and their technical skills, and above all their conceptual skills, these are part of the critical elements of our development. We need people who think ‘wheels’ but who also think ‘data’. If we can succeed in attracting these skills, we have more chance of growing not just at the operational level, but also in the area of strategy and tactics”. And here Mark Warner warms to one of his favourite battle-cries: “If you

consider these three domains as the three levels of a pyramid, you could say that a traditional transporter is only involved in level one. He can only be proactive where his equipment is concerned, for example. But even though there are many good transporters at this level, they are less numerous at the tactical level. We want to be more involved at the strategic and tactical levels, while still remaining extremely proactive at an operational level. And although the strategic level probably doesn’t bring much in terms of turnover today, it certainly will in the future”. There is no surprise, then, that so much importance is attached to the recruitment and training of personnel. Every new driver has two complete days of initial training in groups of five, and each driver can

count on a specialist in fuel consumption and on a regular assessment of the service he is providing, plus a periodic bringing up to standard on a reference journey. “Even with 1,000 persons and 22 offices spread throughout 14 countries, we have to maintain our family business culture and make sure everybody gets on well with everybody else”, concludes Jaak Den Hartogh. Empty phrases? Not necessarily. Amongst the mottoes which are applied every day are things as simple as ‘do what you say’, ‘congratulate each other’, ‘give and receive constructive information’ and ‘inform and motivate each other’. And who can still believe that intelligence is not within everybody’s reach?

Claude Yvens ■



OPINION

If all family transport businesses followed the trail laid by Den Hartogh, the transport sector might not attract more drivers and graduates, but it would certainly find it easier to keep the best of these. Here, best practices are plentiful, but tempered with a good dose of realism. “We are only half way along the road we set for ourselves”, says Mark Warner with too much modesty. But if he’s right, it is high time many other European transporters set out on the journey...