

# DHL

## THE LOGISTICS COMPANY FOR AFRICA



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*This decade will belong to Africa, home to six of the last decade's fastest growing economies globally: DHL is the logistics market leader across the continent supporting businesses large and small in their quest to participate in Africa's destiny*

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With its headquarters in Bonn, Germany DHL is part of the massive Deutsche Post DHL Group, which in 2012 generated revenues of over €55 billion. DHL is the global market leader in the logistics industry acting as a supply chain partner to its customers in international express delivery, air and ocean freight, road and rail transportation and contract logistics.

DHL is rapidly becoming a household name in the over 220 countries and territories in which it has a presence, offering customers superior service quality and local knowledge to satisfy their supply chain requirements. There is no vertical or horizontal market these days in which outsourced logistics does not play a central role, however a company like DHL plays a uniquely strategic role on the African continent with its unique challenges and opportunities. The challenges include a lack of infrastructure and the difficulties of cross-border business between a very diverse group of countries separated by language, tradition and different manifestations of red tape: the opportunity is to participate in the world's fastest-growing economic community.

Earlier this year DHL appointed one of its most experienced executives to head up the South African business division. It was no accident that Hennie Heymans had previously been responsible for Central Africa and the Indian Ocean Islands – the appointment

heralded a more integrated approach to Africa. As well as looking after the South African business division and ensuring that the region lives up to the brand's service standards he will be preparing to grow market share in the continent as a whole. South Africa will continue to lead the way, acting as a benchmark for regional business growth, but it needs to take a proactive stance in easing the way for new entrants to African markets, and to that it needs to consolidate its existing continent-wide distribution networks and know how, he believes.

Not many MDs publicly plead insanity but

Heymans promises just that. "When I took over the business at the beginning of the year there were two big challenges facing the business. The first was more from a cultural and behavioural perspective and that was to make sure that as an organisation we

become insanely customer-centric, not just in South Africa but across the DHL network!" Talk is cheap, he says. A company is judged by how it behaves.

No half measures there. The second big change he wasn't to see affects how people perceive DHL in Africa. There remains a tendency among people to have low expectations of Africa, being prepared to put up with a second rate standard of service, from creaky facilities and delivered by staff who can't really be expected to perform as well as their European or American counterparts. "From our perspective the undoubted difficulties of working in a developing

# 250

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## A FORMIDABLE PARTNERSHIP

As the leader in international shipping, DHL Express strives to offer the most efficient express delivery service on the planet. Currently holding a 48% market share, DHL Express South Africa is no exception. Having provided the majority of the DHL Express fleet over the past 10 years, Hatfield Volkswagen Commercial is proud to have played a key part in delivering the service excellence DHL is renowned for. This relationship began 10

years ago with Richard Whitehead, General Manager at Hatfield Volkswagen Commercial. "I picked up the yellow pages, called DHL Express and met with them around a table to discuss the opportunity of doing business together. In the meeting our Volkswagen business partners and I met Norman George, who is today Operations Director for DHL Express. We committed to a set of service level agreements and soon after that we delivered our very first order of Volkswagen Caddy Panel Vans to DHL Express and this formed the basis of our business partnership," states Richard. Today, Caddy Panel Vans, Crafters and Transporters make up over 95% of DHL's courier fleet operating countrywide. In addition to providing quality vehicles, an honest relationship and delivering service excellence are the pillars of this partnership. "It's been a privilege to be a supplier to DHL over such a long period of time, in an industry that is not always known for loyalty. I have always been frank and honest

with customers and I firmly believe that we are still doing business based on our ability and desire to maintain the service levels we committed to when we first met with DHL Express 10 years ago. A commitment that was probably met with some scepticism," Richard adds. Recently the DHL group implemented a global growth strategy and looked at ways to optimise a key part of the value chain - its courier fleet. Factors such as fuel efficiency, a safe and reliable vehicle, increased load capacity, ease of packing and delivery, as well as a comfortable driving cabin were key requirements to achieve its business goals. A completely customised approach was required, and once again Hatfield Volkswagen Commercial exceeded expectations.

## THE CUSTOM SOLUTION

Speaking to DHL Express Operations Director, Norman George, he points out, "Our decision to choose Hatfield Volkswagen Commercial was based on their service offering. We have received fantastic service from them. Since the first day that I met Richard 10 years ago, he has not changed his service or commitment. He is responsive; he exceeds what is required - his follow up is excellent - and this project was no exception. They once again went above and beyond expectations to deliver and of course, we love their vehicles!" A fleet of 32 specially converted Volkswagen Crafter 35s in addition to 10 Crafter 50s were ordered for the new global fleet requirements for DHL Express South Africa. In addition to a host of standard features that distinguish the Volkswagen Crafter as a rugged, reliable and versatile van, the vehicles were ordered with a unique execution to accommodate many different load sizes and the specialised needs of the courier work station on the road.

## A CLOSE COLLABORATION

Working closely with the approved body builders, Sommer, based in Germany, a demo model was customised and delivered to South Africa to be assessed. Norman George outlines, "The Crafter offered a larger load space, with customised foldable shelves for stacking of parcels and an internal door between the cabin and cargo area. This means the driver will not even have to get out of the vehicle. They can simply slide open the door, walk into the load compartment, easily find the parcel stacked according to the route and make the delivery hassle free. "Based on the demo model we received, we were able to put our new optimised system through its paces. We put the demo Crafter into the field to assess how effective the customisations would be. Our drivers found that the additional space, foldable shelving system and the internal door, helped improve their time dramatically. Our drivers were able

**"Hatfield Volkswagen Commercial once again went above and beyond expectations to deliver and of course, we love their vehicles!"**



to meet the new target of three runs per day. We also found that the more efficient stacking of parcels on foldable shelves meant that queries about parcels en route could be answered much easier by the drivers."

## A NEW FLEET DELIVERED

On 2 November 2013, the first customised Crafter 35s, complete with full customised specifications, landed in South Africa. The vehicles with full DHL Express branding were officially handed over to DHL Express in Isando and by the end of January 2014 the entire fleet of 42 Crafters were delivered to DHL Express depots in Cape Town, Durban and Gauteng. Hatfield Volkswagen Commercial in partnership with Volkswagen South Africa and Sommer delivered this custom-made fleet in just five months. Always professional and dedicated, Hatfield Volkswagen Commercial successfully provided a large scale tailor-made solution, proving once again that outstanding service comes standard.

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## COWAN-HARPER ATTORNEYS

### Employment Law, Benefits and Industrial Relations

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- Restructuring and retrenchment exercises
- Transfers of undertaking / services agreements including advice on the strategic aspects of section 197 arrangements
- Employment equity and affirmative action strategies and compliance and discrimination disputes as well as litigation and strategic advice on those issues
- Drafting of Contracts of Employment and resolution of disputes on those contracts and fixed term contracts and Labour Broker arrangements
- Labour Court Reviews and Appeals in the various courts
- Unfair dismissal disputes and litigation
- Performance management issues and disputes
- Employment law banking issues including FAIS and legislative inter-relationships
- Drafting of Recognition and Collective Agreements
- Drafting of advanced disciplinary codes and procedures, grievance, performance and other policies and procedures and recruitment policies
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- Drafting of Labour Broker, service and sub-contractor agreements
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- Advise on retirement fund, medical and other benefits and restructuring of benefits
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- Advice on all labour statutes including the LRA, BCEA, EEA, Protected Disclosures Act, Pension Funds Act and Workmen's Compensation Act
- Incapacity disputes and litigation;
- Fraud and dishonesty investigations where we work closely with forensic units
- Executive employment contracts and company bonus, incentive and productivity schemes and agreements
- On inter-related tax issues we work with leading tax advisors
- General Employment law advice on strategy, tactics, employment statutes and disputes in the SADEC countries
- Facilitation and mediation services

continent is not an excuse. We must make sure our facilities across Africa are of first world standards." This year alone, he reveals, DHL has in South Africa invested more than in the five preceding years together. "We have really put our money where our mouth is."

Some of this money has gone into upgrading DHL's African fleet and making sure the facilities are all equipped with the newest technology. One of the key measurables for a logistics company is transit time, and the efficacy of investment and technology is whether it improves the customer

experience in this important respect, but don't forget that DHL has more capacity on the ground, whether in the form of trucks or the 250-plus aircraft operated by DHL Aviation globally. There has been investment to make sure we have enough capacity to serve the growing African markets, and that investment will continue, promises Heymans.

# 220

Territories where DHL is present

#### COWAN-HARPER ATTORNEYS

Employment Law, Benefits and Industrial Relations Department Profile.

Cowan-Harper Attorneys led by its employment law partners, Rod Harper and Osborne Molatudi, and other members of the employment law and benefits team have had a highly successful working relationship with DHL. Over a period of 25 years in litigious matters and as a result of that association, DHL has never suffered a defeat during legal proceedings.

Cowan-Harper Attorneys have also assisted DHL in relation to establishing sound industrial relations structures and appropriate collective bargaining agreements and contracts of employment and when necessary directly assisted DHL when dealing with Unions.

We believe that the employment law policies and procedures and industrial systems implemented at DHL have assisted in promoting a productive working environment conducive to the overall success of DHL. We are proud of our association with DHL.

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It's widely agreed that the small and medium enterprises are the ones that have pegged back unemployment and driven the economic recovery in Europe, and the same is true of South Africa. One of his priorities is to grow DHL's penetration and market share in the crucial SME sector, which is at once the most dynamic but also the fastest growing, with many businesses champing at the opportunity to expand into Africa. "These

customers are looking for a reliable partner and they are looking for experience." DHL certainly has the experience, having been on the continent for more than 30 years, says Heymans. "Nobody knows Africa like we do. Nobody has the relationships and the understanding that we have at a local level 'thinking globally and acting locally.' We take that experience and expertise across to our customers as their logistics partner: we sit

**"NOBODY HAS THE RELATIONSHIPS AND THE UNDERSTANDING THAT WE HAVE AT A LOCAL LEVEL 'THINKING GLOBALLY AND ACTING LOCALLY'"**



## “OUR ROLE IS TO BE A RESPONSIBLE LOGISTICS PARTNER, TAKING MUCH OF THE PAIN OUT OF THE PROCESS OF EXPORTING”

down in think tank sessions, we share that experience and come up with the best possible advice on how to expand their markets.”

While they are keen to expand, many SMEs are held back by fear of the unknown. Expansion can be daunting, and there are cautionary tales of companies that have over-extended themselves and failed. What should

you think about when you start exporting? Which countries do you go into first? And how do you go about identifying the key customer groups in that market? “Our role is to be a responsible logistics partner, taking much of the pain out of the process of exporting. We try to play a role as a thought leader in these conversations,” he says.

With DHL on board as their partner, companies that don’t have the in-house expertise to handle forwarding, customs paperwork and the different ways things are done in different jurisdictions can gain that expertise as part of the package and become part of wider trade networks at the same time. For example, he and his DHL UK counterpart MD Phil Couchman have been having discussions with the Chambers of Commerce in both countries with the common goal of adding value for the SMEs.

Of course DHL is not the only player in this market. It is in a privileged position being the market leader by a wide margin, but that does not mean the company can rest on its laurels,

he acknowledges: “We have to work hard all the time to deliver a shorter transit time and better service than those competitors.” The latest new entrant, aggressively seeking to capture market share was Dubai-based Aramex, which entered South Africa via acquisition of local company Berco Express. For Heymans this just serves to confirm his conviction that the market is buoyant. “We will carry on putting in the investment to increase the gap between us and our nearest competitors.”

Meanwhile some sectors are doing better than other. Manufacturing continues to languish, but healthcare is booming as is technology. “We will make sure we continue



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with our investment in knowledge and infrastructure relating to these sectors and growing them aggressively.” A little less predictably, South Africa’s agricultural businesses have stimulated a spike in new enquiries as they look to establish businesses in neighbouring countries and further afield. Many countries seek to protect their industry by restricting imports. That means a company wanting to expand has to build operations with an indigenous partner, creating a whole new supply chain involving both countries.

However resources are currently the big driver for inward investment. DHL may not be exporting bulk ore but the supporting services round the mining, and O&G industries is a huge business in its own right. “Many of the operations are in remote places, often with only seasonal roads or no roads at all,” says Hennie Heymans. “Our ability to fly into these places is a big differentiator for us in sub-Saharan Africa.” With its hub at Johannesburg’s OR Tambo International Airport DHL can support year round operations in resource rich areas like

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“OUR ABILITY TO FLY INTO REMOTE PLACES  
IS A BIG DIFFERENTIATOR FOR US IN  
SUB-SAHARAN AFRICA”





## “TO GET THE BORDER CROSSINGS OPEN 24/7 WOULD REPRESENT A PARADIGM SHIFT THAT DOES NOT REQUIRE MUCH INVESTMENT”

northern Mozambique. “The infrastructure north of Maputo is nonexistent, and the ability to fly an aircraft in becomes critical – it is one of our biggest differentiators and one we guard jealously!”

It’s one thing to be insanely customer-centric oneself, but it would be a great

Christmas present for him if the customs authorities in Africa could lose their senses in the same direction! On the one hand these agencies play a critical role in safeguarding the jurisdiction they serve but if they want business to invest they need to balance that role with that of becoming an enabler

as much as a gatekeeper. He says it with feeling: “If we could change that mindset it would make a huge difference and see Africa’s economy leap forward. If your goods are still in transit for five to twelve days because of customs delays, it feeds back into cash flow and cost of investment. To get the border crossings open 24/7 would represent a paradigm shift that does not require much investment.”

The red tape holding up trucks and goods awaiting clearance at airports are one reason that transportation in Africa can cost up to six times as much as in Europe. Nevertheless he looks forward to 2014 and to his job of

making sure this year’s significant financial investment translates into yet better service and a better customer experience. In 2013 DHL South Africa was named by Deloitte the best company to work for, at the same time achieving double-digit growth in a sluggish economic environment. “I am immensely proud of that and I have no doubt that as we continue the journey from good to great that achievement will benefit our customers.” **BE**

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