



**The European Chemical Transport Association
Antwerp Annual Meeting Report - April 2002**



“Human Resources Management: The Key to Sustainable Chemical Transport in Europe”



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1. INTRODUCTION

The 4th Annual General Meeting of the European Chemical Transport Association (ECTA) took place in Antwerp, Belgium on April 25-26. The 2002 AGM was held in conjunction with a mini-conference on the theme of “Human Resources Management: The Key to Sustainable Chemical Transport in Europe”. Sessions of four of the ECTA Working Groups comprised another important element of the meeting. The event was attended by 70 people, most of whom were ECTA members and invited guests.

ECTA Chairman Luc Haesaerts of Haesaerts Intermodal introduced the mini-conference by highlighting the looming shortage of qualified drivers in the chemical transport sector and the difficulties encountered in encouraging young people to become drivers. He said that he was confident that the Antwerp conference would succeed in confirming the strategic importance of quality drivers to all those involved in the chemical

supply chain and in suggesting solutions to the problems of driver shortages, motivation and commitment.

The following paragraphs provide an overview of the key issues discussed at the Human Resources Mini-Conference and decisions taken by the ECTA Working Groups.



ECTA Chairman, Luc Haesaerts

2. KEYNOTE - EFFECTIVE MANAGEMENT OF HUMAN CAPITAL

Luc Haesaerts introduced Lawrence Watson, an experienced human resources management specialist, whose lively and thought-provoking keynote presentation was to set the tone for the mini-conference. He pointed out that haulage is similar to most service sector activities in that it is the employees at the lower levels of the company hierarchy that interface most with the customer. However in haulage, not least chemical haulage, a considerable degree of trust is given to these employees, given the high value of the cargoes and the trucks that carry them, the long-distance nature of many delivery routes and the range of difficult cargoes handled. Ultimately, drivers manage the company image, not management.

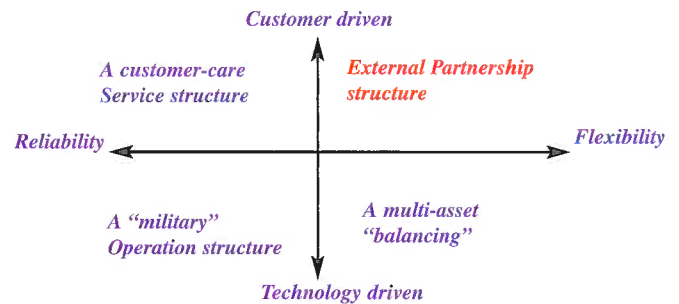
Not surprisingly, people costs represent a high percentage of the overall cost of running the business. It is important to ensure that the investment in people is optimised, said Lawrence Watson. Also, the way in which people are managed represents one of the few ways in which one chemical haulage company can differentiate itself from the competition.

Experience has shown that there is a direct correlation between working environment and employee performance and that enfranchisement, personnel management and recognition are key to improved employee performance. On the question of enfranchisement, Lawrence Watson pointed out the importance of making individual employees aware of the overall company structure, their place within that structure and their prospects for advancement. Good personnel management is essential because people like to be stretched and to gain a sense of achievement. Finally, providing a suitable means of recognising, or rewarding, this achievement, provides the foundation for continued commitment.



Lawrence Watson then outlined the matrix of the four classic types of business structures, highlighting the real survival drivers for each of the different business types; where chemical haulage fits into the overall matrix; and how

chemical hauliers might benefit from adopting some of the drivers governing other classic business structures as part of gearing their operations for business in the 21st century. Each of these accommodations to new business approaches and structures carries implications for human resources management.



Traditionally, chemical haulage has been primarily reliability- and technology-driven. Like those of the airlines, operational structures of chemical haulage companies have been unambiguous and military in nature, with clear chains of command and well-defined processes. However, in recent years, with open competition becoming a factor of increasing importance, airlines have been forced to increase their focus on customer care. Backed by sophisticated information technology networks, including tracking and tracing systems, multi-skilled teams have been established along less hierarchical lines than in the past. The initiative has resulted in stronger, longer-term partnerships with customers. Hauliers, too, are becoming aware of the need to increase their customer care commitment.

With the recent consolidation in the chemical production sector and the resultant majors increasingly favourable to outsourcing the logistics function to smaller numbers of hauliers, there is also pressure on hauliers to accommodate the changing scenario by adopting a more flexible approach in other respects. This may entail measures such as partnerships with hauliers in other geographical areas and, for certain hauliers, relinquishing some of the traditional family control to welcome new equity partners and sources of investment.

The need to provide a more flexible service at a time of increasing competition and a shrinking labour market means that chemical haulage



companies must be more astute than ever in their human resource management planning. Performance targets must be set with vision, direction and a means of appraisal, said Lawrence Watson, and career path options need to be planned according to performance management criteria. As companies seek to control fixed costs, not least escalating base salaries, other ways of rewarding good performance need to be considered, including profit-sharing 'ownership' plans and productivity-related earnings.

3. TRANSPORT CASE STUDY A - HOYER

Delegates to the Mini-Conference on Human Resource Management then heard from representatives of three leading chemical haulage firms, based in Germany, France and the UK, respectively, who described how their companies are facing up to the challenges posed by the changing demands on human resources.

Rolf van Alst of the Hoyer Group said that two-thirds of the 3,800 people employed by his company are "technical", comprising primarily drivers and vehicle engineers, while one-third are administrative. Hoyer has set itself the goal of being the preferred logistics link in the customer supply chain and recognises the importance of people quality in meeting customer expectations. As part of this quality commitment, Hoyer has established the new position of human resources coordinator from this month. An important task of the inaugural appointee, which is Mr van Alst himself, will be to establish a human resources network in the 78 countries worldwide in which the group operates.



Rolf van Alst

Fulfilling two of his responsibilities - gaining employee satisfaction and meeting customer requirements - will enable the Hoyer human resources coordinator to meet his third key responsibility - gaining customer satisfaction. Rolf van Alst said that the task of achieving employee satisfaction encompasses many of the measures outlined by Lawrence Watson, i.e. motivating

people by setting fair targets, explaining their role and career path opportunities within the overall corporate structure and rewarding commitment in a suitable manner. The process starts with investing in people - hiring the best candidates and training them in the appropriate fashion.

Hoyer can meet customer expectations by providing required logistics service options and aligning and integrating both partners' total quality management systems. To facilitate a harmonised, global approach, Hoyer has developed a group-wide safety management system which has already been adopted in the UK and parts of Germany. It is expected to be in place throughout Europe by the end of 2002.

4. TRANSPORT CASE STUDY B GROUPE SAMAT

Yves Decourchelle of Group Samat described some of the challenges posed by the French regulations on drivers' hours which have been adopted as part of the country's implementation of the European Commission's Working Hours Directive. Drivers on short-distance routes cannot work more than 48 hours per week or 208 hours per month. Such drivers must not work more than 42 hours per week, on average, over the course of a year, based on a five-day working week. Drivers on long-distance routes cannot work more than 56 hours per week or 220 hours per month. Such drivers must not work more than 46 hours per week, on average, over the course of a year.

Groupe Samat has had to revise and upgrade its IT systems to accommodate these new requirements. The rules have placed an additional administrative burden on planners who must now give precise instructions to drivers as regards when to depart, when to rest and when a relief driver may be called upon to take over. The need to maximise truck working time often means drivers having to share a vehicle, a practice many drivers have traditionally been reluctant to countenance. Compliance with driver hour rules also entails another level of checks by the enforcement authorities and can often mean longer periods away from home.

Yves Decourchelle explained that the new driver hour rules can actually work to the detriment of effective human resource management by

introducing less favourable social conditions. Also, it is difficult to secure additional rewards with the new system, not least because there are few opportunities for promotion. One initiative launched by Samat in an attempt to overcome this problem is the new position of senior driver. The French haulier has also introduced incentives for planners, including a senior planner position. Although planners are now being asked to take on more responsibility, traditionally it has been one of the more poorly paid jobs, relatively speaking, in the road transport sector.

5. TRANSPORT CASE STUDY C UNITED TRANSPORT TANKCONTAINERS

In his description of conditions for drivers in the UK, Colin Humphrey of United Transport Tankcontainers also focused on the process of change and the new conditions now applying. Ten years ago chemical hauliers began taking over the fleets of vehicles previously operated by the chemical producers themselves. The drivers came along as part of the package and the switchover process was relatively smooth, as the fleets continued to work for the original producer under long-term contracts.

Such relationships are past history now, however. Hauliers work under contracts of affreightment, which may be only of 12 months duration, more and more. Because drivers are called on to carry a wider range of cargoes, they have to be multi-skilled and undergo a greater amount of training to meet customer requirements. The more fragmented nature of the delivery schedules means a less efficient use of resources. This, in turn, means that working unsociable hours, including weekends, is now the norm. The difficulty of enticing new recruits into the industry reinforces the vicious circle.

The UK is lagging behind the rest of Europe in implementing Brussels' Working Hours Directive. It still has objections to some of the provisions of the Directive on points of principle. For example, the UK maximum 48 working hours per week for drivers does not include waiting time, whereas it does elsewhere.

Colin Humphrey stated that the problem of ensuring an adequate supply of suitable drivers is now so great that it requires chemical hauliers and

producers to work together in order to solve it in the most expedient and effective way possible. Such cooperation is becoming increasingly critical, as the number of responsibilities being placed on drivers under health and safety legislation continue to grow.

Agreement on increased freight rate levels is obviously one measure that will help attract new people to the job by enabling higher salaries. But it is also incumbent on industry to incentivise the job - to improve the perception of being a driver, both within society in general and amongst the potential candidates for the job.

6. PANEL SESSION ON HUMAN RESOURCES MANAGEMENT

6.1 Further General Observations

The Mini-Conference on Human Resources Management was brought to a close by a wide-ranging panel discussion on the subject, moderated by Paul Evertse of ExxonMobil. The conference speakers were joined at the top table by further panel members Philip Browitt of Agility Logistics, Bernard Gouteron of Atofina and Sören Rasmussen of the International Road Transport Union (IRU).



Paul Evertse

Each of the additional panellists made several general observations before the discussion was opened up to the floor. Phil Browitt reiterated several of the measures required to keep good people on the payroll outlined by earlier speakers. He said that the main reason people decide to leave a firm is because they don't get on with their boss. Speaking as someone who has worked for both a chemical producer and a logistics service provider, Phil Browitt said that the chemical industry will always set the standards and pay the market price. Furthermore, shippers will choose their service providers on that basis. He suggested that ECTA should have a working group on human resources.



Philip Browitt



Returning to the driver shortage issue, Sören Rasmussen said that road transport in Europe will grow 38 per cent between now and 2010 and that 50 per cent more drivers will be required. There is already a recruitment problem and, in retrospect, the IRU and its



Sören Rasmussen

member associations have not been active enough in tackling this issue. One way of alleviating the shortage will be to recruit drivers from Eastern Europe and IRU has already begun to step up its dangerous goods driver training programme in the region. Furthermore, the number of owner/drivers will increase in future, so subcontractor compliance with the relevant requirements will become an issue of growing importance.

Speaking on behalf of the producers, Bernard Gouteron stated that the French chemical companies are becoming concerned about the lack of adequate drivers. The traditional image of a truck driver as one of "the good guys" has weakened over the last 15 years and chemical companies, in general terms, are guilty of not catering for drivers adequately. Also, the new, sophisticated tracking and tracing systems curtail some of the traditional liberties and freedoms of choice of the truck-driving fraternity.

Another factor is the attitude of the end customer. Often, customers will ask the driver to carry out the cargo discharge because of their own lack of qualified staff, even though such operations are not covered in the freight rate agreed by the shipper and the haulage firm. In many cases end customers making such requests of the driver are unable to provide the correct cargo-handling equipment, e.g. connectors and adaptors, and do not have adequate knowledge of the applicable dangerous goods controls governing cargo-handling operations.

6.2 Open Panel Discussion

The mini-conference concluded with an open discussion involving the panellists and comments and questions from the floor. In summarising his own views on the meeting's proceedings, Lawrence Watson said that chemical hauliers' future human resources programmes need to consider two elements - one internal and the second external. The internal approach can be summed up as "love your driver", by providing him with a sense of belonging; proper recognition; fair yet challenging goals to aspire to, including a career development path; and suitable rewards. The external element - the drive to secure a positive image for the industry in the mind of the public - represents more of a challenge. Winning over public perception is a long-term goal that needs unified action on the part of the entire industry.

Lawrence Watson suggested that the chemical haulage industry consider a Europe-wide public relations campaign targeted at drivers to reinforce their own perception of the key role they play. Such a



more efficient and more environment-friendly movement of chemicals.

At its previous meeting in January this year the Working Group made some final changes to these new transport equipment specifications for tanks engaged in the carriage of bulk liquids. The provisions cover the responsibilities of the various parties involved in the supply chain and the applicable rules and codes. The "Standardisation of Equipment - Tank" document includes basic specifications for the tanks themselves as well as others covering specific equipment such as manholes, couplings, pumps and compressors, hoses, heating systems, vapour return lines and handrails and walkways. Couplings is one area where some more work is required, due to the variety of national standards for couplings which still apply in Europe.

Following discussion of the tank document at the Antwerp meeting of the Working Group, progress on the follow-up document, "Standardisation of Equipment - Package and Dry Bulk", was reviewed. This work is still at a comparatively early stage of development and further meetings will be required to develop a full set of provisions. Nevertheless, the standards for equipment used to transport packaged and dry bulk goods should not be as detailed as those for tanks, so it is expected that the work will be completed relatively quickly.

7.2 Productivity Improvement

European chemical shippers and logistics service providers both face a number of problems relating to the movement of their goods, e.g. road pricing, congestion, overcapacity, driver shortages, driver hours restrictions, increasingly stringent customer requirements, lack of loading flexibility and the slow development of alternative transport modes to road. Overcoming these problems will require a coordinated programme, supported by both shippers and their LSPs, involving a wide range of initiatives. Also, the use of IT in business-to-business (B2B) dealings holds the promise of efficiency improvements as part of the effort to optimise the supply chain.

A joint ECTA/EPCA Productivity Improvement Steering Group has been established in order to speed the process of optimising the supply chain. This is being done by defining industry best

practices and determining, measuring, analysing and prioritising the key issues. The ECTA Working Group on Productivity Improvement, under the chairmanship of Martin Verbrugge of Verbrugge International BV, is working to assist committed companies with the implementation of those measures deemed to be most appropriate.

The Antwerp meeting of the ECTA Working Group included a brainstorming session on ways in which consultants can help facilitate and speed up the productivity improvement process. Participating in this session, Joris van den Hurk of IG&H Management Consultants stressed the importance in the optimisation process of common shipper/LSP IT systems and the need for shippers to adopt a more flexible approach to their relationships with LSPs than has traditionally been the case. Also, Bart De Muynck of Elemica showed how B2B connections are already bringing improved efficiencies to chemical logistics and outlined the capabilities of his own company's systems.

As Martin Verbrugge pointed out, the problems being confronted by this Working Group are major ones which have a pan-European dimension. Productivity improvements will not happen overnight and much work needs to be done. Cooperation, good communications and a commitment to greater transparency in business relationships are key to progress being made.

7.3 Safety Training

Ad de Heer, Hoyer Group Quality Manager and Chairman of the Safety Working Group, said that the group had made good progress since it was launched in November 2000 to develop an action plan for improving chemical logistics safety. Two documents have already been prepared, i.e. "Guidelines for Safety Awareness and Behaviour in the Supply Chain" and "Recommendations on Safety, Health and Environmental Management Practices for LSPs".

The current focus is on the standardisation and enhancement of driver training as a further way of improving safety, and a new Safety Training Working Group has been established to tackle the issue. This body met in Antwerp and work on the preparation of an inventory of training requirements and existing training courses was reviewed. Amongst other things,

campaign might usefully feature stories of driver heroics and straightforward explanations of the strategic importance of transport within the total supply chain. It should be integrated within an overall programme of continuous learning and a commitment to quality which seeks to enhance customer satisfaction at the same time as making the company an interesting and stimulating place to work.

Paul Evertse of ExxonMobil acknowledged that driver payment conditions changed after the chemical producers outsourced part of their logistics function and sold their transport fleets to third party hauliers. He also recognised the vested interest chemical producers have in the drivers and planners employed by their logistics service providers (LSPs), not least because these are the people who interface directly with their final customers and play a key role in developing strong relationships with these companies.

Comments from delegates indicated that existing collective bargaining practices in Europe are archaic and impose too many restrictions. In the haulage industry such practices curtail the ability of employers to reward their drivers and other staff on the basis of improved productivity and other performance-related measures.

Sören Rasmussen stated that his organisation, IRU, needs to do more to protect drivers and promote their cause. On numerous occasions drivers of vehicles transporting dangerous goods have been treated as little better than criminals by authorities carrying out roadside checks. On-the-spot fines of Euros 1,500 and above have been levied for the smallest mistake on the accompanying dangerous goods documentation. There is also room for improvement in the current ADR training regime. There is too much emphasis on the technicalities of ADR in the current training programme, said Sören Rasmussen, and not enough on how to be a good driver.

6.3 In summary

In closing the ECTA Mini-Conference on Human Resources, Luc Haesaerts thanked the speakers and delegates for their valuable input. The meeting had succeeded in raising much of value and much to think about for possible action going forward. There is no doubt that the European chemical

industry faces a shortage of competent drivers and that steps need to be taken now to ensure an adequate supply of qualified, enthusiastic and motivated personnel for the future.

Future meetings of this type will need to have a better representation of chemical producers, concluded Luc Haesaerts, because producers are the primary drivers of the industry. As chemical companies and their hauliers increasingly form partnerships and alliances, it is in the best interest of the producers to be served by able drivers, not least because these drivers provide a regular and direct point of contact with the final customer. A good credo for hauliers to take forward from this meeting is that they provide drivers who are "PROUD TO DELIVER YOUR CHEMICALS".

7. REPORTS OF ECTA WORKING GROUP MEETINGS

Meetings of four of the ECTA Working Groups were held during the course of the Antwerp event, i.e. those on the Standardisation of Equipment, Productivity Improvement, Safety Training and Subcontracting. The following paragraphs summarise the main developments arising out of these meetings.

7.1 Standardisation of Equipment

Under the chairmanship of Paul Wauters of Wauters Tanktransport NV, the Standardisation of Equipment Working Group has been working on developing industry standards for fittings and fixtures utilised on tank containers and road tankers engaged in the carriage of chemicals, i.e. the "Standardisation of Equipment - Tank" guidelines. This initiative has been launched on the premise that standardised equipment will improve vehicle utilisation; reduce the risk of product spillage; curtail the movement of empty transport units; and promote the goals of the chemical industry's Responsible Care programme. In this way, standardised equipment will lead to safer,



Paul Wauters

compilation of this inventory will enable common experiences and practices to be shared. It was agreed



Ad de Heer

that, following completion of this training matrix, the new group will develop basic "ECTA training programmes". Thereafter, strong support will be required of all responsible parties to ensure uniform implementation of the relevant training programmes across Europe.

7.4 Subcontracting

Like the Safety Working Group, the Subcontractors Working Group was established following an ECTA brainstorming session on road accidents in September 2000. Its specific function is to investigate the viability and structure of a control system which LSPs can use to gauge the competency of the subcontractors they take on. As Leen de Rijke, Chairman of the Working Group on Subcontracting, acknowledged at the Antwerp meeting, progress with this group to date has been slow due to the complexity and the sensitivity of the relationship between LSPs and the various types of subcontractor serving the market. Variance in the requirements of chemical shipper customers further complicates the issue.

As highlighted in Antwerp, the use of subcontractors in chemical haulage is increasing, particularly for spot cargoes. Jos Verlinden of CEFIC pointed out that subcontracting is covered, to a certain extent, in the revised Safety and Quality Assessment System for Road Transport (SQAS Road) which entered into effect in January 2002. The provisions do not make any distinction between hazardous and non-hazardous goods transport and do not stipulate full SQAS assessments for all subcontractors. It is up to the main transport contractor to decide on the need to assess subcontractors and it is up to the chemical company hiring logistics services to establish the standard to be met in this respect.

At the Antwerp meeting the Working Group discussed the merits and shortcomings of applying the new SQAS provisions as a basis for uniform subcontracting requirements covering fixed, semi-fixed and spot types of contract. It was agreed that SQAS Road forms a suitable basis for uniform requirements governing subcontractors engaged in bulk transport with tank and silo vehicles. It was also agreed that packaged goods shipments, because they are often carried by general freight hauliers who do not require dangerous goods training, are different to bulk shipments in tanks and do not require such a rigorous regime. Such shipments could be covered by a separate subcontractor assessment system, albeit one based on SQAS principles. A task force will be established to develop specific proposals for implementing a subcontractor assessment scheme.



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