Simon Yam, MD, Geodis Greater China

â??Geodis sees strong growth and potential in the Greater China area.â?•

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Simon Yam, managing director of Geodis Greater China, shares the importance of the Greater China region to Geodis globally, the regionâ??s strong performance and growth, the strategic importance of the healthcare and life sciences sector to their business, and the value-added, niche services and solutions they are committed to offering the industry as a global partner of choice.

Simon, in May 2018, Geodis had a global reorganization into four geographic regions: Western Europe, Middle East and Africa; Northern and Continental Europe; Asia-Pacific; and the Americas. What was the impact of this on Geodis in Greater China?

The global Geodis organization used to be run according to our five lines of business (LOBs): Road Freight, Express and Distribution, Freight Forwarding, Contract Logistics and Supply Chain Optimization. With this reorganization into geographic regions, all these LOBs now fall under the same regional management. This will allow Geodis to offer different logistics services and solutions across different LOBs as a package to clients. In this way, we would be able to offer more integrated, effective â??totalâ?? solutions to our clients.

The change on the Asia-Pacific region has been relatively minimal as Geodis in the region had previously already been managed using a geographic structure. In line with the industry and our clientsâ?? expectations, Greater China falls under the Asia-Pacific regional structure. Many of our clients approach us at the Asia-Pacific level and this makes sense because they are themselves structured on an Asia-Pacific regional level.

I have been Managing Director of Geodis Greater China for 12 years and during that time was, as I am now, managing all the Geodis business activities in my area. Greater China is divided into three sub-regions: Hong Kong and South China, which I manage directly; the rest of China, managed out of our Shanghai office, and Taiwan, managed out of the Taiwan office. Both of the two sub-regions report to me as Managing Director (Greater China). Currently, Geodis has 23 offices in the Greater China region.

How has the Greater China business been performing for Geodis in the past few years?
Greater China has performed very well with strong growth consistently. At the moment, the Shanghai Region is growing marginally faster than the Hong Kong/South China, especially on the import side, but the difference is really marginal. Geodis sees strong growth and potential in the Greater China area.
In addition, with the launch of the Greater Bay Area initiative covering Guangdong province in South China, Hong Kong and Macau, we anticipate even more opportunities for Geodis here.

Chinaâ??s economic development is still in large part driven by the government and public sector so it is important to take note of their policies. At the same time, the Greater Bay Area is generally more affluent than the rest of the country, with many leading cities like Hong Kong as Chinaâ??s international hub, Shenzhen as a young and vibrant city as well as more touristic hotspots like Zhuhai and Zhongshan, all of which are connected by a very developed transport infrastructure with high-speed trains and a few international airports.

Furthermore, the seaports of Hong Kong, Shenzhen and Guangzhou rank amongst the busiest in the world so in terms of logistics, this region is clearly highly dominant. On top of that, you have a strong manufacturing base in this region with investment from foreign, domestic and oversea Chinese businessmen plus Hong Kong being one of the top financial center in the world.

Hong Kong along with this Greater Bay Area itself is very strategically located in the center of Asia so we are very well-placed to capitalize on all the growth opportunities in this part of the world.

What is the strategic importance of the healthcare and life sciences industry to your operations?
This sector is very important to us to our overall business at the moment, across healthcare, pharmaceuticals, cosmetics and beauty, and medical devices and instruments.

Hong Kong acts as a gateway into and out of China as a receiving and distribution hub, and also as a distribution hub for the entire Asia region. We have an extensive hospital and clinic distribution network across the Greater China region and even from Hong Kong into the entire Asia-Pacific region.

As you know, the industry is very stringent so we ensure that we remain compliant. In Hong Kong, we have many of the key licenses required to serve our clients within this space, from the WHO Good Distribution Practices (GDP) license, wholesale dealer license, Antibiotics Permit, Food Factory license (which allows the packing and labelling of vitamin and supplement products), and Transhipment Cargo Exemption Scheme, and so on. In addition, we are looking to acquire the Good Manufacturing Practices (GMP-PIC/S) license in the near future, which will allow us to handle prescription drugs secondary packaging and thereby give us the ability to provide more value-added services to our clients in this space.

Within mainland China, the pharmaceutical logistics licensing requirements are highly complex and rigorous so we have built strong partnerships with reliable local partners to deliver the best solutions to our clients. We have a strong focus there in nutritional and health supplements, beauty and cosmetics, as well as medical instruments and equipment. In particular, Chinese medical devices have been exported into developing countries in Latin America, Africa and the Middle East for many years now and have built up a good brand. Increasingly, they are being used even in more developed countries like Hong Kong, the US and Europe, so we see a lot of business activities and potential in this space.

Given the stringent regulations of the healthcare and life sciences industry, what services and solutions can Geodis offer your clients within this space?
At Geodis, we understand that the healthcare industry is evolving continuously, with highly diversified and increasingly complex products, technologies and therapies being introduced at almost breakneck speed. At the same time, regulations are changing as well. We therefore aim to position ourselves as a key strategic resource that truly understands the evolution of the sector. With a proven healthcare track record, we are able to meet industry-specific challenges through cost-efficient and reliable solutions â?? globally.

For instance, our Global Control Tower approach provides operational, tactical and strategic control throughout the supply chain, with our eSolutions offering full transparency. This offers a single point of contact and a simple pricing structure to give our clients full control every step of the way in their logistics process. Our logistics warehouse here is fully equipped to handle the medical devices and cold chain storage, as well as an experienced hospital and laboratory delivery team.

The industry is also very global, so we are able to offer our strategic global Freight Forwarding network, while staying ahead of the complexities of healthcare delivery in accordance to key regulator standards like the US FDA, EU EMA and China FDA (CFDA).

We are committed to offering total logistics solutions with top quality services to our clients in this sector.

Within the vast, complex and highly competitive logistics and distribution market in China, how well-positioned is Geodis, as an international company, against local players?
It is more a matter of collaboration, not competition. As an international company with a strong brand and reputation, Geodis is able to leverage on an extensive global network with direct operations in nearly 70 countries covering around 120 countries in total. That means we have access to a large clientele base globally. Many of our clients are multinationals that prefer to deal with the same company in Asia-Pacific and China that they are dealing with in France, Sweden and Canada and so on. They therefore trust Geodis as a global brand with the familiar faces and service solutions they rely on globally.

At the same time, we work closely with local players and contractors in order to deliver the best services we can to our clients. We always establish KPIs, set up Control Towers, and various other initiatives to monitor the service delivery levels to ensure that they remain consistent across countries, whether they are delivered directly or indirectly.

At Geodis, we firmly believe in partnership â?? with our clients, our partners and our suppliers.

On a more personal note, you have spent over a decade with Geodis and your entire career in logistics. What keeps you motivated?
Geodis as an organization is backed by SCNF, Franceâ??s national state-owned railway company. This means we benefit from very strong, long-term shareholder support providing a very stable foundation for our future growth and development. Our industry has undergone a spate of M&A activity in recent years and many companies have disappeared in that process. Many of our competitors also work on a three-month reporting structure, which necessitates a shorter term view. Geodis thus benefits immensely from the stable and long-term platform that SCNF provides.

I find the logistics industry fascinating. At the end of the day, our job is to facilitate the supply chain of our clients. We need to deliver solutions to our clients within an incredibly complex, ever-changing landscape. This means staying very involved in the transport sector, logistics sector, e-solutions and

IT sectors, and our clientsâ?? sectors as well. We need to interact with many stakeholders from suppliers, business partners, contractors, to clients. Everything impacts on the business so we have to stay on top of our business and continuously strive to provide the best services and stay ahead of the competition!

On the other hand, you also manage around 1,000 employees. How do you keep your staff motivated?

I am committed to developing a â??peopleâ?? culture in Geodis here. I think respect and fairness are critical to staff motivation. We need to offer our employees growth opportunities, training, development â?? in addition to attractive financial remuneration. In particular, the mainland Chinese team is younger in general because the Chinese market only opened up four decades ago! Learning how to treat them fairly and offer development opportunities are important.

At Geodis, we emphasize a lot on internal training. I have found that there are not many relevant training courses relating to transport and logistics so we have invested internally at Geodis to develop in-house courses. In fact, I am preparing some materials just today in order to deliver a new course to our staff later.

To begin wrapping up, what are your strategic priorities for the next few years?

Geodis has performed reasonably in Greater China with strong performance in the freight forwarding space in particular. We hope to further develop our Contract Logistics business specifically. I would like to see Geodis grow our market share in this huge and exciting market.

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