

DHL PORTUGAL

Thriving on team spirit

DHL Worldwide was voted the 'world's most global brand' in 1999. Its Portuguese operation is thus connected to a huge physical and virtual infrastructure. Its majority shareholder in Europe is now Deutsche Post (Germany). Within DHL, which is split into regions, Portugal is considered a role model and centre of excellence in a number of skills, ranging from IT competence to its prowess as inter-company soccer champion. It is this combination of seriousness and fun which makes this DHL country operation worthy of further study.

DHL Portugal has its headquarters in a picturesque, steep cobbled street in the heart of old Lisbon. The names of the streets suggest the country's heritage as Britain's oldest ally – Manchester Street, Cardiff Street and even a Rua named after the poet Milton. DHL Portugal's Liverpool Street headquarters is an unassuming, business-like multi-story block.

An air of calm and efficiency pervades the organisation. Corridors and public areas are spotless. Vehicles likewise. "Couriers are incentivised to keep their vehicles clean, since these are an outward symbol of the company brand. DHL telephone operatives work in booths, all wearing company uniform because, although they are not physically facing the customer, they feel prouder and smarter in company livery," says Jorge Lopes, Business Process Manager and head of the Prizewinning European Quality Award submission team.

LOCAL AND GLOBAL VALUES

DHL Portugal started trading in Portugal in 1982, and took a customer facing approach from the outset. Its national network of stations and service centres has expanded to 15 facilities, serving the country's main business areas in Lisbon, Porto, Leiria, Covilhã, Estarreja, Famalicão, Alfragide, Vilamoura, Funchal (Madeira), Ponta Delgada (Açores), plus reception areas at the main airports. Where a need was identified, a depot or office was opened to serve it. Unlike some other companies, moreover, DHL owns all its own facilities. It does not operate franchises.

DHL Portugal sees itself as combining the values and ethics which made its parent company a success with some uniquely Portuguese characteristics. "We like challenges. We are flexible. We welcome innovation," says Fernando Andrade, commercial manager. "We have been used as the pilot country for some big network innovations such as a centralised IT and billing initiatives," he adds. "At the same time, DHL is flexible enough to allow some uniquely Portuguese characteristics to come through. For example, the Portuguese are quite happy to work cross-functionally. We may have two or three bosses during the implementation of a project. Fluidity and team spirit is what we value most and this is what we excel at in our company".

On the walls of the headquarters, in addition to many key performance indicator charts, are various slogans. One, by Mahatma Gandhi, 'We must become the change we want to see', sums up the company's holistic approach to management. The DHL Portugal's mission and policy are reviewed every two years in line with the philosophy that only through dynamic change can real progress be made. At DHL Portugal, the company mission is reinforced by departmental missions which are posted on public view along with global and departmental ethical statements. In this last area, the company has made extreme strides to the point of adding a tenth box,

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devoted to ethics, to the nine-criteria EFQM Excellence Model.

"The code of ethics is divided into internal – which explores the interaction between staff (members), management and the company itself – and external, which relates to customers, suppliers, competition and society. In one of these categories – competition – it is an ethical principle to never speak badly of rivals, for example, and certainly not to use unfair practices to gain competitive information," says Jorge Lopes.

"When somebody contacts DHL he is contacting someone who represents 68,000 people. We therefore take great pains to make sure that everyone understands our values and ethics. The first of these – and we take these very

seriously here in Portugal – is that we simply don't want to do business, however profitable, unless we are doing it ethically," says Mr Américo Fernandes, general manager. "At DHL we have five drivers for 'Global Excellence', which cover our approach to customers, partners, shareholders and society. But our most important asset is our people. These make the difference. DHL members (it is important to note that DHL does not term its workers as employees) are encouraged to think of themselves as part of a family that share in the values and culture of the organisation. Even when you're not at work we like you to be proud that you're part of DHL Portugal, and know that we are proud of you," he says.

DHL Portugal is rightfully proud of its internal and external benchmarking. Since 1995 the percentage of people who say they are proud to work for DHL has increased from 77% to 89% against a DHL International survey of 54 core questions in nine comparable categories. On this key measure, DHL Portugal achieved the best results across Europe. Overall satisfaction of members in Portugal reached 81% in 2000, which is 18% above the Portuguese top benchmark and 13% above the DHL international norm, according to internal employee satisfaction experts ISR. Management skills achieved a level of 23% above DHL norm and quality and customer service benchmarked at 18% higher.

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Project Team responsible for the preparation of DHL Portugal's EQA Application.
 Top, left to right: Elsa Tavares, Teresa Manso, Ana Santos, Joana Paiva, Claudia Redondo.
 Bottom, left to right: Alberto Marques, Marcos Ruao, Jose Reis, Paulo Rangel, Jorge Lopes

DECENTRALISED YET COORDINATED

As a measure of the wide degree of autonomy which DHL Portugal enjoys, all its management team have been Portuguese nationals since 1990. This is not to say though that the company does not welcome outside input however. DHL Portugal enthusiastically participated in the pilot scheme for centralising IT and some finance services, for example. "As a matter of fact we have exported people and expertise to other DHL country operations, such as the UK where they work in European IT facilities," Mr Andrade says.

Think local, act global is an overused cliché, but it very much applies to DHL – and its Portuguese subsidiary is an extremely good example. To sustain and promote the spirit of individuality and autonomy yet keep the network operating efficiently, DHL Portugal has developed the principle of a decentralised 'moving structure' of functional business units, in order to permanently align its performance according to the needs of

its customers and markets. In the Stations, (DHL distribution centres) activity is managed by an Operations Supervisor, reporting to a Country Operations Manager. Each Station also has a Field Sales team coordinated by a Regional Field Sales Manager, who reports to the Country Regular Sales Manager (for regular customers).

Each station also manages its own sales, operations – pick-ups and deliveries – and support resources. It has the authority to manage its human, technological and material resources and its own services and supplies. Individual station goals are oriented by a budget and service performance indicators monitored monthly by the quality department and reported back internationally.

The decentralised management philosophy extends to customer service, telesales, and credit control. Although based in Lisbon, they use technology to implement a "virtually decentralised" structure, with agents to provide remote support to local customers which includes giving them information, booking pick-ups, collecting payments, making telephone sales and prospecting for new business.

There is close coordination between the operational activities at each station and the central support operations at

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head office in Lisbon: customer service, information systems (MIS), marketing and sales support, finance, human resources and quality departments.

LEADING-EDGE TECHNOLOGY

On a practical level, this means that the head office teams are virtually linked to their counterparts in each service centre or depot. Sophisticated IT systems have been developed which ensure that at any stage of a parcel or package's journey it can be tracked and traced, using a combination of barcode locators (laser scanners) and, if necessary, faxed documentary proof of delivery or transit.

DHL is a world leader in online track and trace. In this regard – along with its competitors UPS, FedEx and TNT – the company can rightly be considered as operating at the forefront of business to business, B2B electronic commerce. DHL Portugal has been developing e-commerce since 1994 and is today one of the most advanced Portuguese companies in this area.

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developed to satisfy customers' needs," says Fernando Andrade, commercial manager.

"E-com applications act as direct interfaces between DHL and its customers. We install tools and software such as track and trace in customers' offices, providing them with the possibility to create all shipping documentation and obtain information about their shipments in their own PC. Customers can use e-commerce applications for electronic booking, preparing and printing airway bills and invoices, obtaining complete shipping reports,



tracking shipments and ordering cartons and packaging materials."

While this reduces repetitive call centre traffic, it also has the effect of involving the customer more closely with the company. Less than five minutes after any order has been taken, anywhere in the world, it will be accessible in electronic form on the DHL global network as a traceable item. DHL has continued to innovate with the launch of several services that deliver information via WAP, SMS or e-mail in few seconds, to mobile computers and phones.

COMPLEX LOGISTICS

DHL Portugal's station network is linked to import/export gateways located near international airports. Operations are based on two daily cycles at each station. The "inbound" cycle is the process of receiving and delivering import packages and documents which converge on a reception or station from other countries. The "outbound" cycle of dispatch exports shipments from Portuguese Customers, picked up by couriers and receptions, to thousands of destinations in countries all over the world.

While this essentially two-way process is simple to explain, the logistics are in fact extremely complex. On the outbound side, which normally handles less than inbound since DHL Portugal imports more products than it exports, packages are picked up from customers by couriers who will use electronic handheld computers to book in the package. It will then be shipped to a regional centre or driven directly to the appropriate airport hub. Packages there are allocated to country bags or, for intercontinental destinations, will be marked as such. The evening shuttles from Lisbon to Porto airports to DHL's European hub's network, leave at the end of the day.

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Simple, on the surface, but extremely complex – especially at the end when most of the courier vehicles arrive around 18:00. At that time a host of parcels and packages of varying sizes, some needing special documentation, others needing repacking to avoid damage in transit, have to be bagged and tagged directly to reach any one of the 228 countries served by DHL.

“OUR EXPERIENCE WITH GLOBAL DHL PRACTICES MAKES US CONFIDENT THAT WE INCORPORATE MOST NEW IDEAS”

To add to the complexity, when the DHL aircraft lands at Lisbon and Porto, each one will, of course, be carrying up to 25 tonnes of inbound packages, all of which will need to be transported across Portugal. While this relentless daily cycle will be familiar to everyone with experience of the courier business, the exercise is awe-inspiring in its complexity and potential for breakdown. It is not surprising, therefore, that DHL and its competitors, such as TNT and FedEx, are no strangers to national and international quality awards.

RECOGNITION OF EXCELLENCE

DHL Portugal, however, is a real front runner in Europe as the first company within the Group to have entered the European Quality Award to reach this level. Jorge Lopes also points to the fact that it is the only company to have been in two consecutive years (1998/99) both a finalist and winner of the Portuguese Quality Award, itself based on the EFQM Excellence Model.

Américo Fernandes was a pioneer of TQM methods when he became DHL Portugal general manager in 1990. The journey began in 1991 with some standard techniques, and the company introduced its first incentives and customer satisfaction schemes in 1991. Today, DHL Portugal uses advanced tools such as the Balanced Scorecard



DHL Portugal

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Turnover in 2000

24 million Euro

Américo Fernandes,
General Manager

and benchmarking. “Our experience with Global DHL practices makes us confident that we incorporate most new ideas,” Mr Fernandes says. “We’ve been using the Model for some time, which is very good, but we use other tools where necessary. Business management is in constant evolution, and the Model is a very effective way of improving process flows – which is everything in our business.”

Mr Fernandes is in no doubt that the process of entering for quality awards is natural for a company that thrives on delivering quality and racing against time. “There are many benefits of entering the European Quality Award. It gives us a better image in the markets we serve - both in the eyes of our customers and our members. Success in awards is a real example of consistent policy and practice based on quality. They help to promote a better spirit of pride and trust in our members and in this case we are very, very proud to be the first Portuguese company and with-in DHL Worldwide Express to achieve recognition at this very high level in Europe,” he says.

CONFIDENT OUTLOOK

For DHL Portugal, by far the country’s largest express parcel importer and exporter, the vibrant trade both intra-community and with the rest of the world assures a continuous business growth. It also requires continual attention to process improvement. DHL

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Portugal deals with 228 countries as part of the DHL global network. In 1999, the company was recognised as the most “global” in the world for this reason, not just because of its geographical spread but because of its brand values.

In a world which is getting more competitive and where faster speeds and reliability are becoming more expected as a norm by customers, DHL Portugal recognises that it will need to continue to innovate, benchmark, against the best and use all the group of sources to maintain its leading position. Portugal has made great strides as an importer and exporter in its 15 years’ membership of the EC,” says Mr Fernandes. “While the days of 40% growth are now behind us as the economy has matured, and prices and labour costs have risen to something approaching the European norm, we still expect to see good growth in the future. It is also worth remembering that Portugal is, in Europe, one of the leading trade nations with Brazil. Over the past few years, and to respond to market needs, we have seen the balance of DHL business move from 80% documents and 20% parcels to exactly the reverse proportion. To face the challenges of the future we will need to continuously review and reinvent our processes to increase our efficiency but keep our costs to the customer as low as possible.”

As a role model organisation within DHL Europe and now recognised for its excellence among businesses of all kinds in Europe, DHL Portugal has shown that it is not just in football where the Iberians excel. Its achievements at home and on the European stage also marks a coming of age for a country of 10.5 million people which has exported its language and customs to over 200 million people on the other side of the world.