



A high level of brand recognition: tesa tape

## The courage to innovate

### Working alongside Dachser, the Hamburg-based tesa AG has implemented a totally new logistics concept for eastern Europe.

It is one of the most famous brand-names of them all – tesafilm®. The small rolls manufactured by the Hamburg-based company have come to symbolize the ultimate quality in transparent adhesive tape. Only a handful of products on the market in Germany today have managed to reach the dizzy heights scaled by the tesa brand. With a brand recognition rating of 98%, tesafilm® is in the same league as other German household names, such as Nutella, Tempo and Kärcher.

The development of tesafilm® was just one of the many milestones in the history of innovative adhesive products manufactured by tesa AG over a period of more than 100 years. Today, the company's portfolio comprises over 6,500 products. With sales worth EUR 805 million and 3,900 employ-

ees around the globe, tesa is a world market leader in a large number of industrial applications. The company currently generates 78% of its turnover with self-adhesive systems solutions for the automotive, electrical, paper and printing industries. The range of products available to consumers comprises items for use in the household and office, as well as in hobbies and DIY activities. When the company was hived off from its parent to become an independent stock corporation within the Beiersdorf group in 2001, it underwent a process of complete restructuring. The central pillar of the new organization is the development of a logistics network spanning the whole of Europe, which embraces all the sales companies in a fully-integrated logistics concept.

#### First the west, then the east

tesa launched its first steps in the process of restructuring in western Europe. In the years 2001 to 2004, between two and seven national organizations were restructured each year. Some of the measures adopted to further this process were the reduction of the number of warehouse locations, the launch of a central IT system, the centralization of goods replenishment, and the development of a co-operative system of provider management.

In the second stage, tesa set about developing a new logistics concept in eastern Europe. In this so-called "tesap & Eurologistik" project, Dachser plays a key role as a logistics provider. In fact, tesa chose Dachser from among 31 logistics providers and 18 transport companies when it decided to outsource its warehouse management and distribution operations. In western Europe, tesa and Dachser have been partners for many years. And in eastern Europe, too, Dachser has a full-coverage transport network, ample logistics capacities and extensive know-how.

One of tesa's key decisions was to focus its distribution in a single central warehouse location for the whole of central eastern Europe. The country chosen for this purpose was Hungary. Dachser's warehouse in Pilisvörösvár, which is twelve kilometres from Budapest, is an ideal central distribution centre for tesa's activities in eastern Europe. The site offers 14,000 square metres of warehouse space and a 4,000 square-metre transshipment warehouse. At the facility, 150 Dachser staff are on hand to cater for the needs of a wide variety of customers. Instead of operating a cost-intensive stand-alone warehouse at the site, tesa draws on Dachser's multi-user capacities. This keeps tesa's warehouse space rental and order picking costs down. This

policy has paid off: tesa has been able to reduce its logistics costs significantly.

#### Shorter delivery times, better service, lower costs

Since August 2006, tesa's customers in Hungary, Bulgaria, Croatia, Serbia and Bosnia-Herzegovina have been served from the Pilisvörösvár base. The Czech Republic and Slovakia are soon to follow. Under its master plan, the number of warehouse locations in eastern Europe is to be reduced from its original nine to just three over the next three years. By the end of 2008, the tesa bases in Posen (Poland) and Istanbul (Turkey) are to be integrated into the tesap & Eurologistik concept. The master plan is under constant review in response to the dynamic growth in business and new customer requirements.

As part of its transport logistics activities, Dachser operates daily scheduled services between the tesa buffer warehouse in Offenburg and Pilisvörösvár. This has enabled the company to increase its delivery frequency from its previous weekly rhythm to a daily basis, and this has served to optimize inventories and availability. The new schedules save tesa an average of two days in delivery time, which translates into an efficiency gain of 36%. And it also has a major cost advantage for tesa, since it can now integrate its former full loads into Dachser's existing systems services. In other words, tesa only pays for the transport capacities it actually uses.

One area in which Dachser has been able to cut delivery times significantly is in distribution operations from Pilisvörösvár to customers in Hungary. Now, 50% of all orders reach the customer the day after they are placed, while the other 50% arrive within 48 hours. Dachser has even been able to halve delivery times for orders placed before 12.00 pm, more



Pilisvörösvár: The central warehouse location in eastern Europe

than meeting the service targets set by tesa.

#### Logistics is a means to an end, not an end in itself

Another important factor in the partnership between the two companies was the fact that Dachser's MIKADO Warehouse Management System could be integrated into tesa's SAP system via interfaces. This means that customer orders are automatically transmitted to Dachser in Hungary as order picking and transport orders. The high technical standards of MIKADO enable the entire process of goods acceptance and order placement to be conducted electronically via Electronic Data Interchange. Data that once had to be entered by hand is now transmitted via scanners and mobile mini-PCs. An integrated Tracking & Tracing system guarantees that the picked goods can be reliably identified

throughout the entire supply chain, supported by wireless mobile data entry. Any delivery deviations are notified proactively to tesa by Dachser via e-mail. At the same time, customers can view all the relevant status information in realtime via the Internet. In its cooperation with Dachser, tesa is – for the first time – using a code-based provider management system, which has considerably improved quality. The code system guarantees a transparency and comprehensibility in target parameters which ensure that both partners enjoy high levels of security. In view of the outstanding quality and process safety, escalation models have never had to be used. Nevertheless, monthly strategy meetings are still held to further the constant optimization of the supply chain – after all, when you stand still you go backwards!

Annette Krüger

Two strong partners: tesa and Dachser

