

DAWN OF A NEW ERA

On January 1, 2021, a new Executive Board is taking over management at Dachser. The handoff to the next generation was planned well in advance, and is fully in keeping with the family-owned company's tradition of forward-looking change.

From a one-man company to a worldwide logistics network in 90 years: as described by economic historian Professor Paul Erker, Dachser's history is characterized by the courage to take calculated risks, make decisions, and follow paths that were contrary to majority opinions and bucked industry trends. Dachser's is a culture of its own strength and of problem-solving by its own efforts. The foundation for this is a values-based, forward-looking corporate organization and a business model that is stable and robust, even in times of crisis. This "inheritance" is a hallmark of the various phases in the development of the family-owned company, each one building on the next. →



Looking to the future: Outgoing CEO Bernhard Simon, future CEO Burkhard Eling, and Michael Schilling, outgoing COO Road Logistics

Era 1

From a one-man company to the leading transportation company in southern Germany

Dachser's journey began in 1930 as a one-man transportation company, and continued right up through the 1970s as it became one of southern Germany's leading freight forwarders. The war and reconstruction, Germany's "economic miracle," the Cold War, and European integration were signposts along this far-reaching transformation process. In 1952, the first rebranding took place as the company launched international operations: it was now known as "Thomas Dachser, Internationale Spedition." During this phase, fixed rates specified by the government and limited concessions for long-distance transport intended to protect the railways established the framework in Germany for transport policy. For freight forwarders, this meant obtaining concessions. Money was earned primarily through transport and using a company's own assets. With the introduction of swap-bodies and cost accounting, Dachser was already taking the first steps toward becoming a systems logistics provider.

Era 3

Systematic management of the logistics network

Dachser instituted a direct charging system designed exclusively for process costs, which regulated the compensation between those branches that were involved in each value-added process. At the same time, automated and IT-supported processes were managing the logistics network, thus making it possible to eliminate human error and risks of misinterpretation as far as possible. The network discipline this produced was the key to making network quality a reality. Another contributing factor was the integrated transport and warehouse management system that Dachser developed in-house. The company created the barcode identification system, based on the open EAN standard, as well as ActiveReport (automated supply chain event management). With all this combining to lend Dachser excellence in its network management, the company achieved a sustainable competitive advantage.

Era 2

Developing network thinking

A ruling by the European Court of Justice in the mid-1980s reorganized the transport market. This opened the door to providing services within the European Economic Community and to regulating the conditions for transport companies' approval to operate in other EEC member states. The sudden freedom to set prices and the elimination of concessions led to an entirely different market model. Logistics systems, not just pure transport, now took center stage.

At this point, Dachser completed its paradigm shift and became a groupage systems logistics provider. From then on, top priority went not to partial loads, but groupage. Sets of rules for managing the systems no longer scheduled the departure times solely in line with a truck's maximum degree of capacity utilization, but in advance according to fixed arrival times. The introduction of a systematically functioning timetable that unified the network, along with a clear promise of transit time, amounted to a "cultural revolution." This included the expansion of electronic data processing.

Era 4

Spread across Europe

In the mid-1990s, Bernhard Simon, a grandson of company founder Thomas Dachser, took over management of the strategic focus program “Mobilization for Europe,” or MOBILE for short, in the newly created division for strategy and corporate development. He joined the management board in 1999, and in 2005, after a period of non-family management, the company welcomed Mr. Simon as head of the management board.

Also in 1999, Dachser took over one of the leading French logistics companies, Transports Graveleau. This step put the final seal on Dachser’s strategy to develop the European Single Market itself as a “Euro-national market.” In keeping with this strategy, Dachser rolled out entargo: a new product line with clear, uniform value propositions across Europe. This was followed by systematic development of all European regions. The same processes, systems, and quality standards were implemented everywhere. Under the leadership of Michael Schilling, the most deeply integrated European logistics network emerged; with the acquisition of Azkar in 2013, it achieved an essential degree of maturity. Dachser rounded off its network with further acquisitions and integration projects.

Era 5

One world, one company, one network

As Dachser sought to systematically advance its internationalization strategy, it injected fresh momentum into its sea and air freight activities. The “one world, one company, one network” slogan gained particular relevance with the decision to completely integrate logistics processes around the globe by means of the Othello transport management system. An elaborate change management process systematically transformed Dachser Air & Sea Logistics into a systems logistics provider. This was the prerequisite for the decision to integrate logistics networks worldwide and manage global supply chains while consistently tapping the new opportunities offered by digitalization.

Era 6

Organizational development, leadership, and resilience

In 2014, Dachser did justice to its advanced level of internationalization by becoming a *societas Europaea* (SE), or European public company. The management of a company that at this point employed more than 25,000 people in 42 countries was revamped: Dachser set up eight business units, each with clearly assigned responsibilities for its activities and its role in the overall system. This was how the company opted to reflect the necessity of ensuring further agility upon a broader framework of responsibility. Come 2021, the move to having a CEO from outside the family, Burkhard Eling, and reassessing the role of the Supervisory Board will set new signposts. Dachser’s independence as a family-owned company is thus ensured for coming generations.

Dr. Andreas Froschmayer

Dachser’s structural development



A TRANSITION PLANNED WELL IN ADVANCE

“We didn’t tell people what they should do. We communicated to them a conviction that they should create one of the most renowned networks to span to the globe”



For several decades, CEO Bernhard Simon and COO Road Logistics Michael Schilling held leadership positions at family-owned company Dachser and helped turn it into a global logistics player. With the handover of operational responsibility to a new generation and their move to the Supervisory Board, both leaders are seeing the start of a new era. In this interview, they take a look back and a look ahead.

On January 1, 2021, a new Executive Board headed by Burkhard Eling is taking over management at Dachser. Now that the transition is almost here, are you feeling any pangs of parting?

Bernhard Simon: Truly good developments are painful and wonderful at the same time. I'll no longer be seeing and working on a daily basis with the people who shared my passion for making Dachser the major player it is today. That's naturally having an effect on me. At the same time, I'm delighted to see how successful this long-prepared transition is turning out to be. Not many entrepreneurs have the privilege of looking beyond their own period of active work, refining the business concept anchored in their company's identity-forming values further, and designating successors in good time.

Does this feel like more of a farewell to you, or a new beginning?

B. Simon: A beginning. We're not cutting our ties to the company. Rather, by moving to the Supervisory Board, we are very deliberately taking on a different role that offers opportunities to influence how Dachser will develop.

We spent more than three decades at the helm, heavily involved in shaping all of Dachser's locations and their particular characteristics in cooperation with the people there on-site. We had a major impact, and we couldn't have done it without people ready to fight alongside us to make the company succeed. Over the past eight years, together we built up and secured Dachser for the future. Now it's time to take the next step with a new generation. We need to entrust them with shaping the future just as others entrusted us at the start of our Dachser careers.

Michael Schilling: Every generation has its own challenges, tasks, and development paths. Our time on the Executive Board was marked primarily by internationalization and creating the network. And not just the physical network,

but I specifically mean a network of people, too. I feel the same way Bernhard does: to no longer see these people regularly does actually hurt a little. In a company with the size, complexity, and dynamics of Dachser, there's really no true end point to a development. However, we have reached a point of maturity that allows us to hand over the reins to a new generation and let them build on what we have achieved. There are always new opportunities for developing a company.

Are you thinking of any in particular?

M. Schilling: For one, it is hugely important to get deeply involved not only in questions of geography, but also in the interlinking of processes with our customers and between the business fields. This is just one of a wide variety of tasks facing the next generation. Topics like these have already been on the agenda for some time; after all, we're not enacting this transition at a full gallop, but instead took plenty of time to consider when would be the right point for the handover and which arrangement of people made the most sense.

B. Simon: As we move from the Executive Board to the Supervisory Board, which has oversight and consulting functions, we are carrying out our duty to the family-owned company by making it fit for the future across generations. To this end, it is necessary to revisit and adjust the structures on the Supervisory Board and in the next generation of shareholders so that they align with the dimensions of Dachser's growth.

What was it like when you took the helm?

B. Simon: Back then in the late '90s, the Chairman of the Supervisory Board was Werner Kirsch, who was an excellent sparring partner and coach to have at our side. He was a professor of business administration and strategic leadership at Ludwig-Maximilians-University Munich and he →

Bernhard Simon and Michael Schilling have always known how important face-to-face conversations are. In times of coronavirus, these haven't always been possible. For Simon, one thing is clear: "All this social distancing slowly depletes your emotional reserves. It's about time that we were able to get together again." As they did for this interview in the Dachser magazine—though keeping the proper distance could not mask the genuine closeness.



Bernhard Simon,
CEO Dachser

“The Dachser of the future is ready for the next step

often invited the “new guys” to his house on Lake Ammersee to have long, intense discussions about the future of Dachser.

M. Schilling: Back then, the company was experiencing major upheaval. The '90s presented us with properly hands-on challenges. For example, the fall of the Berlin Wall and the opening of the borders in Europe completely changed the markets. At this point, Dachser was struggling with its financial situation and a lack of focus in its strategic orientation. For us as the designated new generation of leadership, it was a fairly heavy burden on our shoulders, but also an exciting task to take on.

How did you handle the pressure?

B. Simon: I wouldn't call it pressure. It was a major challenge, but one that we as young managers were eager to tackle. We had a clear idea of how the company should develop and we wanted to make it a reality. To do that, we rebuilt the executive units and turned our attention to sustainable progress based on our creed of quality. By making an uncompromising commitment to standardized processes, including sophisticated process management, and to customer satisfaction, we were quickly able to secure profits. In addition, we created the MOBILE strategic focus program, in which we jointly drew up the strategies for systematically developing the European network. All this is reflected in the structures and strategies that still shape Dachser today.

M. Schilling: The network we inherited, which concentrated on Germany and its closest neighbors, was at that point still far removed from the European-network mindset—plus all its standards and quality trademarks—that today we take as a matter of course. To remain viable for the long term in expanding markets, we had to put in place the physical as well as the IT conditions. We made sure we had integrated processes everywhere, which took an

enormous amount of effort. By the way, this applies to both the business lines, European Logistics and Food Logistics, in equal measure. We also needed thorough change management that would ultimately allow us to convince all our employees in Europe to collaborate within an unparalleled network. The success among our European customers showed we were right. It was the driving force behind an international Dachser culture that resonates around the world and is now helping us to closely interconnect our global networks.

Why did you give yourselves so much time for that, and why did you invest so much time and effort in change management? As the Executive Board, you could have simply “ordered” the integration, right?

B. Simon: That doesn't fit with our understanding of leadership and shared responsibility. We have created a culture that encourages debate, which has proven itself time and time again and played a key role in Dachser's success. I'm sure that this culture will continue to be maintained at Dachser in the future. At its core is particularly attentive listening. With it, managers can hone their “seismographic sense” for intuiting whether new developments or structures were perhaps not fully understood properly, and whether somewhere there is resentment growing that in the end will lead to imbalances in the system.

How do listening and mutual support function on the very different company and management levels?

M. Schilling: I'm thinking here for example of the “Find, lead, retain” project that we launched in 2018 as part of our Idea2net strategic focus program. This project puts the focus of sustainable company management on the role of our logistics operatives. We board members took this directly to the branches, held roadshows, and talked with many of the employees one on one.

Michael Schilling,
COO Road Logistics
Dachser



“The network stands above all else”

B. Simon: This was well received, and by both sides. I heard over and over again how proud the employees are to be part of a greater whole and not just replaceable cogs in a machine. That had a big effect on me. The key to opening the door is open, trusting communication. And in past years, that perhaps fell short here or there. We have to keep fighting together to ensure transparency and openness at every hierarchical level. This lets us understand what people’s concerns are, and how we can apply those findings to bring the company and every individual employee forward.

M. Schilling: That also includes the message to our service partners and service providers that Dachser will always be a reliable partner for them—even amid changes such as those caused by the coronavirus crisis. Our message to the market is “You can count on Dachser.” That’s why we didn’t leave our partners hanging during the lockdown; we helped get them through these complicated times.

B. Simon: During the pandemic, it’s important to our customers for the Dachser network to remain fully and constantly available. While others shut their networks down temporarily to save on costs, this step at Dachser was expressly prohibited—restrictions or extra “corona fees” that put the burden on our customers were and are not an option for us. Keeping the network ready and manageable is more important than everything else. This robustness is a basic requirement for being able to respond to unforeseen developments whenever they happen. And this is possible only with smoothly functioning systems and people who know what they’re doing, where they want to go, and what they want to achieve together. The coronavirus was the litmus test for how we can manage the company in all its dimensions.

What will your lives be like after January 1?

B. Simon: Handing over the operational business to the next generation will free me up to ensure that governance at

Dachser is ready for the future. When I step into my new role as chairman of the Supervisory Board in mid-2021, I will stay out of day-to-day business. Instead, I will critically examine how we can reliably achieve our stated objectives and how we can maintain our culture of mutual respect—as well as whether this is understood and implemented everywhere in the company. Furthermore, I look forward to advancing our corporate social responsibility topics and to connecting these with climate protection projects.

M. Schilling: Over the years, I have always felt like a member of the Dachser family and experienced a certain appreciation that goes along with that. I want to pass this on to others by asking them the right questions so I can support them in their own decision-making processes. Besides that, I want to use my newfound free time to spend more time with my family and do some more traveling.

B. Simon: For 31 years, we always pulled together, but we had our times of conflict as well. And that’s a good thing, because this energy flowed into the company, where it ended up adding some high-intensity value. In this phase of the transition, it’s nice to see not only what we achieved together with and for Dachser, but also that the way we did it will continue on.