

Missed Transfer Chance. Early outsourcing of truck transport in East Germany in the 1950s had no followers in the West

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Truck Technology

developed in 1900 till 1950:
stronger motors, more load,
up to 20 tons, more speed.
Classical linear success story,
driven by two world wars.

Since 1950 we observe a shift of
transport from railway to trucks for
high valued goods in East and West.

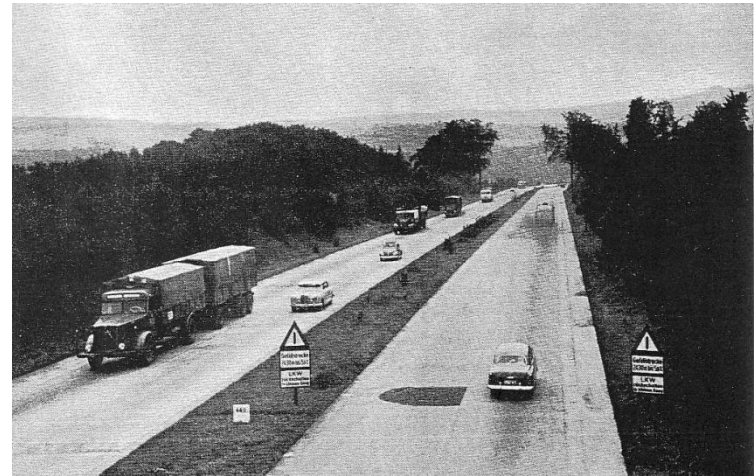
The operation of trucks for transport of goods depends on **infrastructure**



Infrastructure for Truck Technology

The operation of trucks for transport of goods depends on **infrastructure**:

Roads, good roads!, or even a network of motorways.



Infrastructure for truck transport 2

truck yards to stay overnight and for maintenance



Maintenance



Recreation rooms
for the drivers

Infrastructure for truck transport 3

Shops for repair



Spare part supply: production of spare parts and a country wide network of spare part warehouses to feed the repair shops



Infrastructure for Truck Transport

- Roads
- Truck yards
- Maintenance facilities
- Recreation rooms
- Repair shops
- System of spare parts supply
(production and warehouses)

Infrastructure for Truck Transport

➤ Roads

Visible infrastructure

➤ Truck yards

➤ Maintenance facilities

➤ Recreation rooms

➤ Repair shops

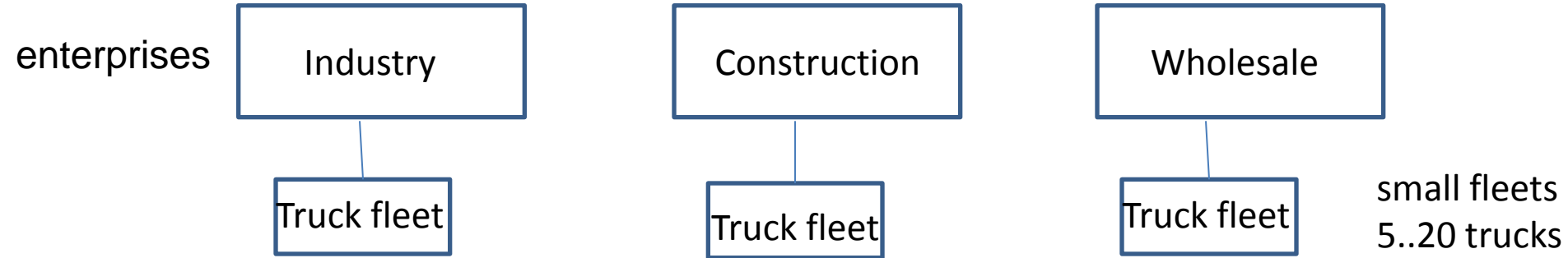
➤ System of spare parts supply
(production and warehouses)

Invisible infrastructure

A red bracket is positioned to the right of the five items listed under 'Invisible infrastructure', grouping them together. The bracket starts at the level of 'Truck yards' and ends at the level of 'System of spare parts supply (production and warehouses)'. It is a simple red line with curved ends at the top and bottom.

Two modes of Truck Transport

1. Truck fleets of enterprises: Transport of „own account“



2. Forwarder companies

Forewarder companies bundle single shipments and concentrate them on one truck. Efficient use of truck capacity.



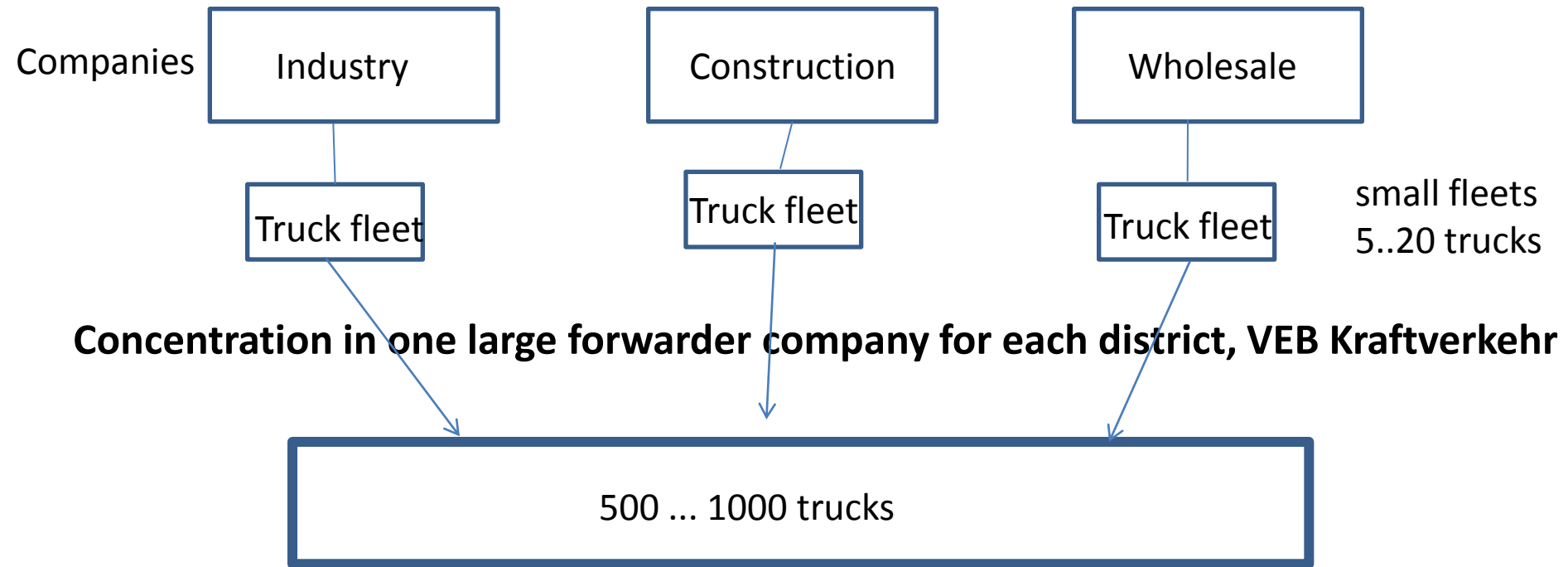
Forewarder companies bundle single shipments and concentrate them on one truck. Efficient use of truck capacity.



But bundeling and unbundeling cost time.
Direct delivery of a truck of a company fleet was faster.

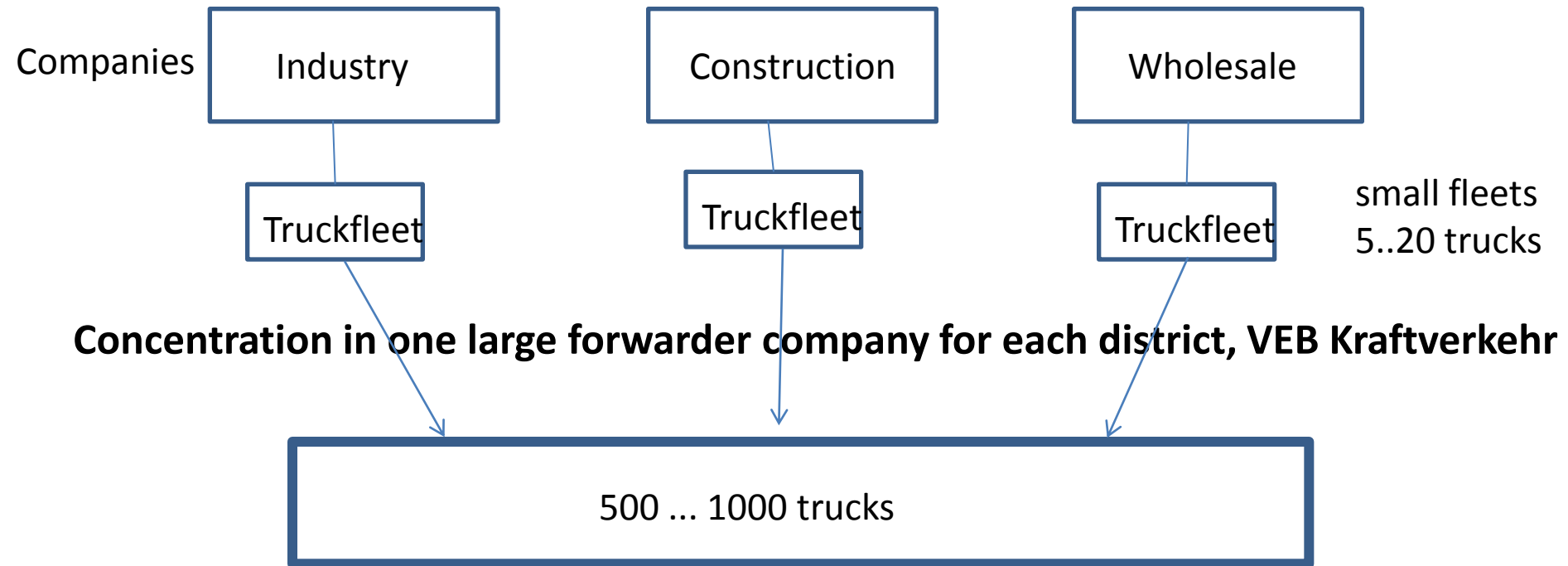
**Communist transport ministry: Forwarder companies as model for all fleets.
The ministry started outsourcing in the 1950s.**

„Outsourcing“ of truck fleets in industry, construction and commerce in the 1950s, starting in Moscow, then in Eastern Germany (GDR)



The communist transport ministry accused the company fleets not to use their capacity fully and to drive not enough kilometer under load and too much kilometer with empty trucks.

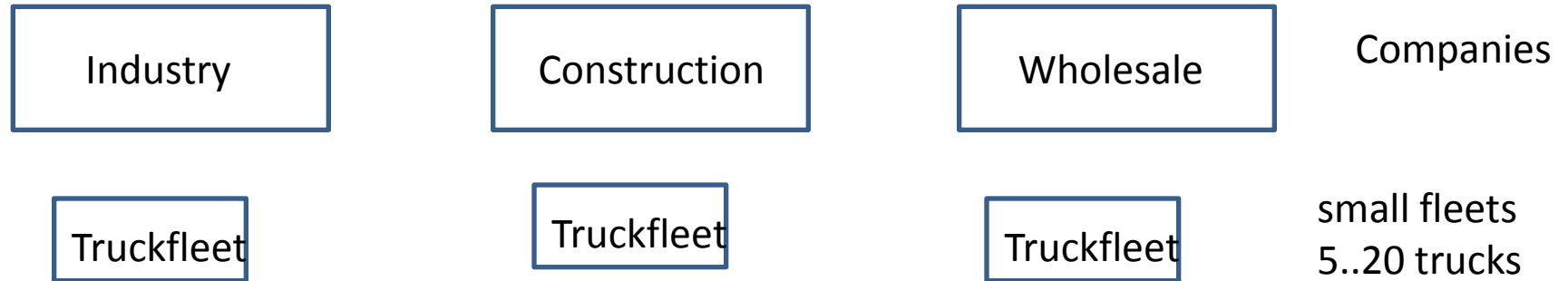
„Outsourcing“ of truck fleets in industry, construction and commerce in the 1950s, starting in Moscow, then in Eastern Germany (GDR)



Dream of economic gains in large scale companies:

- * High productivity.
- * Less kilometer driven with empty trucks.
- * central facilities for repair and maintenance.
- * use of technical progress.
- * simplified administration.

„Outsourcing“ of truck fleets in industry, construction and commerce in the 1950s, starting in Moscow, then in Eastern Germany (GDR)



In GDR massive pressure of the transport administration on companies to quit their fleets. 30 years before Western Mangement started in the 1980s outsourcing (Toyota Production System).

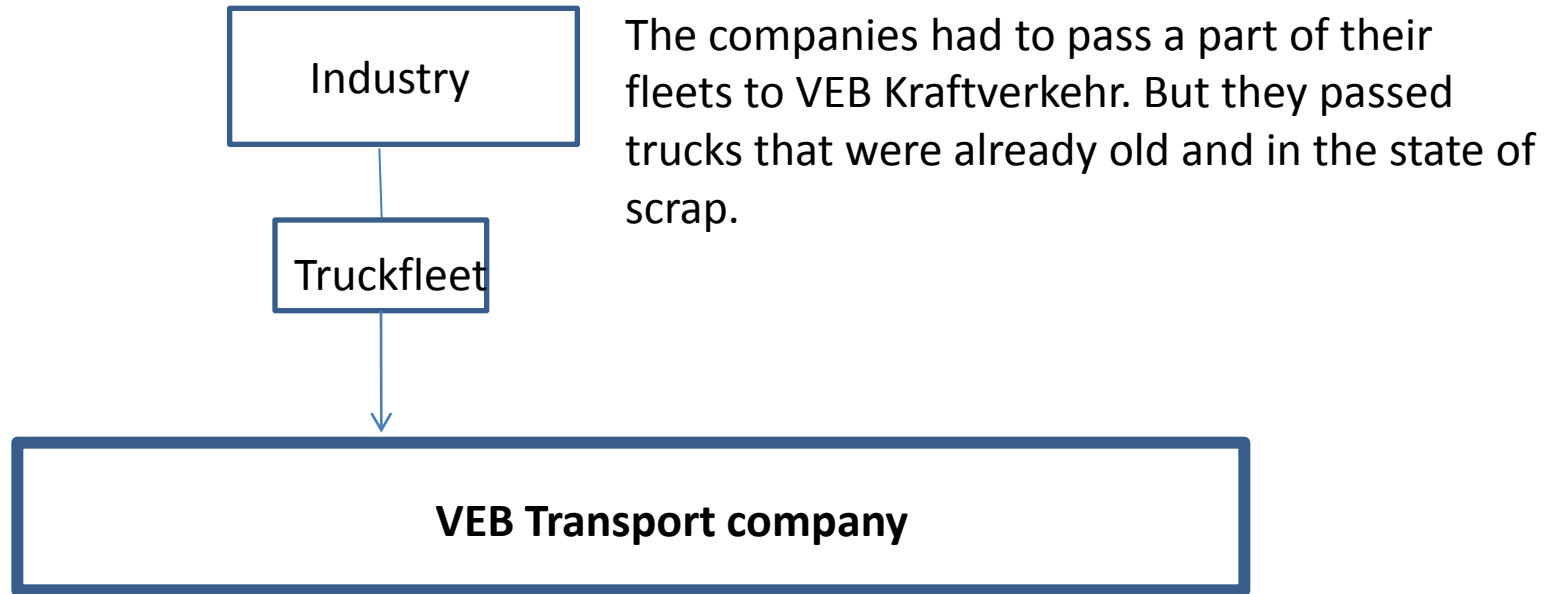
But the companies struggled to keep their fleets. They showed the close ties between production and transport. Without their fleets there would be a great delay in the operations.

Danger in Commerce sector: Empty shelves

In the commerce sector was the danger of empty shelves if delivery of food was not on time. Industrial unrest in Poland because of shortage in food supply. The wholesale sector succeeded to keep its truck fleets.



Resistance of the companies



Conflict between communist ideology of the transport ministry and operational needs of the companies.

Many production companies were large and powerful and they could defend the attacks.

On construction sites the cancel of own fleets resulted in great delays in 1960



in 1961 agreements between the transport ministry and the construction ministry: The constructions companies could keep own fleets for excavation and the transport of pre-cast segments. The VEB transport should carry sand and gravels.

Pre-cast segments played an important role in construction in the Eastern Bloc.

Industrialization of construction and central transport should show the superiority of communism over capitalism.

Similar agreement between the transport ministry and the commerce ministry that the wholesale companies could keep their fleets.

The VEB concentrated on transports that were not time critical, as potatoes into the cities, grain to the mills, flour from mills to bakeries.

Why was the policy of VEB transport not successful?

- * low investment in new trucks.
 - * high diversity of truck models the VEB extracted from the companies gave rise to problems with spare parts.
 - * unsufficient capacity of repair and maintance.
 - * Shortage of spare parts.
 - * Scarcity of labor impeded a second labor shift.
- The aim of intensive capacity utilization like in a typical large scale company was never achieved.



Cleaning of trucks was very labor intensive.
But the promized automatic cleaning facilities – fitting to a large scale truck company – were never built.

Shortage of the „invisible infrastructure“.

Shortage of the „invisible infrastructure“



Maintenance yard
VEB Kraftverkehr
Lauchhammer 1955



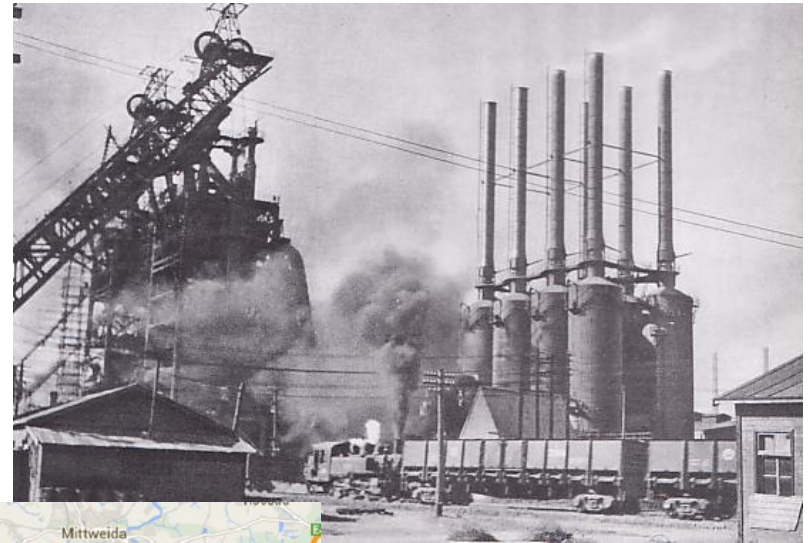
Truck yard
VEB Kraftverkehr
Spremberg 1955

Why was the large scale VEB truck not successful?

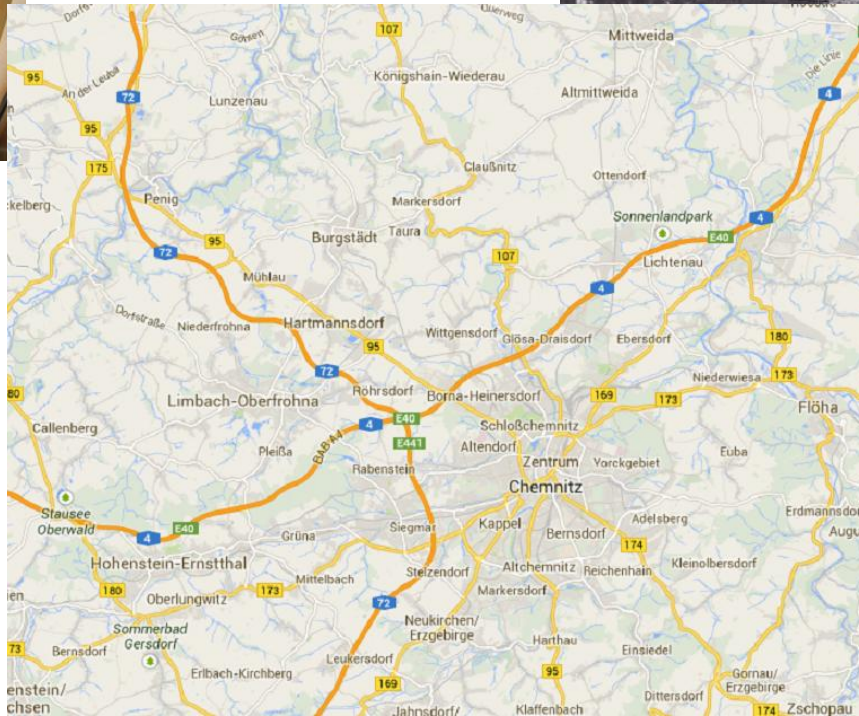


Electric
Power

Famous law: Economies
of scale.



Steelworks



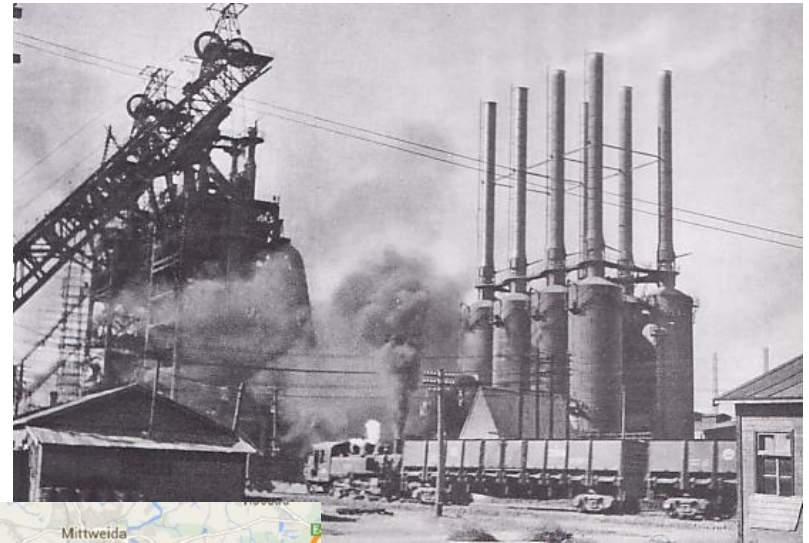
Transport is not central but
decentral, linking different
locations.

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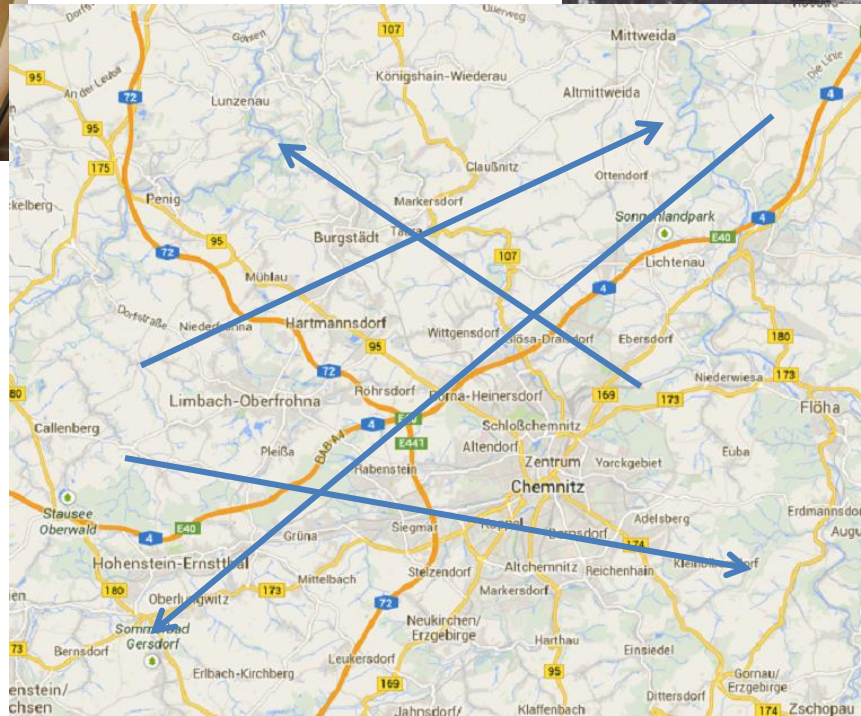


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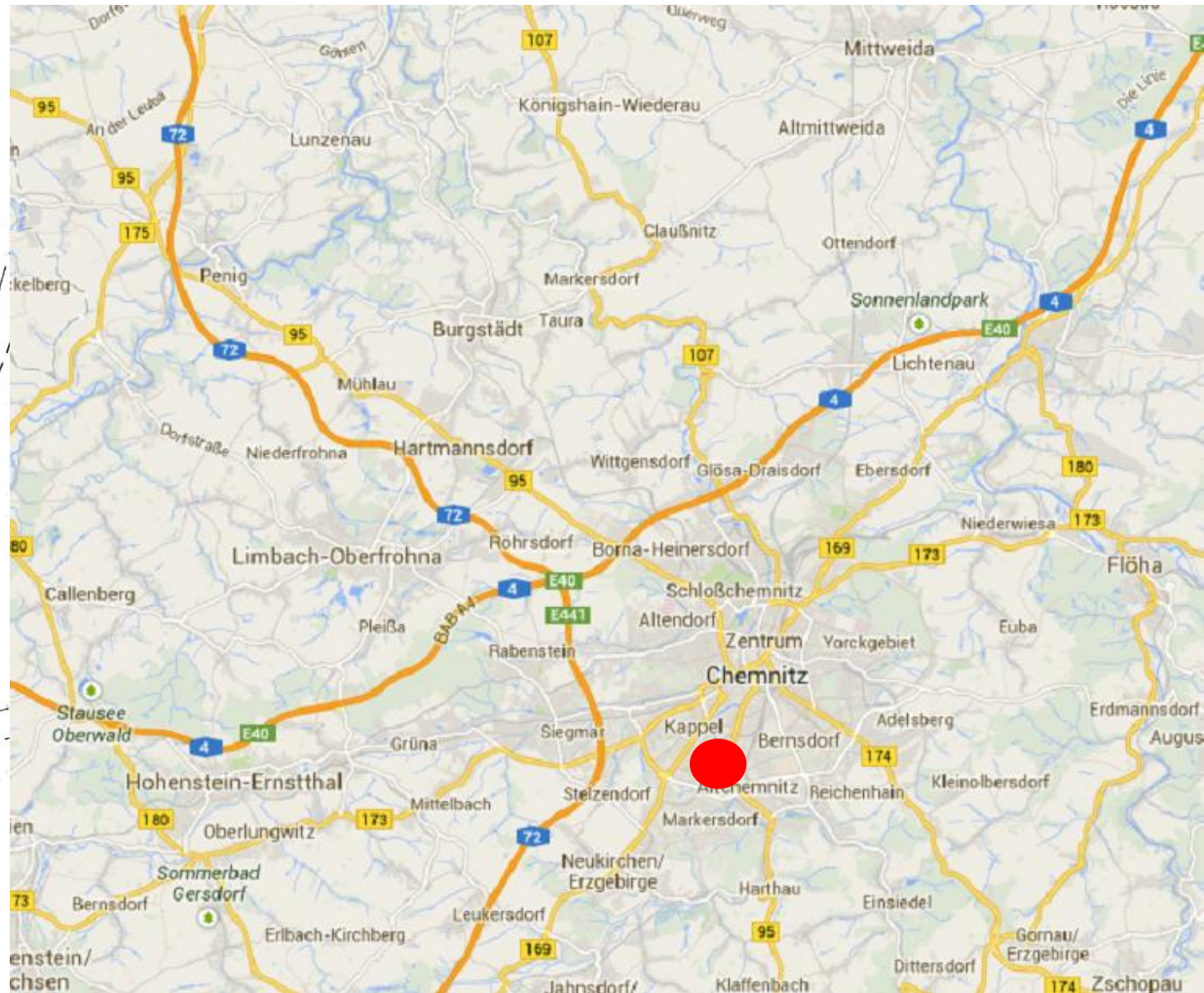
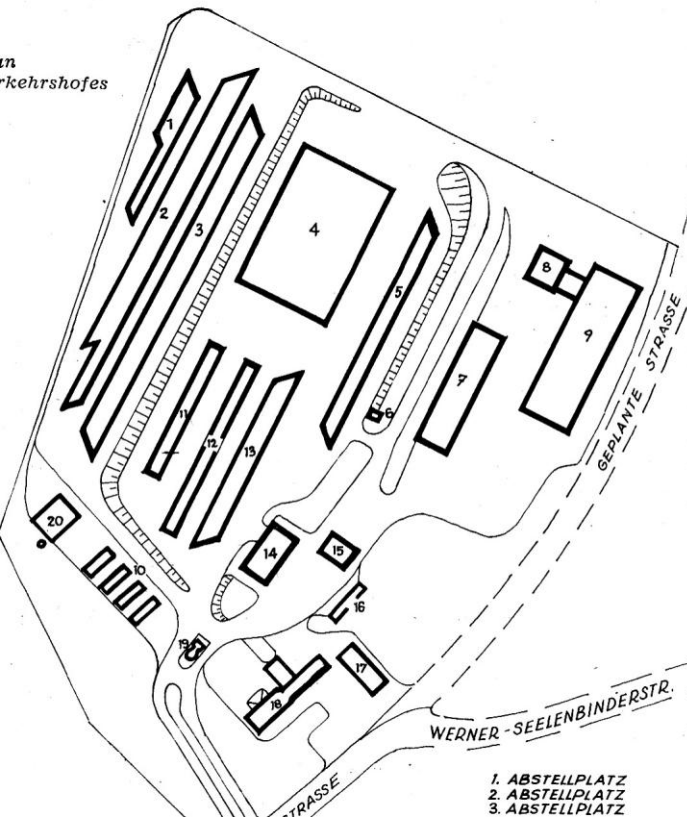
Steelworks



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Central garage yards of the VEB showed the limits of centralization.

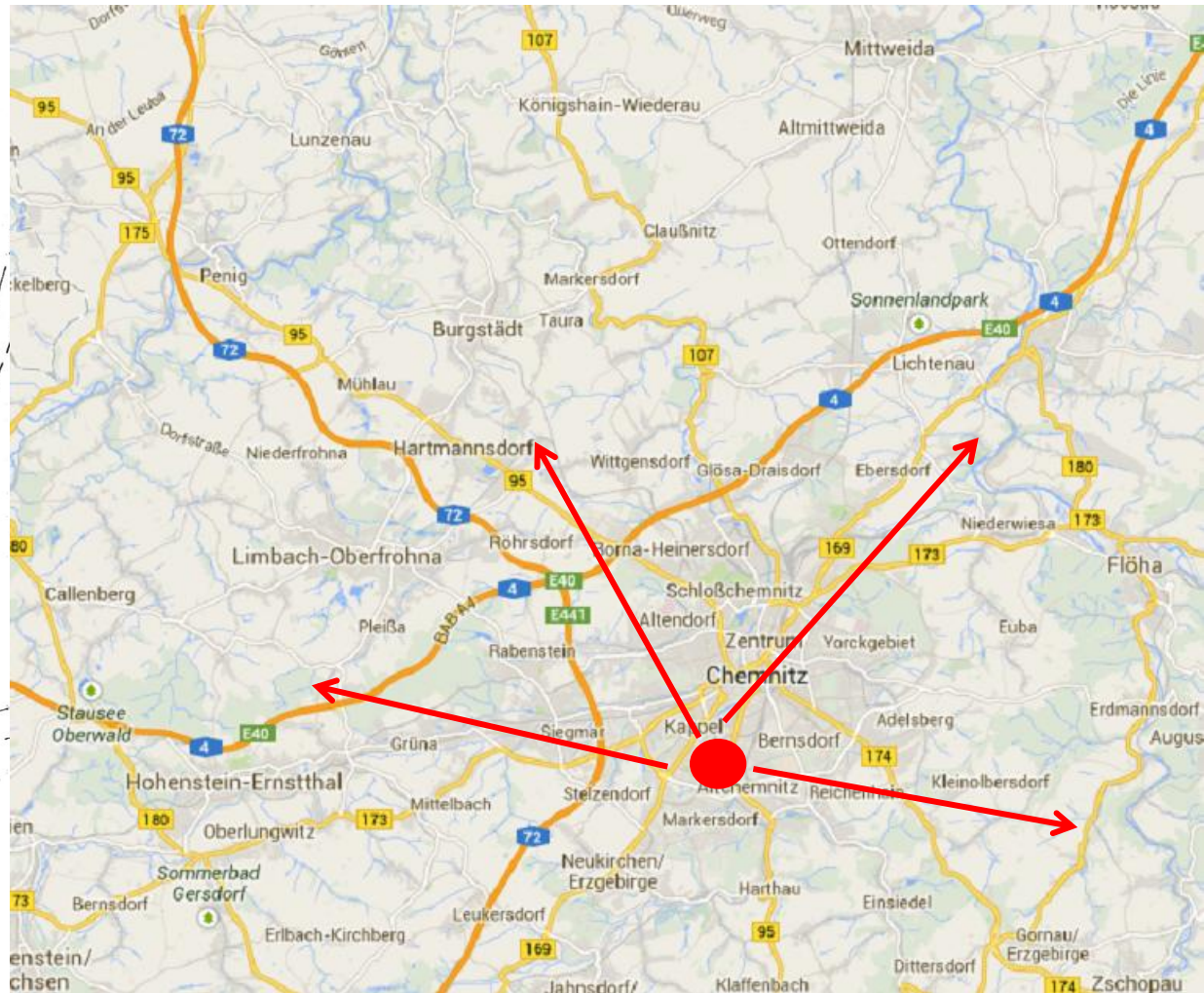
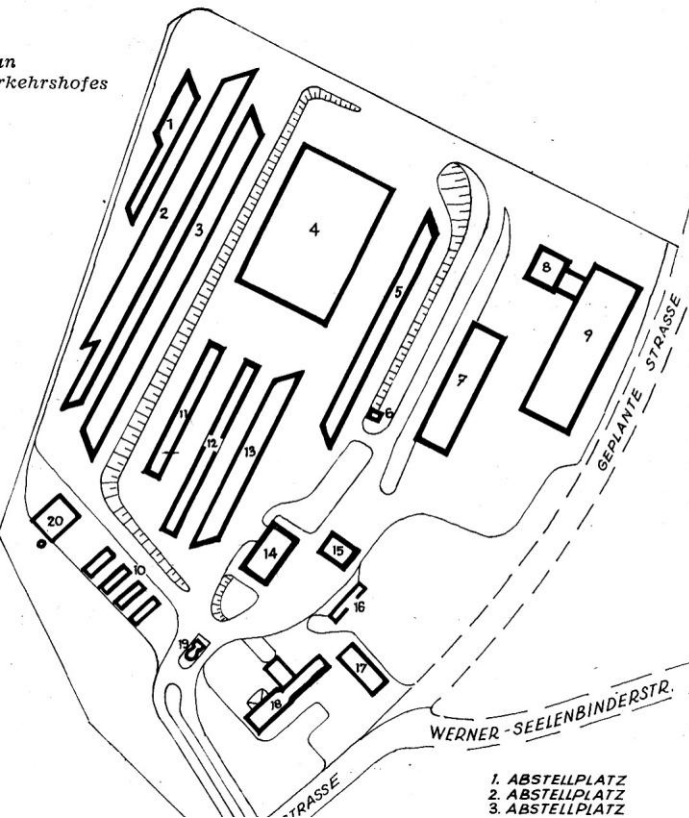
Central truck yard in Karl-Marx-Stadt
1959



In the morning the trucks had to start empty from the yard to drive to the company where they got their first transport order.

Central garage yards of the VEB showed the limits of centralization.

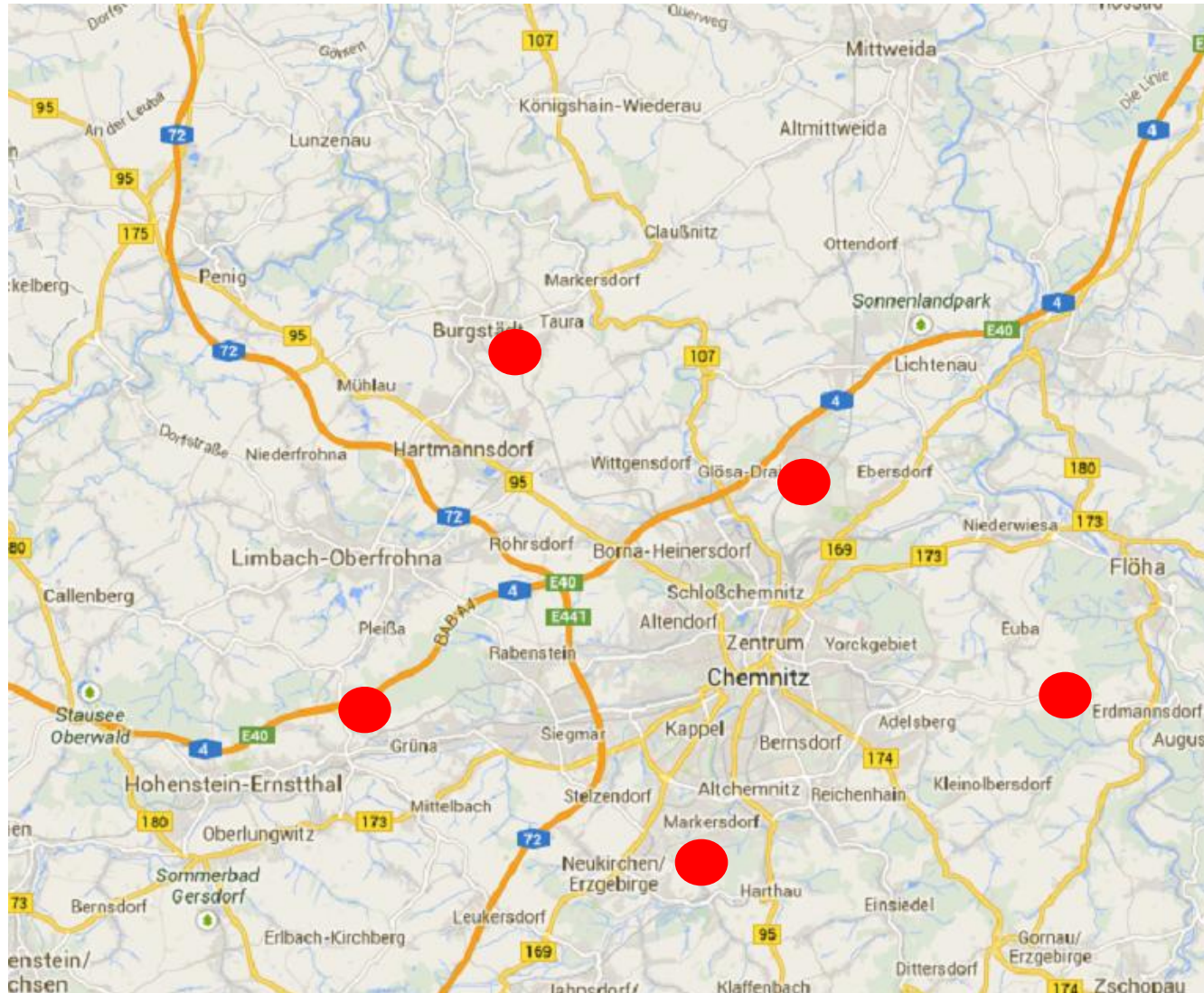
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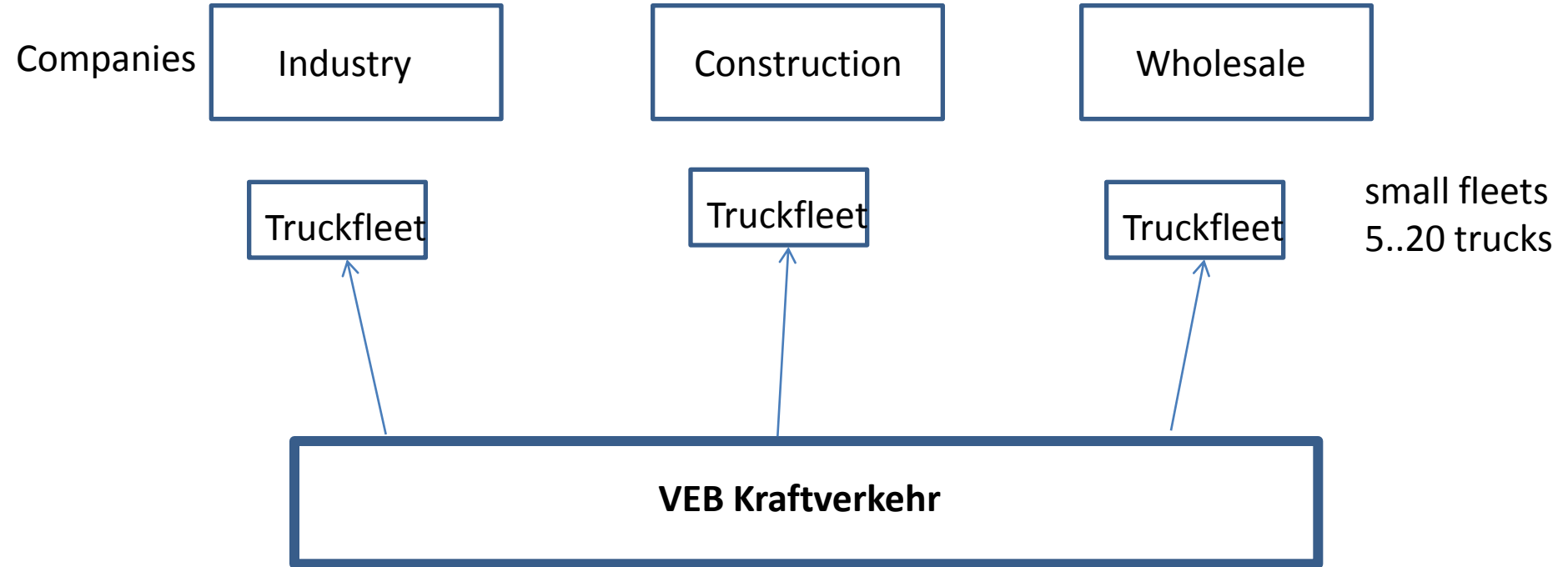
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The second step in the 1960s:

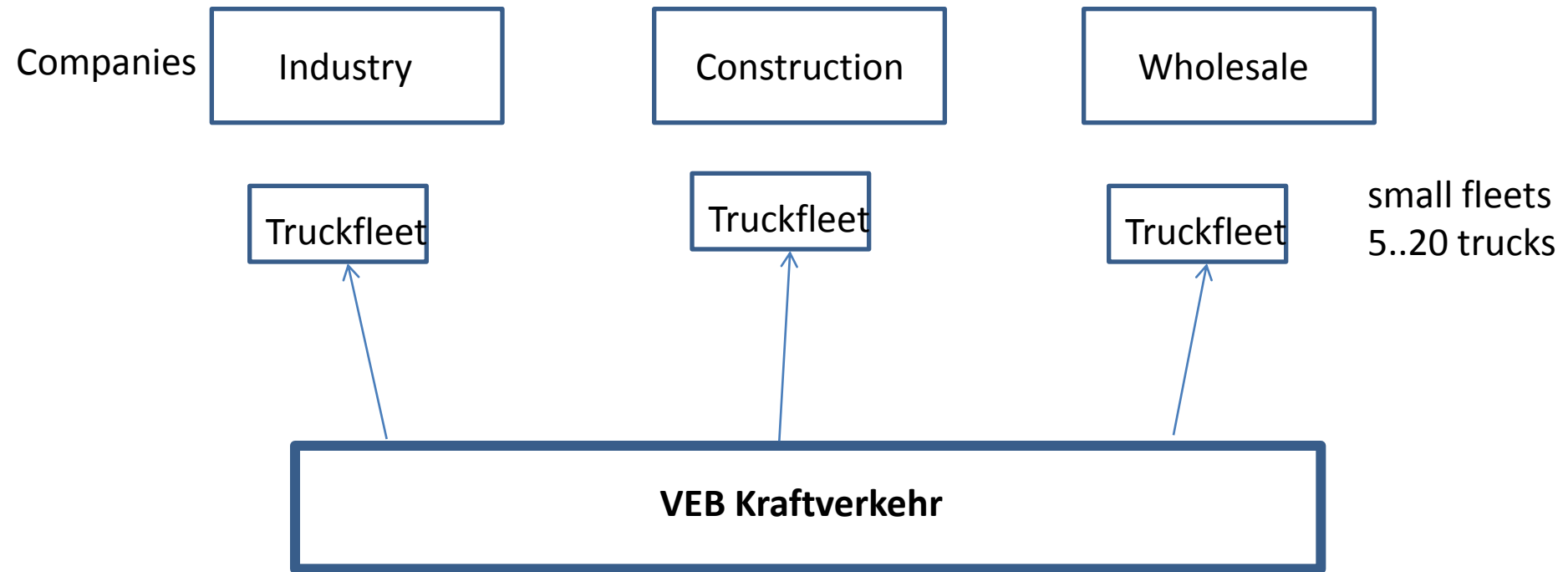
Decentralization with branch yards close to the major production companies to avoid trips with empty trucks. The rebirth of the company fleets.



The small decentralized fleets went back to the companies



The small decentralized fleets went back to the companies



The communists believed in large companies – but large truck companies failed. In the Western world the truck business remained small scale. 95% of the companies in the USA have not more than 5 trucks. Similar data in Europe.

Thank you for your attention!

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