

DHL Responds to Questions about Service, Outsourcing

Most Concerns are Overblown, Company Says, While Customers are Supportive

SCDigest Editorial Staff

A recent article in Supply Chain Digest, in part citing parcel industry consultant **Gerry Hempstead**, raised a number of questions about the restructuring plans for the US operations of DHL, a division of Germany Deutsche Post. ([See What is the Real Story Behind Revamped US Plans by DHL?](#)). Those plans include revamping its US network, outsourcing all air movements to UPS, and increasing the amount of local delivery performed by the US post office.

Hempstead gave SCDigest a number of specific issues he saw with the DHL plans. Many of them were related to uncertainty on how the plan would be executed, and the impact of those uncertainties on current DHL customers.

In response, DHL spokesman **Robert Mintz** has responded to the issues raised by Hempstead, and offered rebuttals or clarifications. We print the issues and DHL's response to each below.

Assertion : There is much for your readers to be concerned about and little time for many shippers to react.

DHL response: DHL's Sales personnel have been making personal calls to their customers since the announcement to advise them of the impending changes. Less than 4% of all shipments will be affected by the restructuring plans, and only after these plans are implemented. We will be working methodically to make these changes in a way that does not interrupt current operations.

DHL's plan represents the smartest possible combination of savings and presence in the U.S. market and will allow DHL to deliver the value customers, investors, and employees expect.

"While we have just begun to discuss the operational specifics with UPS, we will continue to be a flexible, responsive organization and will continue to invest in the areas that enable us to provide even higher levels of service with a customer-focused orientation."

Robert Mintz, DHL

Assertion: DHL will close down 30 of its local operations, and outsource additional local deliveries to the United States Postal Service.

DHL Response: Although the count is inaccurate, it is correct that in low volume areas that are not cost effective for us to serve, mostly in remote, sparsely-populated areas of the country, we will be partnering with USPS for final mile ground delivery service.

Assertion: With the closing of feeder flights, shipments will now have to be trucked to and from another airport. This will cause later deliveries and earlier pickup cutoffs.

DHL Response: Less than 4% of all shipments will be affected by the restructuring plans, and only after these plans are implemented.

It should be noted that the feeder flights are located in sparsely populated, very low volume areas of the country.

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DHL will continue to deliver to 100% of the ZIP Codes that we deliver to today. The USPS will provide final mile delivery to sparsely populated areas of the country (these shipments represent only about 2.4% of total current volume.)

Customers can view revised transit times online on the DHL website at www.dhl-usa.com or obtain information by calling DHL Customer Service at 1-800-CALL DHL.

Assertion: DHL customers will not be able to track shipments handled by the USPS

DHL Response: DHL will offer track and trace capabilities for shipments handled by the USPS. Customers will continue to call DHL Customer Service or visit the DHL website to track shipments with their DHL airway bill number. USPS shipment delivery confirmation data will be uploaded into DHL's tracking system.

Assertion: DHL has revealed few details about its agreement with UPS, including station closures and ZIP Codes handed off to the USPS.

DHL Response: We are finalizing our plans and still in the early stages of our working relationship with UPS. This will not be an overnight action. We will be working methodically to ensure these changes do not interrupt ongoing operations.

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vice at 1-800-CALL DHL.

Assertion: DHL could co-mingle freight with UPS within containers. In this scenario, DHL will have to wait at the destination until all the UPS shipments are sorted before it can receive its parcels to take over to its local terminal.

DHL Response: It is too early in the process to discuss specific operational procedures, but we are certainly planning for and expect a smooth transition to a new airlift provider.

We can say with certainty, however, that our plan would involve the use of UPS airlift from airport to airport, using containers dedicated to DHL shipments.

We will be working methodically to make these changes in a way that will not interrupt ongoing operations.

Assertion: The removal of dedicated "red dog" flights will no longer enable DHL to provide customized services for many large shippers.

DHL Response: While we have just begun to discuss the operational specifics with UPS, we will continue to be a flexible, responsive organization and will continue to invest in the areas that enable us to provide even higher levels of service with a customer-focused orientation.

Assertion: With the UPS aviation arrangement, DHL will disrupt the supply chains of companies

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that have co-located at the end of the DHL runway in Wilmington, Ohio.

DHL Response: We are still in the very early changes of working with UPS on a contract, but we are fully committed to working closely with customers and addressing their needs.

Although it's too early to communicate our specific operations plans, some options for co-location customers in Ohio could include feeder flights or line-haul truck transportation from Wilmington to the UPS hub in Louisville.

Assertion: It remains something of a mystery why DHL would make the announcements, especially regarding the UPS piece, before a final deal with its competitor had been finalized

DHL Response: It would not have been possi-

ble to implement the transition to UPS for airlift without first announcing our intentions. The UPS aviation proposal is just one part of our comprehensive network plan to restructure operations to reduce costs for the U.S. Express business, while maintaining a competitive choice for U.S. and global customers. DHL is moving forward with several parts of the plan that are unrelated to using UPS as a new airlift provider, including our partnership with the USPS for final mile ground delivery service to remote, sparsely-populated areas of the country.

Mintz also says DHL customers have largely been supportive of the changes. He cited, for example, a note from a transportation manager at retailer Lord & Taylor as saying, "What's good for DHL is good for L&T. DHL needed to do something quick, and we were all anticipating it. We are in and along for the ride."