

Interview: Laurent Jossart - Executive Vice-President, Luxair Cargo, Luxembourg



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Laurent Jossart of Luxair Cargo reveals his firm's resolute philosophy and determination to provide operational excellence and using Luxembourg's unique selling points to offer clients a continuously improving product.

You became Executive Vice President of the Cargo arm of the Luxair Group nearly 3 years ago now, in January 2014, with a mandate of reinforcing the competitiveness of Luxembourg for cargo handling. How much progress has been made in this regard?

One can measure progress in a variety of ways. By the end of this year, we will reach an average of 5-6% growth. As a result, 2016 will be the second best year in terms of Luxair's tonnage performance. This is particularly successful given Luxembourg's environment and the fact we employ 1,200 people; for a company like ours, we need to make profit and to re-invest. Attending fairs and conferences is one step but we also work closely with our clients to directly formulate ideas for new products. It is our firm belief that listening to our clients is the most important investment we can make. Another important aspect to our strategy is quality. In Luxembourg, you cannot produce low-cost services so we need to deliver a high-quality product. Our ambition is to be the world leader for quality and for this reason, we have invested in our processes and our people. Next year, we will invest in a new cargo management system called Hermes. Our strategy relies on three pillars. First, we need growth. Secondly, in terms of the product we are offering, we are committed to deliver the highest quality. Third, we are always seeking operational excellence;

the fine execution of our service. We are always assessing the way we do business and how we can improve. In addition to increased tonnage, we also have new clients such as AirBridgeCargo and we have seen an appetite among our existing clients for future business.

Your Cargo Centre is today one of the largest cargo centres in Europe (8th position).

What are the attributes that help to make Findel Airport a unique cargo handling facility in Europe? In short, what makes LuxairCargo world-class in your domain?

Geographically, being positioned in the centre of Europe is very beneficial logistically. Luxembourg can serve as a good entry and exit point for Europe. Secondly, the infrastructure developed here in Luxembourg is of very high-quality with all the facilities in place to run a cargo business. For example, the highways in Luxembourg are particularly well maintained and our trucks can access our facilities both inbound and outbound very easily. Thirdly, our air cargo facilities are state of the art. For instance, there is no taxiing or runways that stretch the journey of the aircraft for kilometres. A plane that arrives can be in our Cargo Centre within five minutes of landing. There is very little airline congestion and the Cargo Centre is located just a few metres from the warehouse. When you are looking to reduce the transit time, infrastructure like this is very helpful.

We are very fortunate to have had the time to develop our business alongside Cargolux for 25 years. Although initially a small player in the market, Cargolux has enabled us to enjoy these state of the art facilities (LuxairGroup currently owns 33% of Cargolux). Given LuxairGroup has its own airline, we understand the importance of good handling. Having a strong airline and good cargo management is great but you need to also focus on all the connecting aspects and products. For example, we have played close attention in recent years to the trucks that service the cargo and the personnel who prepare the pallets. Given there are many interested parties connected to this business and it is also not the most profitable, we have consistently re-invested in both people and infrastructures. This helps us to distance ourselves from our competitors who in the same period of time have limited their investment. In many other European countries, you can see the facilities are at the standards of those at Findel Airport.

What areas should Luxair Cargo be assessing for future improvement?

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We are dependent on our clients and we know that the cargo industry is struggling at the moment. Legacy companies such as British Airways have withdrawn from their full cargo activities. There are not so many key players in the industry so you might say it is somewhat controlled. This essentially means we are dependent on our client's growth and development ambitions to achieve our own

goals. We also have strong competition from passenger airlines who utilise the belly of their planes to transport goods. LuxairCargo only handles cargo aircraft. Widebody aircraft of passenger airlines are not flying at Luxembourg Airport, so it is very difficult for us to take market share from this section.

There is also considerable competition from firms like Amazon who are showing a willingness to integrate their logistics. Similarly, established competitors like FEDEX and DHL are diversifying their business to the general cargo, away from small package deliveries. They have taken business away from more traditional cargo orientated firms. Companies like these have a lot of resources at their disposal and are very well structured, which has led to profitability issues for many full cargo firms. As a result, we must continue to review our processes and invest in both our infrastructure and people. We cannot afford to be average; we must be excellent because costs are increasing year on year. This is a good ethos and pressure for our management. The regulatory environment is always becoming more stringent. For instance, the United States has been subject to terrorist attacks and therefore has increasingly thorough checks in regards to incoming cargo. Generally speaking, whether you are transporting animals, dangerous chemicals or food you tend to have more and more regulations to overcome. This requires us to have more in-depth knowledge of various industries to maintain our operational excellence.

Luxair Cargo works in a variety of fields including high-tech goods, perishables, livestock, consumer products and of course, pharmaceuticals. In Spring 2013, you opened a dedicated Pharma & Healthcare Center. Just how important are Pharmaceuticals to LuxairCargo?

The pharmaceutical industry is very important to us not necessarily in terms of tonnage (30,000 tons or 4% of our business operations per year) but in the fact that it provides us with our own niche market. We are considered as a world specialist in healthcare cargo and a benchmark for other companies to follow. Opening our Pharmaceutical Healthcare Centre and GDP certifying all local players helped us to demonstrate the high standards Luxembourg has. This also allowed us to attract pharmaceutical firms which gave us additional knowledge in regards to product flow.

In recent years, customers have started to demand a higher quality service. For instance, no one within the industry thought about using thermal covers before customers began to demand them. Controlling temperature was something that was rare to encounter amongst a client's expectations. However, far from being special requests, they are now common requirements within our cargo services. In addition to customer demands, there are more and more audits from airline companies and pharmaceutical firms that focus on aspects like temperature. Often in this industry

companies have GDP or CEIV certifications but when you actually visit their facilities the reality appears very different to that of the certification. We can easily distance ourselves from our competitors in this respect because we have state of the art facilities. For example, the distance between the truck's docks (that delivers pharmaceutical goods) in the warehouse and the parking of the aircraft is only 108 meters. It is very easy with this short distance to guarantee the maintenance of temperature within a specific threshold. When you go to a large airport, this is not so easy to achieve and in many cases the warehouse could be kilometers and a 45-minute drive away from the aircraft. Many visitors often reveal that this is the key difference between our operations and that of our competitors. You will never see a pallet stationary at Findel Airport! Goods will always be either carefully stored or undergoing a short journey to the aircraft.

When we interviewed Renate de Walle from AFKLM Cargo, she was saying how AFKLM was the first and currently the only airline to have IATA's CEIV (Centre of Excellence for Independent Validators Pharma) certification. First of all, is Luxair Cargo eyeing this certification? If not, how are you ensuring highest level of excellence and care when handling pharmaceuticals?

The Minister of Economy (Etienne Schneider, initiated a common GDP certification process in January 2013) wanted to put Luxembourg on the air cargo pharmaceutical map and therefore created an initiative that certified all the key players within the industry (Airlines, freight forwarders, Cargo handling and trucking companies). This means that the entire chain of cargo services is certified not merely a small part of the process. This is a unique selling point for Luxembourg. Also, at that point in time, the CEIV certificate did not exist. Secondly, we operate entirely in correspondence to our pharma shippers' wishes. Therefore, clients do check our GDP certification and generally are very satisfied with our business and how we conduct ourselves. We have taken all the necessary measures to obtain and retain the certification (mostly operational procedures and specific trainings) and with our clients currently appearing content with what we offer we see little reason to change. CEIV is a good certification but if our clients have not requested this endorsement then we do see no reason to obtain additional and redundant certifications at this stage. In the future we may consider this certification.

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What are your ambitions for the future?

We have a plan called Cargo 2020. This plan focuses on the three main areas we previously mentioned: growth, quality and operational excellence. We measure our quality in terms of the

time it takes to handle freight, the time it takes to turn round the aircraft, the handling irregularities. Operational excellence is focused essentially on productivity. We have planned for 5% growth per year and we want to continue along this path. In accordance with these core pillars, we have many running projects. For example, we are launching a new initiative in January next year to change our cargo management system; a system we have used for 20 years. That is obviously a big internal project that will drive quality and efficiency enhancements.

On a personal note, you were a very successful CFO, receiving the “Luxembourg’s CFO of the year” award back in 2013. What are the secrets of success to move from a CFO to a Vice President/CEO position?

I actually used to be a CEO for a large airport in Belgium, so I already had considerable experience managing a business. For me, clarifying the objective and setting up a strategy are vital initial steps. Once achieved, you review the organization and place the best employees in the right positions. Recently, we have combined those with ground work experience alongside those with clear management capabilities. For example, those with an engineering and logistics background have been a particularly useful tool for management when making logistical and infrastructures’ decisions.

I believe the cargo industry is suffering due to some complacency from previous years. For instance, passenger air travel has witnessed a revolution with e-tickets and various other developments. Integrators and express courier companies are in a continuous improvement and innovative mindset and are constantly investing in new processes and infrastructures. However, the cargo industry has not witnessed such radical change during the same period of time. The cargo industry is yet to make its evolution; but as a key player in the cargo handling industry, we can say we have invested a lot in young people with a variety of new skills and expertise. Future success will arise from the communication of these new skills between logistics, cargo handling and other departments within the industry. Last week, we employed a new logistics expert; putting new talent in the right place has always been at the forefront of my ideals.

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