

# Introduction

Virtually unnoticed by the general public, the logistics industry has become one of the most important sectors of the German economy. Once considered of only secondary importance, freight transport has – under the banner of logistics – developed into a highly technological service sector. It has become an industry with an innovative dynamism of its own, and one which is utterly indispensable for the economy as a whole. The performance, flexibility and adaptability of logistics systems, i.e. the cross-company networking of freight transport and transshipment, as well as of production, distribution and collection systems, is proving increasingly important for value creation in an economy. It also plays a key role in the success of companies operating in increasingly dynamic markets. With approx. 2.5 million employees and a total turnover of almost EUR 200 billion, logistics is now the third-largest industry in Germany, after the automotive and health sectors.<sup>1</sup> But in terms of its growth rates, which

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1 Approx. half of that turnover is generated by the commercial service providers, while the logistics activities operated directly by industry, retailers and other branches of the economy themselves account for the other half. The share of the industry in overall GDP was almost 10% in 2006. On the current situation in the logistics industry cf. inter al. Bundesvereinigung Logistik (BVL) (ed.), *Trends und Strategien in der Logistik*, Berlin 2006, “Deutsches Transport- und Logistikgewerbe zwischen Globalisierung und hausgemachten Standortschwächen”, in: Bundesverband Güterkraftverkehr, Logistik und Entsorgung (BGL) (ed.), *Jahresbericht 2004/2005*, Bonn 2005, p. 1 ff., *Verkehrs-Rundschau* 13 (2006), p. 20 and the various studies published by the Bundesamt für Güterverkehr (BAG), Marktbeobachtung Güterverkehr. Cf. e.g. the *Sonderbericht zum Strukturwandel im Güterkraftverkehrsgewerbe*, Bonn 2005. Available as a .pdf file at: [http://www.bag.bund.de/nn\\_46326/SharedDocs/Publikationen/DE/Marktbeobachtung/Sonderberichte/Sonderber\\_Structurwandel.html](http://www.bag.bund.de/nn_46326/SharedDocs/Publikationen/DE/Marktbeobachtung/Sonderberichte/Sonderber_Structurwandel.html) (10.9.2007). The rapid growth in the economic importance of the logistics industry in the age of globalization, and – last but not least – the gyrations experienced by the industry in the 1990s have prompted regular surveys on the structure of the industry. Cf. above all Peter Klaus, *Die “Top 100” der Logistik. Eine GVB-Studie zu Marktsegmenten, Marktgrößen und Marktführern in der deutschen*

are being driven by globalization and outsourcing, and are underpinned by the spread of state-of-the-art information and communication technologies, the logistics industry clearly leads the way. This has not always been the case. In fact, it has been the result of the major changes that took place in the 1990s – changes that can justifiably be called a “logistics revolution”. This study traces that development using the Dachser logistics company as an illustration.<sup>2</sup>

The Dachser story is a success story. For decades now, the company has been growing at an average rate of 10% per year, and is one of the last family-owned companies among the leading European logistics groups. What was once a small regional haulage and forwarding company with three branches, a few hundred employees and sales of well under DEM 1 million has meanwhile been transformed into a globally operating group of companies with a workforce of 15,000, over 256 locations of its own, and sales worth EUR 3.1 billion (2006). At the beginning of the 1970s, things were still much the same as they had been for 40 years. Dachser trucks transported cheese from the Allgäu region of south-west Germany to the Rhineland with highly variable shipment times using simple route services. The goods in the warehouses were, in many cases, still being reloaded and stacked by hand. But by the end of the 1990s, things had changed dramatically. The company was now handling sophisticated network-based systems and product freight services, and was managing highly complex goods and information flows on a truly global scale. It was operating ultra-modern warehousing concepts and highly rationalized transshipment warehouses,

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*Logistik-Dienstleistungswirtschaft*, Nuremberg 1996; idem, *Die “Top 100” der Logistik. Eine Studie zu Marktgrößen, Marktsegmenten und den Marktführern in der Logistik-Dienstleistungswirtschaft*, Hamburg 2000 and idem, *Die Top 100 der Logistik. Marktgrößen, Marktsegmente und Marktführer in der Logistik-Dienstleistungswirtschaft. Deutschland und Europa*, Hamburg 2003, as well as Peter Klaus, Christian Kille, *Die Top 100 der Logistik. Marktgrößen, Marktsegmente und Marktführer in der Logistik-Dienstleistungswirtschaft*, Hamburg 2006.

2 One historical survey of Dachser has already appeared. In 1990 Hans Bicker, who had held a senior position with Dachser in what was then the “Internationale Spedition” (International forwarding) division, compiled an extensive chronicle after his retirement. His study focuses on the period between the early days of the company and the end of the 1970s. Hans Bicker, *Dachser. Transport – Spedition – Logistik. Chronik einer unternehmerischen Leistung in bewegter Zeit 1930-1990*, Kempten 1998. Bicker’s publication was not, however, available in bookshops, but was distributed within the company. The present study is able to draw on and expand Bicker’s valuable contribution.

and was offering supplementary logistics services in the interest of greater value added. Where once the focus had been exclusively on the transportation of goods, it was now, in the age of logistics, on the integrated planning, organization, control, handling and monitoring of the entire materials and goods flow, along with all the associated information flows. To put it simply, the market was demanding the right quantity of the right goods at the right time in the right quality at the right price along with the right information in the right place. This study traces the company's fundamental process of change against the backdrop of a market environment that was changing rapidly – from a state-regulated national freight transport market into a liberalized Europe-wide transport and logistics market system.

### Issues and objectives

The study is guided by three apparently rather simple questions. The first of these is: how have the markets changed? This question can be subdivided into two aspects. On the one hand, it is important to understand the way in which the formerly state-regulated transport market underwent a process of liberalization. And on the other hand, consideration must be given to the change in customer requirements, which triggered a high degree of market segmentation and concomitant changes in competitive processes. The second question is: how has the company changed? In other words, how did corporate policy and strategy, organization and management all change, driven as they were by a specific corporate culture? And the third and final question is: what was the interrelationship between market change and corporate transformation? In other words, how far was Dachser driven by exogenous developments, and to what extent was it pushed along by endogenous forces? What was the relationship between reaction and anticipation? The following examination seeks to show the links between an entire series of developments: corporate strategy (network policy, transnationalization policy, diversification and innovation strategy), corporate organization and corporate governance. In doing so, it aims to identify the specific phases (the milestones) and characteristic success factors in the history of Dachser as a family-owned company – especially and above all as a family-owned company – against the background of the development of the industry as a whole. Four threads will be seen to run through the study: network development and

network transformation in the wake of logistics services that started out highly diverse but were later to be integrated; IT competence as a component in network strategy, policy and technology; corporate governance and the ethos of the family business; and internationalization and transnationalization in the context of industry competition and a liberalized market order.

#### Aspects of the network concept

Two key concepts in this development are fundamental to an understanding of the industry as a whole, and of the company in particular. These must be explained at the very outset. The first of these is the idea of the *network*. The meaning of this term has changed several times over the years. It refers initially to the establishment of a geographical network of branches and the interlinkage of those branches to create a freight transport network, or, depending on the forwarding processes involved, a groupage network. From the 1980s onwards, this development then led to the establishment and control of complex logistics networks, in which physical transport flows were coordinated with information flows via modern information and communication technologies, and were then developed further to form an integrated and networked production system with quality controls and homogeneous services (systems services). What had previously been a range of scheduled consolidated goods services organized largely on the basis of individual branches now became a system of full-coverage, industrially produced services with the character of branded goods. Forwarding processes in particular, which had long been a kind of black box, became increasingly – and ultimately almost totally – transparent. Transport and information networks were fused to create an integrated logistics system. Furthermore, this new systems network was linked across companies with the logistics processes of manufacturers and retailers, forming a truly integrated logistics chain. The management objective in such logistics chains is to transform interfaces into seamless transitions, points at which processes take place within specific optimized network configurations and structures, where they are fully coordinated and controlled across the systems involved. The logistics networks act as a transfer system for tangible and intangible objects, embracing the entire procurement, production and sales markets, from individual companies