Upcoming chief executive reports business as usual

DSV bares its teeth in Bangladesh and Dubai

Art for home and office
I’m an optimist who believes that the meteorologists are right in predicting that the Danish summer temperatures will be slightly above normal. But at the time of writing, the sky looks rather grey from my office – the only record set so far is the one for rainfall. And while we’re on the topic, the number of prophecies of doom about man-made climate change is also record-breaking.

But what’s the weather supposed to do, then?! To rephrase an old quote by Mae West: “When it’s bad, it’s very, very bad but when it’s good, it’s worse.” I take the liberty of being an optimist.

Regardless of what the truth is, it simply makes sense to include the environment in your planning. And in this context, the Danish authorities should be commended for their favourable attitude to the upcoming three-year experiments involving the use of Long Heavy Lorries (LHLs) on Denmark’s road system.

LHLs can load up to 50% more freight than an ordinary articulated lorry – for a relatively small increase in fuel consumption. This generates clear benefits by virtue of the fact that larger freight volumes can reduce the total number of lorries on the roads, thereby protecting the environment. Two LHLs can replace three ordinary articulated lorries – making this a welcome step in the right direction in light of the fact that the volume of freight being hauled on the roads of Europe is growing each year by 3–4%.

LHLs will not be driving on ordinary streets and roads. As a rule, they must stick to the motorways and transport centres designed to accommodate them along the motorway where the LHLs can be broken down into normal-size articulated lorries. Also, they also have to be able to access the largest ports in Denmark from the motorways. Preliminary trial runs have shown that road works to the tune of DKK 85 million are required, because the 25-metre-long LHLs cannot drive within the present white lines, which in some places will require expropriation. In this context, DKK 85 million is a small investment to make in order to take a giant step in the right direction.

Finnish, Swedish and Dutch experiences involving LHLs have been nothing but positive, and we hope the three-year Danish experiment can help to put these new lorries on the agenda in other EU countries. In addition to making European transport more environmentally sound, efficient and competitive, the spacious LHLs will reduce the need for drivers at the same time – for the simple reason that in the future, two LHLs will be able to perform the work of three ordinary lorries.

The fact that the LHLs will reduce crowding on the road system is beyond discussion. It is also a fact that it will reduce the environmental impact – together with other transport expenses. It is therefore decisive for the success of the experiment that traffic safety is not impaired. The future of the LHLs largely depends on the accidents in which LHLs are involved: they must not cause more damage or injury than ordinary lorries. Experiences from Finland, Sweden and the Netherlands show that this is not the case. The problems of using large, heavy means of transport arise when these vehicles come in contact with the most vulnerable road users – and seeing that the LHLs will only be using the overarching road system, the pattern of risk is not different from that of other lorries.

I wish everyone a continued fine and pleasant climate – wherever you are.

Yours sincerely

Kurt K. Larsen
**Changeover day**

Jens Bjørn Andersen, DSV’s upcoming chief executive, was the centre of attention at this year’s AGM where CEO Kurt K. Larsen announced the approaching changing of the executive guard. In-depth profile interview.

**Experienced drivers**

Experience is the order of the day in DSV’s division for tank and silo-truck transports where it takes six months to train drivers to perform these specialised tasks.

**Lean to DSV**

Lean has now arrived at DSV. The company needs some slimming and the ideas have to come from those who implement them: the employees.

**Open terminals**

Going to sleep at a lay-by or roadside is not without risk when complying with resting time regulations. Now DSV is considering whether to allow overnight accommodation at some of the terminals.
It is not a sign of weakness when DSV’s future chief executive Jens Bjørn Andersen announced it will be “business as usual” after the recently-announced executive changeover. As a chief executive in one of the biggest countries, Andersen has exerted influence on the company as it appears today. And “it is so well-run” that any changes made will probably have more to do with differences in personal management styles between the two executives.

How does your management style differ from Kurt Larsen’s?
I’m twenty years younger, which in a way is reflected in my style of management. In my own opinion, I’m a good listener and properly deal with any information I receive. I don’t have the urge to constantly draw attention to myself – by that I’m not saying that Kurt does, but in my opinion I’m probably more of a listener. Kurt grew up in a system that I joined later on in the process (JBA started as a trainee for the then Samson Transport in 1988 – ed.). So I don’t have Kurt’s direct and occasionally somewhat unstructured approach. Maybe I’m more formal – no, I’m actually informal, but I’m no clone of Kurt Larsen or a Kurt Larsen II, as someone wrote. But this will also be reflected in my style of management.

How will people be able to tell that the company is headed by Jens Bjørn Andersen and not Kurt Larsen?
I actually hope no one does. I don’t intend to make any radical transformations, so the shipping agent responsible for French transport shouldn’t notice any changes. We should just continue whatever we’ve started and whatever generates our success – and which we are rightfully proud of.
Business as usual

Jens Bjørn Andersen – Managing Director for DSV in the UK – will be Kurt K. Larsen’s successor. And this will not involve any “palace coup”: the aim is to continue managing the business as before. Even so, a generation of differences separates the two executives.

How do you feel about the fact that Kurt Larsen will presumably become chairman of the board?
Even though it’s a little unusual, few executives in our sector have Kurt’s experience. It would be insane not to make use of it. This has also been favourably received by the market, but of course that’s the shareholders’ decision, not ours. Personally, I’m strengthened by the fact that Kurt will continue in the company – and it’s to everyone’s advantage, as well. Naturally we’ll have to discuss how our working relationship will take place – Kurt will have to get used to being far less involved in the details from now on, of course.

What is the first thing you will work on when you take over the helm?
Probably making sense of it all. There will be lots of practical matters I’ll have to consider in the working relations with the board and other procedures. I don’t intend to discuss anything with anyone or make any agreements about what will happen after I start until I’m sitting behind the desk in my new office. That’s the most loyal approach, in my view. For the time being, I’m just continuing my duties over here.

Are there any particular target areas you’re keen on?
I’m enthusiastic about the entire organisation and I’m proud of what we’ve all achieved together. My goal is to make sure DSV continues to be an autonomous, independent company and that we continue to actively work to consolidate our efforts in Europe and the rest of the world. But there aren’t any specific areas I’m more keen on than others … I just hope we can improve our ability to organise communications with our employees. Sometimes things are a bit too hurried, but that’s also the price you pay for having a flat organisation like ours. We don’t need to have any gold-plated communications department headed by a high-paid director. That’s not our style. But it’s important to spread the word within our organisation that we’re a success so everyone knows how we should conduct ourselves. That’s something we could do a little better.

What are your strengths?
I’m just an ordinary guy who goes to work and does the job as best I can. I’m quite humble – particularly in regards to this task. I’m a good listener, good at receiving the input I get and at implementing the important things. In my job, you get bombarded by information and things are constantly being served up to you – so it’s important to select what’s most important. It’s not a question of sitting around and getting three brilliant ideas a day…

What are your weaknesses?
Well, let me see… there are lots of them. No, seriously, I don’t know. Haven’t got a clue. Weaknesses? Don’t know… unorganised, perhaps? No. I’m not really… these are some difficult questions you’re asking. I’m sure I have lots of weaknesses!

You once said that you compliment and reward your employees when things go well. What do you do when things go badly?
My job is to help people to get back on the road to success. I’m not the kind of guy who scolds the employees, shouting and yelling and all that. If I do, then something’s terribly wrong. Management by terror is simply not part of my world. But I try to discuss things with the employees if a problem comes up, and if that doesn’t help, then some changes have to be made.

What are your aspirations for DSV?
My highest goals are to uphold the company’s dynamism and level of activity, to give selected employees lots of influence and to prevent initiatives from being bogged down in red tape.

In your view, what are DSV’s greatest challenges in the time ahead?
As a company, our prospects are bright. Naturally, we have a few units that aren’t top-tuned yet, and we have to look at them. But there are many local differences and issues to consider within DSV. In Denmark, one of our challenges is to attract qualified employees, and for this reason the Danish management has launched programmes to meet this challenge. Other issues need to be dealt with in Malaysia, Dubai and the US. But in general, it’s important for us to continue our unyielding approach of making sensible, profitable acquisitions, maintaining organic growth and focusing on maintaining our current high profit margin. Every time we benchmark ourselves with our competitors, we can tell they’re achieving similar growth. If we don’t stay on our toes, we’ll be left in the dust.

Do you make great demands on your surroundings?
I demand that we keep our promises to each other. If we agree a meeting at 10 a.m., it’s not wise to arrive five minutes late. That’s the worst that could happen. And if we agree a million Euro budget, then we stick to it. We have to achieve our objectives. Actually, I make relatively great demands on my employees,
Qingdao – or “Tsingtao” in German – was originally founded as a German colony on the Yellow Sea. In spite of the political upheaval throughout the world since then, Germany and this now modern Chinese seaport have maintained their strong ties. As a result, it was no accident when the German shipping company Hapag-Lloyd chose this location for the launching of its most recent gigantic containership. Hapag-Lloyd is one of DSV Air & Sea’s largest suppliers, and the rewarding partnership over many years has made DSV one of the German shipping company’s ten largest customers in the world. To celebrate this close relationship, this spring Hapag-Lloyd decided to ask Vibeke Larsen, the wife of CEO Kurt K. Larsen, if she would be the ship’s sponsor – and thus be responsible for naming the ship. Vibeke Larsen gladly accepted the invitation and was accompanied by her husband during the visit to Qingdao. DSV was also represented by Grace Sun, Branch Manager in Qingdao, Claus M. Thomsen, Managing Director in Shanghai, and Peter Marke, Director of Carrier Relations.

**Impressive growth**
The Qingdao Port Authority made facilities available for the event, which was held on 27 April in splendid sunny weather and was attended by around 200 invited guests. “Tsingtao Express” is now deployed on the shipping company’s route between Asia and Europe and is therefore already busy transporting containers for DSV and other customers. Kurt K. Larsen took the opportunity to pay visits to DSV Air & Sea’s offices in both Shanghai and Qingdao and get a deeper insight into the impressive growth experienced by the company in China in recent years.

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**Do you come early and leave late?**
No, I don’t actually. But it might be like that occasionally from now on. But I’m not impressed by those who sit at their desks from seven in the morning till late in the evening. It may occasionally be necessary to pitch into the job for a while, of course, but working extremely long hours is not a goal in itself. It’s important to me that all employees have a life outside of DSV.

**Do you have a motto?**
No, not really… We keep our promises?…

**How do you feel about the fact that the date of the executive changeover has yet to be set?**
(KL previously stated that this will occur within one to five years – but closer to one than five, - ed.). Those are the terms. I’m not in a position where I can personally decide what happens. I’m engaged to do what best serves the company. I’ve satisfied here in my bomb shelter in England. And my dreams are more than fulfilled by my current job. I’ve never deliberately strived to carve out a career for myself. That’s the worst thing I could do, in my view. I’ve never cultivated networks or my own personal development. In my opinion, you should do your job to the best of your ability – for the company – and you’ll be noticed accordingly. But if someone at school or business college had asked me if I would become a managing director, I probably would have thought they were high on something.

**Do you look forward to moving to Denmark?**
Yes, but I’ll also be leaving the company in the UK with a heavy heart. My kids were born in Norway, and we’ve been living in the UK for the past four years. They’ve never lived in Denmark, but it will be splendid to come home, buy a house and get curtains and furniture that go with the house. We’ve always rented, so we’re all looking forward to a more permanent living situation. But we’ve also enjoyed all the years we’ve spent abroad.

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Ship naming ceremony in Qingdao

Vibeke Larsen – wife of CEO Kurt K. Larsen – was the sponsor of the “Tsingtao Express” at the ship’s naming ceremony in the Chinese seaport of Qingdao.

During the naming ceremony, sponsor Vibeke Larsen was flanked by Michael Behrendt, chairman of the board for Hapag-Lloyd (left), and Adolf Adrion, board member for Hapag-Lloyd.

“Tsingtao Express”
Container ship, 335 metres long, 43 metres wide, with a capacity of 8,750 TEUs (standard containers). The ship has 730 reefer plugs (connections for refrigerated containers). “Tsingtao Express” was built and delivered by Hyundai Heavy Industries, Republic of Korea.
Drivers are increasingly subjected to theft and assault. For this reason, DSV is considering whether to establish terminals for overnight accommodation to give drivers a safe place to spend the night with their cargo.
**Theft on the rise**

Last year there were 512 thefts in Sweden alone.
Half of the thefts involved unlocked chip vans and cut tarpaulins.
The thieves are especially interested in home electronics equipment – especially flatscreens.

**How to reduce the thief’s chances:**

Choose a fenced-in parking area, if possible.
Always lock the chip van.
Raise the alarm if you see suspicious people in the parking area – but don’t take matters into your own hands!
Never tell anyone what you are carrying.
Always report break-ins to the police and your company.
Keep your personal valuables in a safe in the cab.

Efforts are being made in many locations to make the lay-bys safer through measures such as reducing vegetation and increasing the lighting in high-risk areas.
Opportunity makes a thief, as the saying goes. According to Gunnar Waara, Security Manager for DSV Sweden, it’s also possible to turn the saying around: eliminate the opportunity and reduce the number of thieves.

Since Waara started as Security Manager in 2002 for DSV Sweden (the then DFDS Transport), thefts have declined by 60–70%.

In the late '90s, Waara was head of the Swedish Police’s fraud department in Stockholm. Their resources had been cut back over many years, which meant that increasing numbers of cases were left unsolved. Even so, he cleared up a number of thefts committed against the then DFDS Fraktarna and was offered a job with the company as a result. “I’d been a policeman for thirty years. I realised there weren’t many challenges left for me in the force, so I accepted,” Waara remembers. He spent his first eighteen months as head of security for the Stockholm office. After the merger between DFDS Fraktarna and DFDS Nordisk Transport (today DSV Road) Waara became Security Manager for DSV throughout Sweden.

“Thief, plain and simple”

“When I started out, pilferage was the word everyone used. That’s a concept I don’t really care for. Because to me it’s theft, plain and simple.” At the Stockholm office alone, pilferage amounted to EUR 310,000 in 2002. By 2006, the figure had been reduced to EUR 17,500.

The total pilferage that had to be replaced in Sweden in 2006 was around EUR 135,000. This is a sharp decline and Waara estimates the national decline to be somewhere between 60% and 70%.

“I brought my policeman’s working methods with me, many of which involve prevention as the best cure. Instead of constantly intervening with sirens and alarms, we try to prevent the problem from ever occurring. We have a security coordinator at each location and an active complaints department. We’ve drafted an action plan that studies the routines and security at each location: is there a fence, a metal gate, an alarm, etc.? Next, we carried out training programmes to make sure the employees understand the importance of these routines.”

Monitoring cameras

Waara regards the introduction of monitoring cameras as the single most effective measure. Today, there are camera systems at all large and medium-size locations. “If you know you’re being filmed, nine out of ten times you’ll refrain from stealing a parcel. You won’t risk losing your job,” Waara asserts, thereby broaching the more precarious issue of who tends to steal. Break-ins from outside the company are rare. Most thefts involve drivers or others who incidentally show up at the terminal and in a few instances even our own terminal employees.

Three types of theft

“I usually categorise the thieves into three groups: the first are those who yield to temptation when an opportunity arises totally by chance. They spot a box standing in a special place; it’s still there the next time they pass by it, and the third time they take it. The second group consists of those who spot a box which they then move a few metres. And the next time they pass by it, they take it with them. Group three are those who actively and deliberately are constantly on the lookout for something to steal.”

Last year, Waara caught a driver who belongs to his third category. At the terminal in Stockholm, a driver couldn’t find a home cinema system when he was loading his cargo. The item was searched for but had vanished without a trace. The missing home-cinema was entered in the records. Shortly afterwards, a flatscreen television set disappeared in a similar manner. “It didn’t take long before we could tell when the theft had happened. A driver on temporary employment came under
“Break-ins from outside the organisation are rare,” says DSV’s Security Manager in Sweden, Gunnar Waara, as he adjusts the monitoring cameras.

suspicion as he had been on site in both instances. We decided to set a trap for him,” Waara explains.

The police aren’t allowed to incite a crime, but that doesn’t apply to a company. Waara was ready and waiting the next time the driver was supposed to load his vehicle.

“We put a flatscreen television set on the driver’s route but we didn’t include it in the freight documents, which meant it wasn’t supposed to be loaded. It was a temptation he simply couldn’t resist. The driver took it and drove off. After he left, we called him back immediately. We reported him to the police and he no longer works for us.”

“Rats”
Recently he stopped thefts of sports gear that occurred somewhere on the route from France-Belgium-Gothenburg-Borås.

This case involved “rats”, a term Waara applies to people who break open boxes and steal the contents.

“Uncovering this type of thief is quite difficult. Instead, we focused on reducing their opportunities. We introduced a box-sealing routine at each stop. This enabled us to accurately detect when the thefts occurred. The thefts stopped at the very same moment we started sealing the boxes.”

Now we’re also discussing the possibility of installing assault alarms for drivers and terminal employees who work alone.

DSV is also considering whether to introduce GPS tracers that can detect a vehicle’s location. This could prevent thefts on the roads.

“This is not something we’re doing for the sake of necessity but solely because it provides more security. And it also has a preventive effect. You have to be on your toes all the time. If you’re standing on your heels, you’ll quickly be outrun,” Waara explains.
Lean has arrived at DSV. Within the next three years, the organisation will increase its efficiency by 10 – 30% – and the good ideas will have to come from the employees themselves.

Preben Hildebrandt is DSV’s new Lean Director, with Danfoss, Linak and, most recently, LEGO on his CV.

DSV Denmark has added a new department. Lean Director Preben Hildebrandt will head the implementation of Lean in the Danish companies. As Lean also means “thin” or “trim”, the process will also involve trimming down the work processes to minimise waste (time) and to replace inexpedient routines with efficient procedures, focusing on adding value for the customers.

Hildebrandt, who left a position as the director of LEGO’s Lean activities, explains by using the production of LEGO sets for children as an example:

“Our biggest LEGO box has a value-adding lead time of 10 or 12 minutes. In other words, LEGO works on the product – or creates value for the customer – for 10 or 12 minutes. But the box has a total lead time of 4.5 months. That’s how long it takes for the product to move among various factories and to be in storage,” (or “hotels”, because, “it’s expensive to have them spend the night!”).

Only 5% generate value
According to Hildebrandt, the value-adding time of a product is usually less than 5% of the total lead time. The rest is actually considered waste – or at any rate output for which the company is not paid, which is why it pays to thin out in this area.

“The customer only wants to pay for the value we create. We’re not being paid for driving the products around the world, storing them or shuffling paperwork back and forth to each other. So even if we’re clever and efficient as we work, we lose everything in the processes between those that add value,” he says and directly transfers the lessons learned from manufacturing goods to administrative processes.

Hildebrandt compares the time in storage with the time spent by an employee who can’t continue until a colleague does something – and he compares the transport of goods from the LEGO factory to the painter in the Czech Republic with the rising volume of e-mail that eats up lots of time and energy.

“The Lean principles can easily be transferred from the factory to an office and reduce the production lead time in the administrative processes, which is DSV’s primary area of concern,” Hildebrandt says.

More efficient – less stressful
In Hildebrandt’s view, the introduction of the Lean principles in
DSV will generate results and make the daily routines more rewarding for each individual.

“DSV’s employees spend lots of time opening and closing cases, sometimes eight to ten times. But the employees can’t finalise them, because they depend on others. “Now we have to look at all the steps in the process from submitting the order to dispatching the invoice. We have to examine how we can reduce the lead time and improve the flow – and thus remove all the bumps and obstacles along the way,” Hildebrandt says, explaining that it’s a matter of getting one plus one to equal three instead of one and a half.

“If we do things together, we might be able to earn a few cents extra by finding the synergies and effects across the organisation – instead of working against or even undermining each other. We create a cheerful winner mentality and reduce stress by doing things more efficiently and eliminating all the over time-consuming and vexing aspects of our work. This will also allow time for relaxing moments now and then, Hildebrandt predicts, thereby rejecting the assertions that Lean is merely a question of making the employees work harder than ever.

“By reducing all the inexpedient processes that don’t add value, we release enormous resources,” he says.

Heart and mind

In Preben Hildebrandt’s opinion, there are two types of Lean. One is the technical Lean process that aims to streamline and rationalise; and that’s not what he wants to work for at DSV. “I’d rather pack my bags and leave!” he says.

Hildebrandt wants to make an impact on people’s “hearts and minds”.

“It’s important for us to implement changes that are wholeheartedly supported by the employees. If they’re personally responsible for implementing the changes, they also own them. In so doing, we get a corporate culture where we all look forward to going to work because we exert more influence on our daily work,” he says.

While the so-called “Technical Lean” is characterised by a group of managers sitting in a closed room making four posters that they present to the employees at a meeting, Hildebrandt wants to turn the process upside down.

“Basically we know nothing. We want to get the employees involved from the outset and ask them things like ‘What would it take for us to increase our rate of production through your department without adding more resources?’.”

Pilot projects

In practice, Hildebrandt has been on a road show for the past three months where he has paid visits to every department of the Danish companies and met executive management, junior management, key staff and many hourly paid employees. During this same period, Hildebrandt has engaged a handful of “agents of change” and key staff and many hourly paid employees. The results are expected to be ready by November.

“Employees have to literally get up on a soapbox and explain how they would do things differently in the future,” Hildebrandt explains, but refuses to provide specific examples.

“This has to come from the employees themselves. Initially, we have to establish one, two or three satisfying examples to serve as incentives for generating more good ideas. Some will say, ‘That’s easy!’ or ‘I could have figured that out!’ That may also be the case, but it’s the results that matter,” Hildebrandt adds. And he is not only interested in challenging the ‘man in the street’.

Radical transitions

“DSV’s managers also have to learn to change their way of thinking and be prepared to make radical transitions – and show the employees that they are capable of breaking down obstacles,” asserts Hildebrandt. He also points out that measures like the newly established Strategic Management Group are an example of innovative cooperation across DSV’s three divisions – resulting in great synergy and innovation. And the new combined sales organisation means that from now on customers will no longer be visited by two or three sales reps from DSV on the same day. In the future, DSV’s sales reps will be capable of selling products from all three divisions – with all the support they need from (new) colleagues in all three divisions.

“In the near future, we will be challenged to make some choices that prove we are determined to do this,” Hildebrandt predicts. He hopes that the management’s openness will rub off on the employees: “I would like to ask everyone to keep an open mind about the challenges we will be facing in the time ahead. People have to be prepared to take a journey where they will realise that things they used to think were impossible are actually possible. We want to seduce and entice, not to make people work harder, but to remove some of the obstacles we have in our daily lives,” Preben Hildebrandt concludes.

Lean involves generating more value for the customers. Lean also means “thin” or “trim” and involves increasing customer satisfaction by optimising procedures and focusing on value-adding processes. The concept comes from Toyota in Japan, which trimmed and optimised its manufacturing processes in the 1960s to minimise waste (time). It is estimated that three out of five Danish manufacturing companies have introduced Lean, which has also proven its worth in administrative and service-oriented companies. Lean has already been implemented in companies such as LEGO, Linak, PFA, Novo Nordisk, Danish Rail, PostDanmark and Nykredit.
On 1 May 2007, DSV Road A/S merged with DSV Niels Larsen, which has been building up specialised expertise on transporting in tanks and silo trucks for more than 80 years. Today the company operates under DSV Road from the head office in Brøndby, conveying powders and liquids in tanks and silo trucks.

When the sugar campaign sets in, DSV Niels Larsen’s more than fifty silo transports are in the money. Within just three months, seasoned, skilled drivers haul in the neighbourhood of 135,000 tonnes of freshly extracted sugar from Danisco’s sugar factories in Nakskov and Nykøbing, Denmark, to warehouses east of the Great Belt. No other Danish silo-truck haulier has the logistics or the capacity to do this, which together with transports for Fakse Kalk and Arla Foods, constitute the backbone of DSV Niels Larsen Transport A/S’s activities. The company merged with DSV Road as of 1 May 2007. The company was founded in 1925 next to the Fakse Limestone Quarry and even back then the focus was on specialised transports – initially lime, of course, for the construction industry, for the manufacture of paper and rubber and for waste-water treatment facilities. Today, the company conveys all types of liquids, technical and chemical products, lime and chalk, not to mention foods, beer, wine, juice, sundry food ingredients and powders, including coffee, cocoa – and sugar. The sugar is not packed in two-kilo bags, either, when the recipient is Coca-Cola, for instance, and the address is Oslo, Norway. This Norwegian factory uses no less than 350 tonnes of white Danish sugar – a week! And DSV’s silo-truck transports make sure to continuously supply the company from Danish warehouses all year round.

**Experienced drivers**
The shop steward has just retired. Ole Jensen spent 42 years behind the wheel on DSV’s tank and silo-truck transports and, although Ole topped the seniority list, experience is still a top priority among the other 90 drivers in the department who operate 72 truck units with 130 accompanying trailers. According to Jens Hay-Schmidt, Head of Section and previously Managing Director of DSV Niels Larsen, it takes six months for a newly hired driver to learn how to operate the often specialised equipment – and master the art of efficiently cleaning the tanks after the transports.

“Our drivers take pride in conveying specialised goods. It takes about an hour to wash, rinse and dry a tank or silo truck, and our employees regard clean vehicles as inviting workplaces that are a natural, integral part of their daily work – also to make sure their vehicles constantly comply with official requirements for food transports,” says Hay-Schmidt whose 21 years in the company puts him somewhere at the middle of the seniority list. To minimise errors, each driver is assigned to a specific vehicle – and only vehicles driven round the clock are assigned to more than one driver.

“All drivers are experts in their specific areas, which is a great benefit to us,” says Hay-Schmidt, who says that the department usually has 20–30% empty runs. But not in the so-called combination tanks that can hold both dry and liquid goods – such as saltwater for cleansing bottles in the South of France – and speciality lime conveyed back to Scandinavia. Thanks to the possibility of conveying liquids and powders in the same vehicle, only 5–7% of the total runs are empty, which benefits both the environment and the company’s bottom line.

**Niche production**
While 50 truck units are reserved for silo transports – also known as powder transports – 15 vehicles are reserved for tank transports of foods like juice, milk and vegetable oil. Ten vehicles distribute oil and petrol throughout Denmark for Q8. This makes 75 vehicles all told, organisationally merged with the company’s other so-called own production, primarily the previous Roland Munch vehicles, so the department now comprises more than 400 vehicles in Denmark mainly used for niche production – such as transporting concrete elements, truck cranes, refrigerated/frozen products, beer, soft drinks and double-glazed windows.

“We’re quite pleased with how our own production adds capacity in peak-load periods,” states Orla Hansen, administra-
The drivers for DSV’s tank and silo transports are responsible for cleaning their own tanks after a run. It takes about an hour to rinse the tanks using hot water (80–90°C).

**Management level focus**

“There’s a totally different focus on our product at management level now that we’ve relocated to Brøndby where we share the same facilities with the rest of the sales organisation. Now we know the shipping agents, we eat lunch together and we’re part of their awareness. This will also generate more business,” says Hay-Schmidt who looks forward to completing the integration of DSV Niels Larsen and thereby increasing the volumes of goods from the rest of Europe to Scandinavia.

“Today, the load factor in our vehicles is 95%, and it takes six months to manufacture a new unit. So we don’t have to grow by leaps and bounds, but maintain focus on our contribution margin and on optimising the transports,” he says.
Hottest DSV office in the world

DSV has opened its own office in Dubai, United Arab Emirates – where everything is either the world’s largest, tallest or most expensive.

The office at Dubai’s airport has given DSV a foothold in one of the richest countries in the Arab-speaking world, the United Arab Emirates. The “Singapore” of the Middle East – the nickname hints at the bulging economy and the amazing skyline with skyscrapers reaching for the stars – it’s all about business. The city realised long ago that oil revenues would dry up one day and embarked on attempts to promote its economy by easing conditions for the industrial and service sectors. For instance, Dubai set up the "Jebel Ali Free Zone" with its own deep-sea port where companies are not subject to the restrictions (requirement of 51 per cent ownership by a local citizen, tax exemption and the like) that apply to the rest of Dubai. At the same time, Dubai only levies a five per cent duty on imported goods – and no duty whatsoever on a wide range of products, including foodstuffs, building materials, machinery and medicines as well as products imported directly by government bodies and federal ministries.

1000 forwarders in cut-throat competition

DSV Air & Sea in Dubai is engaged in imports (60 per cent) and exports (40 per cent) in tough competition with more than 1000 other forwarders. The ratio between air and sea is also 60:40. The company was structured around Active Freight Management (AFM), a former business partner in the area which has co-operated extensively with DSV, not least in the USA, since 2004. As an independent forwarder, AFM has had to sustain the ebb and flow of business tides at any given time. Managing Director Paul Davies hopes to replace this with strong growth and be able to compete on an equal footing with the other global forwarders and logistic companies who are all well represented in Dubai.

“DSV now has a solid platform for growth, and if the company is prepared to compete with the well-established transport companies – which have invested time and money in their facilities – then everything is possible. Dubai Logistics City (with a deep-sea port and a new airport) will be expanded to cover 25 km2 and the goal is to be able to handle 12 million tonnes of air freight on an annual basis,” says Paul Davies.
Favourable conditions
Thousands of international companies have chosen to set up in Dubai due to its strategic location in the centre of the Middle East and the Emirate’s favourable trade conditions. And of course due to the infrastructure. Dubai has the region’s deepest port (Jebel Ali) and as a result, the leading shipping companies have established trade hubs in Dubai. Jebel Ali handles three million TEUs (containers) annually, a figure which is expected to increase to four million within five years. Correspondingly, Dubai Airport is the busiest airport in the area – its flow of travellers actually exceeds that of all other Gulf States combined. At the moment, Dubai Logistics City – an entirely new city district for transport – is taking shape near the Port of Jebel Ali – and will be home to the world’s largest (yet another largest!) airport in the middle of the desert. The new airport and the Port of Jebel Ali will be connected by rail for transporting containers from port to airport and beyond on (the world’s largest) planes to Europe and the rest of the world.

Inundated with enquiries
Paul Davies has been working together with a number of different DSV locations in recent years so “it was no shock” to become part of the network even though in its first days, the office was swamped with enquiries from locations previously unknown to him.
“We have had a deluge of enquiries from new locations and we have also seen dramatic increases in cargo volumes”, Davies says. He has also hosted visitors from Denmark, Germany and Italy in the process of preparing to send employees to Dubai to carry out sales campaigns in the near future.
“We have also set our sights on yet another couple of origins where we want to increase business and start from scratch and, yes, things are very exciting for us at the moment,” Davies says.

Employees in high demand
They take good care of the employees at the DSV Dubai office where work and residence permits are required for anyone coming to Dubai to work. Between them, the three most seasoned employees have a total of 70 years’ experience from the transport sector – to which can be added Davies’ seniority:
“I entered the trade in 1971, so I’m quite the dinosaur. Some would even say I am a descendant of the Raptors.”

According to Davies, “Developments in Dubai are happening so fast we need to move quickly and the hope is that DSV will seize the opportunities offered by Dubai and the other Gulf states during the next decade, so that by the time I ride into the sunset, I can look back and say ‘I did it my way.’”

This is the word from the hottest – and perhaps most musical? – DSV office.

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Facts about DSV Air & Sea in Dubai
Location:
Currently within the Dubai Cargo Village at Dubai International Airport
Expected turnover in 2007:
USD 4–5 million
No. of employees: 15
Logistics:
There are plans afoot to open a facility within the Dubai Airport Free Zone (DAFZA) where we are looking to develop a logistics operation aimed at attracting existing and potential DSV customers.
Share options strengthen the market price – and retain key employees

The 559 shareholders at this year’s AGM, held on 30 April 2007, made it the most well-attended AGM in company history. And the meeting was electric with debating spirit, especially when the floor was opened for discussion of the employee share-option scheme – adopted by an overwhelming majority.
“The board is authorised to issue share options as part of the motivation of the company’s employees, including the management board.” This was how the proposal was worded by the AGM’s chairman, Carl J. Clasen, attorney, when he presented the underlying principles of the share-option scheme which includes a cap on the number of share options to be issued, so they may not exceed two million shares a year from now on. At the same time, the company’s management board may receive a maximum of 10% of the share options, i.e. 200,000 shares. After this, the floor was open for discussion and several shareholders took the opportunity to criticise the scheme for lining the pockets of the management unnecessarily – the same scheme that, according to CEO Kurt Larsen, has been instrumental in rising share prices and the retaining of key employees.

“Our market success is partly due to the fact that we have issued share options to key staff, instead of giving them excessive salaries or bonus schemes. If they’ve done a superb job – and their efforts have favourably influenced the market-price trends – they’re given a share of this value increase. Nothing more and nothing less!” said Kurt K. Larsen, who had no sympathy for the criticism of the scheme.

Completely above-board

“Everyone knows this is not a question of lining the pockets of employees at the expense of the shareholders. On the contrary: the shareholders have to see an increase in the market value of DSV’s shares before an employee may reap the benefits. We say to the employee, ‘Here you are! In four years’ time, you may exercise your option to buy shares at today’s current market price. And if you do a good job and the price has risen by then, you may resell the share and profit from the appreciation gain. ‘You can’t be more above-board or performance-oriented than that,”’ said Kurt K. Larsen, who at the same time emphasised that the amendment to the company’s articles of associations imposes a cap on the percentage of shares that may be awarded to the management board.

DSV’s employee share-option scheme is being put into the spotlight to increase the transparency for the company’s shareholders – and as a result of criticism voiced against the issue of share options to key employees by other listed companies.

Stable management group

“Other companies might pay higher salaries. Or the employees have bonus schemes that become payable – often without any connection to their performance. In our view, this isn’t fair to the company’s owners, the shareholders, who do not directly benefit from this type of remuneration. But they benefit greatly from DSV’s key employees who make an extra effort to strengthen the share price – otherwise the employees won’t benefit from the scheme themselves,” said Kurt Larsen, who emphasised the scheme’s other big advantage at the same time. “Our management group has been more stable than ever during the ten years or so we’ve been issuing share options. We rarely lose the managers we want to keep. If they leave, they lose their options, of course,” he said. The new Article 4b concerning the employee share-option scheme was adopted by an overwhelming majority: only seven shareholders voted against the proposal, as in their opinion the salaries of the more than 800 people who annually receive share options should be sufficient.

Successor designated

The atmosphere was exuberant at this year’s AGM, due to the record-setting first quarter. The same quarter has also seen difficulties integrating Frans Maas in both Germany and France, however. But these difficulties appear to be decreasing as a result of restructuring and new management in the two countries.

“In several instances, it has proved more difficult to integrate than anticipated, but we’ve typically experienced that the long-term gains have also proven to be greater than originally assumed. We’re convinced that the acquisition of Frans Maas will give similar results, if the problems in Germany and France can be resolved,” said Claus Wrinblad, Equity Manager for major shareholder ATP, who was also pleased that Kurt Larsen announced the approaching executive changeover well in advance. At the AGM, Kurt Larsen announced his successor to the position of CEO: Jens Bjørn Andersen, who is currently the managing director for DSV Road UK (see the profile article elsewhere in the magazine). The specific date of the executive changeover has yet to be set. After resigning, Kurt Larsen is expected to be nominated as chairman of the board of the company.

Denomination cut in half

The AGM also adopted a 50% reduction in the denomination of the DSV share – from DKK 2.00 to DKK 1.00. At the same time, new bonus shares will be issued in a ratio of 1:4, so previous shareholders will in reality see the number of their DSV shares be increased tenfold – with a matching decline in the share price to one-tenth of the previous rate. The purpose of the tenfold increase in the number of shares is to make the DSV share more attractive to individual minority shareholders, as the price has gradually stabilised at more than DKK 1,100.00 per share. The share increase was passed without protest by the AGM, which also re-elected Palle Flackeberg and Per Skov as chairman of the board and board member respectively.

This year’s AGM was the best-attended ever – and the eagerness to ask questions was great.
“Art helps to improve the working environment. The employees talk about them and discuss their opinions,” says Henrik Holm, Managing Director of DSV Road AB, Sweden.
The company contributes some EUR 10,000 a year for the purchase of art. “It’s worth it. The art exhibitions generate vitality and dynamism at the office. Otherwise we would have had to buy the decorations for the office walls outright, which is not only more expensive, but we might also get tired of looking at it a few years later,” Holm explains.

Throughout the country
DSV Sweden’s art association has about 300 members. Not all have the opportunity to see the works of art in person, however. This is because the exhibitions are limited to the large offices in Malmö and Helsingborg, but can be seen by everyone via the website. Mari Seth, administrative management employee in Helsingborg, and also a member of the art association’s executive committee, photographs each work of art purchased by the association and uploads it to the Intranet. In addition, the purchased art is displayed at various offices, including Norrköping and Örebo, up to the draw.
“We buy about a hundred works of art that are put up for draw each year. The members may personally vote on what they think we should buy,” Seth says. This means that no less than a third of the members in the art association win one work of art each year. The winner of the first prize gets to choose first.

Picasso and the rest
Local artists first and foremost get the opportunity to come in contact with a new clientele through this scheme, but sometimes an entire gallery will exhibit the works of a wide variety of artists. This even resulted in having a work by Picasso exhibited in the corridor.
“It was a reproduction with a certificate of authenticity on the back, which we subsequently purchased and that are put up for draw among our members,” Seth explains.
Renowned Swedish artists whose works have been exhibited on the walls of DSV’s offices include Ardy Strüwer, Lasse Åberg, Ulrika Hydman Vallien and Madeleine Pyk.

Discount schemes
Members also have the opportunity to buy some of the art on display. They frequently get a discount and have the option of paying for it in instalments via their paycheque.

Eva Kristiansson, Traffic Administrator, Helsingborg, is a member who took the opportunity to buy new art for her home – thanks to DSV’s art association.
“I was fascinated by a painting in red and turquoise depicting a woman at a table. The painting is brimming with warmth. Now it’s hanging over the sofa in my living room, so we can sit and look at it instead of just watching television,” Kristianssøn says. She also bought a gold and silver ring exhibited by a goldsmith, and a ceramic figure with a pelican-like shape that

When
Picasso came to DSV

Replacing the art on the walls at frequent intervals makes a workplace more stimulating. This is also the concept underlying DSV Sweden’s art association “Konst i kubik” (Art in Cubics). The works of art are replaced every three weeks, and the artwork placed at the disposal of the company is primarily that of local artists, who do so in return for the purchase of at least one of their works by DSV.
has been given a place of honour on a pedestal in the living room.

**Participated in the voting**

“The good thing about buying art through this scheme is that you don’t have to pay the full amount all at once. I paid for the painting over an eight-month period, so I didn’t notice it very much,” Kristiansson explains. She also participates in the vote for which paintings should be purchased and even won a trip to the Louisiana Museum of Modern Art in Denmark. The art association’s membership dues are EUR 5.50 a month and every year each member of the art association receives a gift, such as a lithography, a glass sculpture or similar, made by one of the exhibiting artists.

“That way, you always get something for your subscription. I’ve gradually replaced most of the works of art in my home. And that’s wonderful, because paintings you’re fond of often become uninteresting a few years later,” Kristiansson says.
In the spring of 2007, DSV took over complete ownership of the Bangladesh office which has 16 employees in the capital of Dhaka. Before then, DSV owned 20% of the business that was established in cooperation with a local partner who ran his own shipping company alongside the then DFDS Transport office. Yet this was also why growth at the Bangladesh office was limited, though acceptable.

“It was difficult to develop the business under the former ownership structure,” says Rasmus Pedersen, Country Manager, who moved to Bangladesh in the summer of 2005. “Today, we can adjust the business, strengthen the sales organisation and in general fulfil the requirements necessary for increasing turnover — even if the organisation in China, for instance, and not Bangladesh, initially benefits from our new initiatives.

Decisions like this weren’t possible under the previous ownership set-up,” he says.

High standards
In recent years, Bangladesh has experienced an average annual growth of 6% thanks to lots of busy and low-cost hands – not least within the textile industry. At the same time, however, Bangladesh is a country with challenges at every turn, like the annual monsoon which causes massive destruction every year, partly as a result of the country’s poor infrastructure. Not to mention the shaky political situation and the recurring power failures that are occasionally challenging. In the midst of this chaos, DSV succeeded in building up an organisation over the past seven years based on its reputation of keeping what it promises. At the same time, the now sixteen operational employees in Dhaka have been relocated to new offices with brand-new computers, telephones, etc., all complying with European standards.

“The standard of our office is much higher than that of most other shipping agents here in the region. We have the same IT platform as the rest of our offices in Asia, which helps to strengthen our core competency: our reliability and well-organised activities. These are important attributes in a country with lots of problems, because we know where our consignments are located and why they’re there,” Pedersen states and also gives this reliability credit for that fact that DSV Bangladesh is the leading transport company for shipments to Denmark, as many customers are former DFDS Transport customers who have remained loyal ever since the company was founded in Bangladesh.

The most densely populated country in the world
The People’s Republic of Bangladesh covers an area of 144,000 km² (making it three and a half times bigger than Denmark). Bangladesh’s population is 150 million, 88% of its inhabitants are Muslims. When the country gained its independence in 1971, the population was 75 million. Bangladesh’s current population makes it the most densely populated country in the world. Bangladesh is located at the head of the Bay of Bengal and is bordered by India to the west, north and east and by Burma to the southeast. Bangladesh is flooded each year which helps to fertilise the soil. The flooding can also cause natural disasters, however, as in 1988, when more than 30 million people were affected by the floods.

DSV in Bangladesh
DSV took over all shares in the company in March 2007. Up to then, DSV had only owned 20% of the shares.

The company’s primary activities involve sea freight, mainly transports of clothing and textiles. About 85% of the transports are sent to Europe, and the rest to other destinations around the world.

The company has sixteen employees in Dhaka and three at the port office in Chittagong.

Expected turnover in 2007: EUR 2.7 million.
The takeover of the Bangladeshi company gives DSV free reign to develop the business.

Left to right: Monica Chowdhury, Sea Freight Manager, Rasmus Pedersen, Country Manager, and Faruk Haider, Assistant Sea Freight Manager.
**Best Truck Driver in Denmark** / John B. Thomsen, a 33-year-old lorry driver from Kibæk near Herning, won Scania’s “Young European Truck Driver 2007” a competition in safe, economic lorry driving. John B. Thomsen’s daily workplace is DSV Esbjerg where he drives a Scania R 420 with a semi-trailer for conveying things like concrete elements and speciality goods. In Denmark, 450 drivers participated in Scania’s “Young European Truck Driver 2007”. To reach the finals, the contestants first had to pass a written test about traffic rules, lorry technology, driving with dangerous goods, first aid, etc. Seventy-two of the best performers on the written test were selected to compete in a number of regional competitions involving additional written tests and practical exercises focusing on safe and economical driving involving articulated lorries up to 16.5 metres long with a total weight of 40 tonnes. Thomsen’s victory qualifies him for the European finals in Scania’s “Young European Truck Driver 2007”. The event will be held in September at Scania’s Swedish factory where the European winner will receive a brand-new Scania lorry worth EUR 100,000.

**DSV wins golf trophy** / DSV won a trophy in the recurring golf tournament between NYK and DSV Air & Sea in Tamworth, UK. The real winner, however, was Chernobyl Children’s Lifeline, an organisation that gives children affected by the Chernobyl Nuclear Accident the opportunity to visit the United Kingdom and stay with support families for the experience of a lifetime. The tournament is organised by Sammy Hill of the Tamworth warehouse, which has been supporting the organisation for years with quiz evenings, lotteries and golf tournaments twice a year with NYK Logistics.

**Volvo believes in DSV** / When Volvo Trucks was on the lookout for suitable office environments for a new film about the company’s environmental measures, the company decided to use DSV’s Gothenburg offices. The environment film recently produced by Volvo Trucks is entitled “The Greatest Challenge” and is part of the company’s efforts to reduce lorry fuel consumption by 30%. “DSV’s offices go well with the film’s contents. “Nice, clean facilities and keen employees who believe in the future,” says Claes Claesson of Volvo Trucks’ information department.

**Best in 2010** / Thomas Thorsøe has been engaged as HR Director for the three companies in Denmark. Thorsøe’s most recent position was HR Manager for the Netto supermarket chain (owned by Dansk Supermarked), where his duties over the past seven years have included employee development and training. Thomas has helped to revolutionise Netto’s HR area and has thus been part of making Netto one of the best workplaces in its sector. The newly engaged HR Director has a clear goal: make DSV one of the top workplaces in Denmark by 2010.