

Alliances Point the Way Ahead

The network, roots and tradition of the family-owned logistics company Redur are Iberian; but Commercial and International Director Nicolas Rogier says that wider European activities are essential for the future.

FEATURE: **AEDAN KERNAN**



Transport and logistics company, Redur, is looking for 20% growth in 2006, says Commercial and International Director Nicolas Rogier. Spain, he observes, has lagged behind the rest of Europe when it comes to logistics but as it catches up, Redur is perfectly placed to take advantage.

"We are seeing much more professionalism in logistics in the Iberian peninsula," he says. "Competition in logistics organisation is taking on a lot more importance

than perhaps 10 to 20 years ago. We are consuming more, there is more trade with other EU countries. And we are producing less, so there is a real need to have a fluent logistics organisation.

With consistent growth rates of 8% over the past five years, Redur is one of Spain's most rapidly expanding transportation and logistics companies. There has been major investment in infrastructure, including a new logistics park at Algete, near Madrid. The company employs 1,500

people, has a fleet of 800 trucks, and a 2005 turnover of €112.5 million.

"Spain has a very large proportion of medium-sized companies – family-owned companies which have had absolutely no strategy regarding supply chain management. These were traditionally companies used to producing specific products and using their own distributors.

"They had no idea about real professional logistics operations – but gradually they are taking on better equipped, better experienced managers. It is very different now and we have very good opportunities to set up our service and make them understand the benefits of having a very fluent logistics organisation."

For Redur, the core of the business is its main warehouse in Madrid and the 415,000 m² site acquired to develop what will be the largest privately owned logistics park in Spain. But this investment, says Rogier, has not been the sole reason for Redur's growth.

"It is true that when we opened Algete about three years ago, it was very good for business. But what is also important is that we have a complete network through Spain and Portugal which gives us the possibility to offer regular distribution services.

European service

"We have had very strong investment in our warehouses on the east coast, northern Spain and Portugal; it is very important to have a complete network on the peninsula. IT investment has also been a core driver and at the same time over the past two years we have been driving our European sales."

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Building on Iberian roots

"IT investment has been a core driver," says Redur's Nicolas Rogier



Europe, says Rogier, is at the heart of Redur's future plans. In the logistics world of increasing consolidation and ever-growing 'big boys', the company's strategy is to remain privately owned but at the same time to offer a European service.

"We are a company with Spanish and Portuguese operations and head office in Madrid and we are absolutely convinced that our future is as specialists within the Iberian peninsula," he says. "But at the same time we are absolutely convinced of the necessity to have partnerships with other European companies."

"So our strategy is clear; first, we want to remain independent and family-owned. Second, is our conviction that our future will be European."

As part of this vision, Redur has set up two pilot agreements with other European family-owned logistics companies. "We have an exclusive agreement with a French company which is very similar to Redur," says Rogier. "We have daily traffic with them. And we have a similar type of agreement with an Italian company."

"We need to be able to offer this sort of service to our very big clients – in many cases international companies whose head

offices are not actually in Spain but in other more central European countries such as France, the Benelux, Germany or the UK. We believe that if we have no connection with these countries, then we are dead. We need these fluent partnerships with other independent companies in Europe."

Redur is working to establish other alliances – Germany and the UK being the most important. The aim is to have a good covering of the key western European countries within the next two years, he says.

"The problem is finding companies with a common alignment and expertise. We need to find common strategies in terms of marketing, clients, IT systems and people. It is not easy to find potential partners; the best of the private companies may be operating in contradiction with our own strategy."

Redur needs to find companies with the financial capacity to join this European mission and with excellent coverage of their own country – the search is for national, not regional, players.

"Companies we work with must match what we are offering in terms of services and coverage," says Rogier.

This is a puzzle, because most com-

panies have some level of specialisation – dealing with pallets or parcels, for example, while Redur prides itself in its more generalist approach, handling the full spectrum of logistics requirements. While 75% of Redur's business is automotive-related, the company also has major clients in the consumer goods, industrial, cosmetics, publishing and other areas. There may, then, have to be some compromise in order to develop this network, Rogier acknowledges.

Meanwhile, the 20% growth being aimed for this year will be based on increased domestic operations. There has been spectacular growth in recent months – for example, January saw an increase of 23%, he says. "That is due to the expansion of our historic clients and also the extent of work of our commercial teams. We are catching more market share. But we are fighting against the very big competitors, the big integrators; our competitors used to be national, private companies, which in most cases have now been bought or have disappeared."

Redur has also expanded its services to offer 24-hour availability, something which was driven by the automotive sector but from which all client sectors can now benefit. ■

Investment is key to the future

Investment continues and is vital for Redur's future plans. This year the company will further extend its logistics area in Madrid and at the same time it is planning the opening of three new warehouses – one in northern Spain and a second in the west, while the third and most important project is an expansion of its site in Barcelona, Spain's second city.

While pricing is a major consideration for clients, Redur is not heading down the lowest-price road; Nicolas Rogier defines the company's offering as "medium to high price" compared to some competitors, but with good reason, he says.

"We want to offer an excellent service at a good price. Our sales team concentrates on selling good service, flexibility and the capacity to adapt."

There are dangers as Redur heads for Europe and for further growth, he admits. "We must be able to control our growth or it can be very dangerous," he says. "We must be very selective with our clients; we cannot just accept any clients, because if we make wrong decisions that could affect the whole operation. We have to control

and we have to have good team managers."

The second danger, he says, would be to remain focused only on Spain and Portugal and "forget Europe".

"We are not in a central position and most of our top clients are European companies whose head office is not in Spain. We must be able to identify the right people who make the decisions – sometimes they are here in Spain but often they are logistics or transport managers working in Munich or Paris."

"This company has to move and be really dynamic. Some of our clients now deal with the Far East. Orders we are distributing in Spain and Portugal are often goods from China. We must be open-minded about our relationship to the international markets."

Finally, says Rogier, Redur must be faster if it is to compete against the "elephants" in the market. Clearly, expansion may mean some loss of flexibility for Redur itself. "We are absolutely aware of that – we can see that has happened in the big operators," he says. "We must keep our flexibility and also find other ways of working through partnerships and investment."