



One major drag on the growth of the smaller provider is 'purchasing'. In the 70s, decisions for which providers to use were made in the warehouse by the transport manager. In order to get the most out of their purchasing power, selection of providers has shifted from the transport manager to the purchasing manager.

One of the biggest changes over the past 40 years has been the emergence of the express integrators. Although the integrators started out moving small packages, they have moved up the ladder into heavier freight. In 1972 FedEx didn't exist; UPS didn't even deliver in every state in the US and DHL spent most of its time moving ship manifests out of San Francisco to Asia.

In 1972, the average shipment weight of a freight forwarder's consolidation was under 25kg and the mean weight was close to 5. Where did all these small shipments go? To the express integrators. Why? Because the airlines and freight forwarders couldn't pool their resources to compete.

The integrators have also led the way with scanning. Scanning services a dual purpose – it automates the handling process and it enables customers to know where shipments are accurately and instantly.

Forty years ago, and today, if you combined the coverage of a global freight forwarder with the network of the commercial airlines, you could provide a superior service to any of the

integrators. As an example, there are couple of dozen flights a day between London and Paris, and almost that number between London and Hong Kong. Multiple direct flights allow more service options and faster transit times, certainly internationally, than using a hub and spoke system.

Why did the freight forwarders and airlines lose out on the small package business? Two reasons. First of all, the freight forwarders couldn't get their minds around not charging, and making money, out of 'accessorial' charges. For smaller shipments, charges for customs clearance, airline handling, documentation, etc, were far more than the freight charges. They didn't see the potential of moving a lot of small shipments.

Even if they did, the airlines were not interested. The airlines were interested in passengers so laying on special services for express and maintaining or adding flights for cargo wasn't in their game plan. Today, the international express market is worth over \$85 billion annually with profits estimated to be close \$15 billion. That's billions that would come in handy in the present state of the commercial airlines – if only they had seen the opportunity.

I've saved the biggest change to last – containerisation on the sea. Containers have made shipping by sea faster, cheaper and more efficient.

Without containerisation, globalisation wouldn't have happened.

I'm going to finish with where I started – backing into the industry. The international logistics industry is exciting and dynamic. At all levels you deal with people all over the world. Travel happens more often, and at lower levels than any other industrial sector. It's like a permanent gap year. Logistics is vital to the world economy.

One of the challenges of the industry is not to have people 'fall' into logistics, but to choose it as a profession. Maybe it will take another 40 years until we get there.

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