

## Food for logistics and supply chain thoughts 28th Zurich logistics colloquium

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The Zurich logistics colloquium was held for the 28th time at the Technopark in Zurich (Switzerland) recently. The event addressed process optimisation, the strengthening of locations, strategic success factors and logistics and service. Dr Acél & Partner, a management consultancy that organises the event in collaboration with the Swiss Federal Institute of Technology's Institute of Machine Tools and Manufacturing, was pleased with the outcome.

47 people attended this year's Zurich logistics colloquium. They heard four short lectures (35 minutes per lecture plus five minutes for discussion) on completely different topics in the course of the event's afternoon session. «Making light work of heavy loads,» was the introductory lecture by Jürgen Harland, head of logistics and supply chain management (SCM) at the German company Salzgitter Flachstahl, which is part of the Salzgitter group. Weight plays a crucial role for the steel company. Size is key in steel industry logistics, so the company has a 10 sqkm site and its own rail network, which incorporates around 400 km of tracks, on which up to 100,000 t of goods (steel, ores, coal, limestone) are delivered or dispatched every day.

### Making the best of existing resources

The production of steel is a continuous process. It requires the prompt movement of heavy trains in the shortest possible time frame (which is continually being squeezed). Interruptions could lead to a blast furnace being destroyed. Cost pressures force continuous optimisation and investment, based on customer requirements. The professional organisation of a steel producer's logistics is therefore important to success. The Salzgitter group transports around 60% of its steel products by train, whilst the remaining 40% are handled by truck. In terms of input, 100% of products are transported by train. According to Harland, «Salzgitter transports 20 million t of steel a year by rail. We are therefore Deutsche Bahn's largest customer.» In 2010, Salzgitter Flachstahl's more than 4,400 employees produced around 4.3 million t of crude steel, and generated a turnover of EUR 2.5 billion. Harland believes that logistics and SCM are vital for the success of his company. «Here in the primary industry, huge quantities of materials are moved around. This has to take place hand in hand with profitable production and logistics. The greatest leverage in terms of cost savings is in this area. Added to this is the fact that customers are increasingly demanding not just products, but a complete service package, in which logistics and SCM play an increasingly important role.»

In a lecture entitled «themed industrial parks as the basis for optimised logistics in fractal factories» Hans Rudolf Hauri, CEO of the property division of Ruag, gave a detailed presentation of the conversion and re-use of old industrial estates. Ruag Real Estate develops sites – around 6,000 properties at home and abroad – and turns them into multi-functional industrial parks.

### Pharmaceutical logistics

According to Hauri, today's factories require comprehensive modern infrastructure, the availability of which is very limited, particularly in Switzerland. Existing but outdated infrastructure needs to be overhauled. Hauri pointed out how long it takes from obtaining finance, through site selection to actual construction. Hauri said that «there is still growing demand for modern industrial property, particularly in Switzerland. The trend is towards large sites and so-called themed parks. In modern industrial parks, optimised street furniture with purpose-built structures that can be used for a variety of purposes, straight traffic lanes and well-designed exits are essential.»

The last lecture was given by Dr Petr Hess, head of operations at Zur Rose Suisse, headquartered in Frauenfeld (Switzerland). Founded in 1993 by 20 doctors, Zur Rose is now one of Switzerland's largest providers of pharmaceutical distribution services. In his lecture – «the conflicting priorities of service and costs in logistics» – Hess explained that Zur Rose has mastered the success factors in this highly competitive environment. The company quickly and economically supplies doctors and patients with medicines.

### Central hub and regional spokes

The pharmaceutical market is characterised by a high degree of legal regulation, various price reduction schemes, patent protection and monopolistic positions. Any service provider wanting to be successful in such a market environment must be able to guarantee the highest quality and efficiency of their own inventory management, distribution and operations. According to Hess, «service quality is a key factor for us. This mainly includes high product availability (above 99.8%), the timely and accurate processing of customer orders, flexibility and specialised services.» Fluctuations in capacity utilisation or in the goods flows could seriously damage order picking processes. Technology-related failures occur time and again, despite automated order picking, Hess went on to explain. Zur Rose has therefore added six regional hubs in Switzerland to its central logistics hub in Frauenfeld.



Jürgen Harland, head of logistics and SCM at the firm Salzgitter Flachstahl (on the left), and Petr Hess, COO of the company Zur Rose Suisse, gave talks at the 28th Zurich logistics colloquium.

Foto: Altermatt