



# WHEN THE CUSTOMER'S WISHES HAVE TO BE FULFILLED

“Storing goods” was yesterday. “Moving goods” is what happens today at Hermes Fulfilment. Within just a few years, the warehouse logistics company has used this concept to become a successful full-service supplier for the distance selling market

*Goods and transport containers  
roll into the Haldensleben  
logistics centre on conveyer belts  
operated using sensors*

**M**anaging 260 million goods movements each year, processing 60 million orders and keeping an eye on a range of almost one million products requires experience and skill. It also requires flexibility and pragmatism in relation to the customers' needs. And when necessary, chaos must be allowed to reign so as to create order. Success soon follows – as Hermes Fulfilment discovered. Founded in March 2006 as Hermes Warehousing Solutions, the company has evolved from being the warehouse logistics company of the Otto Group into a full-service supplier for the distance selling sector. In conjunction with its Hermes sister companies, Hermes Fulfilment offers a comprehensive range of services, ranging from goods procurement, the development and operation of online shops, financial services, call centres, warehousing and distribution to returns management. Here are a few snapshots of the everyday work of more than 5,000 employees at four locations:

## 5.30 am

Start of the early shift at Hermes Fulfilment in Haldensleben. This small town in the Saxony-Anhalt region of Germany houses one of Europe's largest dispatch centres, covering an area the size of 26 football pitches. The Otto Group has invested € 470 million in this site since 1994. Here 3,000 employees – 85% of which are women – ensure that the products of Otto Group companies



and external customers are stored and shipped according to the latest technological standards. They also ensure that the goods leave the warehouse as quickly as possible: the period from receipt of an order to its being loaded onto a lorry should not be more than three hours.

## 7.00 am

Up to 40,000 boxes from all over the world are delivered to Haldensleben each day. Each box is given a barcode and is scanned for the first – though not the last – time: all processes are pre-determined, supported and monitored by computer programs until the goods are shipped on. Only consumer goods which are not too heavy, such as textiles, jewellery, electrical goods or mobile phones, are stored at Haldensleben.

What doesn't fit is made to fit: goods from boxes which do not



comply with the necessary standard dimensions are repacked. During the inspection of incoming goods (photo), staff examine samples of the deliveries to check they match the customer's indications. Is the indication of quantity on the box correct? Are the T-shirts colourfast? Does the drill really work?

If everything is in order, the goods are released for order and then transported on conveyor belts to high-bay facilities.



## 8.00 am

The two high-bay warehouses, each 100 m long and 80 m wide, form the heart of the logistics centre. A truly impressive view: 1.2 million boxes are stored on 30 m-high steel shelving units; if they were laid out end-to-end, they would stretch for 600 km. Despite all the apparent order, warehousing is "chaotic"; camcorders are placed alongside blouses, and clocks alongside table cloths.

A computer program keeps track of where the boxes are situated, but they are put wherever there is room. This ensures optimum capacity utilisation – the warehouses are 97% full. People rarely have to enter the high-bay warehouse these

days. The work is carried out by 21 storage and retrieval machines, each one weighing 21 tonnes and costing € 500,000. At a speed of up to 5 m/second, they travel through the gangways, lift boxes onto the shelves or take them out.

## 9.00 am

Conveyor belts are also used in the Hermes Fulfilment logistics centres in Löhne (eastern Westphalia) and Ohrdruf (Thuringia). The 600 employees in Löhne specialise in warehousing, commissioning (i.e. grouping partial loads from the overall range) and returns management of furniture, white goods such as fridges and washing machines and brown goods such as televisions and hi-fi equipment.

In Ohrdruf, 300 employees deal with large-volume goods of up to 31.5 kg in weight, such as furniture, carpets, electrical equipment and building supplies. In September 2011 a new HUB was opened. In future it will be possible to trans-ship up to 15 million consignments a year. Customers are based in Germany and Austria, Switzerland, France, the UK, the Netherlands and Russia.



## 10.00 am



What happens if a woman from Munich places an order with OTTO? She has found an elegant dress and cool pumps online or in a catalogue that are just right for the summer party at the weekend. There's not much time left so she chooses the 24-hour delivery service.

## 1.00 pm



OTTO in Hamburg has forwarded the order to Haldensleben. Now all that has to be done is to find the right dress and the right shoes from among many hundreds of thousands of boxes. Computers quickly help to determine exactly where they are on the shelves. Because they are products which are sold frequently, they are already to be found in opened boxes in the picking warehouse.

## 2.00 pm



The picking warehouse is also chaotic. What is to be found on which shelf is known by the computer program. With its help, gangway lists are produced which show employees how best to get to the right shelf and box. The dress and shoes are then labelled with the customer's details and are placed in one of four plastic containers situated on a trolley. The computer again determines which container an article should be put in, depending on the region to which the delivery will later be made. The conveyer belt moves the container to the next station.

The container buffer zone functions as a sort of parking area. Here the individual containers are sorted according to the time at which the lorry will leave the logistics centre with the consignment and the direction in which the goods will be dispatched. Only when all the containers intended for a given direction have been assembled will they move on together. The articles, which have so far been sorted roughly according to the direction in which they are to be dispatched, are scanned again and sorted into individual customer consignments.

The dress and shoes are sent via a chute to the workstations in the packaging department. Computers

determine which of the various sizes of parcel or bag should be used. Using the invoice, the employee checks whether the consignment is complete and places any leaflets, vouchers or gifts from the retailer the customer ordered from in the package.

## 3.00 pm

On their way to the shipping area, the packages are automatically tied up. Each consignment can be assigned to the correct direction of dispatch using the barcode on the address label. The package is then transported on conveyer belts to one of the 96 dispatch gates and loaded onto a lorry. The goods cover a distance of around 18 miles within the Haldensleben dispatch centre from arrival to departure, and up to 300,000 consignments leave the dispatch centre every day.



## 5.00 pm

A Hermes lorry makes its way to Munich. On the next day, the dress and shoes are delivered to the customer's front door – as agreed in line with the 24-hour delivery service. But what happens if the dress is

the wrong size or the shoes are too tight? No problem there either because they can be returned free of charge.

## 8.00 pm

It's the late shift at the Hamburg logistics centre. This is where Hermes Fulfilment operates the largest and most modern returns system in Europe. The 1,300 employees are able to process between 50 and 60 million returned items each year – figures which in the early days of returns management would have been considered a fantasy.

Until the mid-1960s, returns were managed in a construction shed, and were processed exclusively by hand up to the 1970s. In the following 30 years, new conveyer technology, the use of data-scanning equipment and computer programs and the technical and organisational revamping of test procedures were the trailblazers of the company's success.

The returns process comprises four stages: receipt, preparation, assessment and re-storage of goods. "We want the goods to be as new when they leave returns management and are put back on sale," says Dieter Urbanke, Chairman of the Board of Hermes Fulfilment.



The main goods to be returned are textiles. If they are undamaged or unsoiled, they pass through the returns process in only an hour. All goods deemed "as new" are repackaged and automatically collected together in returns containers. They are then transported to Haldensleben for storage. Depending on the season, up to 250,000 items are returned each day. In Haldensleben, Hermes operates the largest automated returns warehouse in the world.

## 10.00 pm



Routine operations in Haldensleben, everything is running smoothly. But what if something happened? What if there was suddenly a power cut or the computer program started malfunctioning? Nothing too dramatic would happen because two computer systems run in parallel to and independently of each other in the high-bay warehouse. Each order is backed up. The entire plant is managed by two systems housed in two separate fire-proof rooms. And there is of course an emergency power generator. Haldensleben is well equipped for an eventuality that hopefully will not happen.

## 1.00 am

End of shift at Haldensleben. The working week runs from Monday to Saturday, and also on Sunday in peak periods. It has so far not been necessary for the facility to run round-the-clock.

But Hermes Fulfilment's business is growing and expanding. "In the coming years we want to win even more customers from outside the Otto Group," says Dieter Urbanke. The Managing Director of Hermes Fulfilment is looking into the distance – in the direction of the United States. Hermes Fulfilment is already active there on behalf of the well-known Austrian lingerie manufacturer Wolford with the help of local logistics partners.

"The United States is not only a very important sales market but also a supplier market with many large powerful brands, for example in the fashion sector," says Urbanke. "We want to make companies like Abercrombie & Fitch notice us with the help of our local heroes.

If the American brands become established in Europe, it is hoped that they will choose Hermes Fulfilment as their partner. The company is pursuing a similar strategy in China, Russia and Brazil. A new day has begun. In Haldensleben and for Hermes Fulfilment.



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**Hermes Fulfilment**

Hermes Fulfilment comprises four company-owned logistics centres in which virtually all goods except foodstuffs are trans-shipped. The company offers all services relating to the flow of goods – from goods storage and movement to returns management. Special focus is placed on all services close to the market, ranging from online shop development/operation and call centres right up to debtor and financial management.

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*1.2 million boxes are stored in the two high-bay warehouses. Despite their being arranged neatly, storage is somewhat chaotic*