Interview: Alexander Bauer – Chairman, 4PL Central Station, Switzerland



"4PL Central Station is the leader in Europe and we have almost no competitors in our field of fourth party logistics."

02.02.2018

Tags: Switzerland, 4PL Central Station, 4PL, Logistics, Distribution, Digitalization

Alexander Bauer, chairman and co-founder of 4PL Central Station, introduces his company's unique logistics service offering, and the role of fourth party logistics in the future of the pharmaceutical industry.

You founded 4PL Central Station here in Basel back in 2000, alongside your son Olivier, with the idea of providing fourth party logistics solutions to several industries. Today, you count some 200 logistics professionals across Europe. Can you please run us through the story of the company and why you decided to set it up?

I came up with the idea 20 years ago. Previously, I had been CEO of Thyssen in Switzerland. During that time, many suppliers asked me about working with 'independent logistics companies,' and we realized this simply did not exist. I am talking about such companies as Novartis, Migros, Sulzer, Alstom and Bombardier who were expressing this willingness… So there was a gap in the market, and that's how my son and I decided to set up a company solely focused on fourth party logistics (4PL), acting as an independent general contractor. At the start, it was just me and two employees, and we have grown tremendously over the last 17 years. We have actually never had a month with negative results.

[Featured_in]

We offer our customers something different than forwarding agents, and it must be said: we are not forwarding agents. We are 100 percent 4PL, and we are 100 percent family-owned. The most important thing for 4PL is independence and transparency.

How do you explain this?

4PL Central Station is the leader in Europe and we have almost no competitors in our field of fourth party logistics. We don't own any physical assets like trucks or warehouses. Our assets are world class IT systems and highly skilled personnel.

But let's take a step back and define what fourth party logistics is. At the base of the pyramid, you have 1PL (haulier, warehouse operators etc) which offer standardized services with their own or external resources. Then, you have 2PL: the international forwarders who offer individual or systemized services with again their own or external resources. The next level is naturally 3PL, the contract logistics and lead logistics providers who offer contract services with their own or inbuilt resources. And then you have us, unique in our field; we offer logistic services tailor-made to the supply chain needs of the client using best-in-class resources. We develop, optimize and execute portions or the entire logistics for our customers, both from an operational and strategic perspective.

[related_story]

How do you measure the value that you bring to your clients? It seems that fourth party logistics are poorly understood, so how do you demonstrate the value you can bring?

We have a holistic approach. Firstly, we act as consultant, and perform logistics 'health checks' at the potential client, which is a very detailed and accurate analysis of the customers Supply Chain performance benchmarked against best practice. We do logistics health checks for transportation, warehousing, customs management, VAT and so forth, so a complete and overall check.

Because we are independent in the market, we can look at implementing best-in-class resources. We have no contract with a forwarding agent or a supplier. This independent nature allows us to always look for the best-in-class resources for our customers. We look at what is the best way forward, the best forwarding agent, the best warehousing, and so forth. We therefore create a new logistic tower for the customer. During this evaluation phase, we use our own IT systems such as ERP, WMS and TMS.

After the consulting phase, we have identified potentials and savings in the logistics process of our customers, and then look at coaching him/her in the implementation and definition of new

processes phase. Finally, we move into the operating phase, where the operational and strategic logistics management will be taken over and executed most efficiently. Our staff acts always within the meaning and from the perspective of the customer, paired with the expertise of a logistics service provider.

Tell us more about the industries you serve.

We work in the chemicals, machinery, plant engineering and rail technology businesses. Pharmaceuticals are for now a small part of our business, but I see this change in the future.

Indeed, years ago, the pharmaceutical industry had blockbusters, made good margins, and there were no concerns. Now they cannot rest on their laurels and wait for things to happen. They have to optimize. They are outsourcing more and more things, and one of those are logistics. So how do you see potential demand evolving in the future and how are you positioning your company to make sure you are the preferred partner?

Logistics is not their core business, and pharma companies outsourced this function to the big shots like Panalpina and Kuehne & Nagel. But things are not transparent. These companies need to have full transparency over the whole supply chain, and only 4PL can offer this. Therefore, we have our transport management system, the offer from the forwarding agent is in our system. Hence we don’t just accept invoices from the forwarding agents. We credit them directly with the correct amount. We don’t have a win situation by executing transports. We have no margin on transports. We create our revenue by a service fee plus a gain share on implemented improvements. It is through the creation of transparency that there is a potential to optimize processes in the field of transport and logistics.

What are your immediate priorities as chairman?

4PL is always on the move! 4PL must always be on top of what is new, what is best; we need to be at the forefront. In the next few days, we are set to finalize a contract to buy a company with 40 IT specialists, as I strongly believe that the next step is digitalization. We must be very modern, and are for example looking to work in partnership with some Swiss universities.

Disruptive technologies, innovation, big data, they are all disrupting the whole logistics sector.

Our problem is we are always looking for excellent people. Because we are unique in our field, we cannot recruit people who already have know-how and competences on 4PL. They must learn in our company, and this learning phase takes not less than 6-12 months.

How do you overcome this challenge?

Internal training. We work very closely with universities, so we have more people coming to us. Weekly, 1.2 people give us their CV, so we are an interesting company. We are growing fast and young people are very interested. Before we started in 2000, nobody knew of us. We created the market and we are today a recognized logistics name globally. We started with the name Central Station. This Central Station, it was a dream, we took inspiration from Grand Central Station in New York!

What one or two memories have stood out most in these 18 years of business?

When you get your first customer is always a highlight! He suddenly understands your idea, and you feel an immense sense of accomplishment to think that you managed to embrace him into our idea, to get him on our side. I think that is what keeps me going everyday: to get more clients convinced of the benefits of 4PL.

See more interviews