

## A Period of Extraordinary Change

Interview with **Gabriel Ivan**,  
Country General Manager - CHEP Romania



**Q: What is your view for the logistics industry and what expectations do you have for 2019? Which are the main challenges you perceive now in your industry?**

**Gabriel Ivan:** The national supply chain is slowly but steadily evolving from tactical to strategic, from equipment owning to pooling, enabling hundreds of production companies in the FMCG to design go-to-market strategies and gain competitive positions. Important players migrated to the CHEP circular logistics with the purpose to cut unnecessary costs while improving their financial and non-financial indicators.

We expect to see more players open to our solutions in 2019, more transport collaboration projects, an increase of deposit automation, more interest towards last mile solutions and a move from dispersed, isolated logistics to central deposits. The supply chain development nevertheless remains conditional on a large scale mentality change. With two thirds of the logistics still done traditionally in Romania, we estimate that the supply chain sector will close the gap to mature European markets in up to five years.

Speaking of challenges, the supply chain is in a period of extraordinary change. This has been encouraged by a number of global factors, including a volatile political and economic environment, urbanization on the rise across Europe as well as in Romania, a change in consumer behavior towards convenience, online shopping, home delivery and smaller more frequent shopping – the growth in automation and a considerable shift toward digitalization. As an industry, we are generally unprepared for the fast pace of these changes. But understanding and embracing these trends will be critical for the future

development of the logistics industry. One of the most significant challenges is the shift from a traditional competitive growth strategy to a collaborative approach.

**Q: Since your company provides the “fuel” that propels many industries, I guess you are one of the best barometers for the state of economy. How do you see the Romanian economic perspectives in this regard?**

**Gabriel Ivan:** Romania saw a constant growth of the FMCG sector within the last years. We believe there is room for growth in the area of consumption increase in terms of volumes, not necessarily in terms of value. Businesswise, we are firstly interested in a volume increase. Our retail partners are optimistic about the upward trend of the national basic food products consumption, as these are less sensitive in a potential recession scenario.

**Q: What are the advantages of your company's business models for retail and consumer goods industries?**

**Gabriel Ivan:** In short, we help our partners move from a linear economic model that produces financial and natural resources losses to an economic circular pattern, profitable and sustainable.

In Romania, companies have this alternative to renting reusable pallets since 2012. CHEP's end-to-end supply chain solutions deliver operational, financial and environmental efficiencies not otherwise available through one-way, single use pallets and containers.

Importantly, equipment pooling improves our partners' commercial relations. We take the responsibility of dealing with retailers on behalf of

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# INSIGHTS FROM BUSINESS LEADERS

our clients, offer a flawless delivery and a full on-shelf availability which benefits both the retailer and the production company.

We have customers with international distribution, for which the scale and density of our network coupled with the large transactional volumes offer cross-border operational efficiencies and multiply the environmental benefits associated with equipment re-use.

Furthermore, we capitalize on our circular foundation to enable circular ecosystems that can exponentially increase positive impacts. Our unique position in the supply chain fosters customer collaboration and address sustainable development challenges, such as optimizing transport networks and promoting sustainable use of the world's forests. In this way, we create a circular economy, on a global scale. Thanks to our 'share and reuse' model, annually, 1.6 million trees are saved and 1.4 million tonnes of waste are removed from the economy.

**Q: What would be the factors that will contribute to further development of your business in Romania?**

**Gabriel Ivan:** The market is increasingly open to the circular economy, and CHEP is a facilitator in this respect. We expect to see more interest in pallet pooling after the Government Emergency Ordinance no. 74/2018 (that amends and completes Law no. 249/2015 regarding packaging and packaging waste management) becomes effective. Companies using pooled pallets have important benefits in this area, such as tax exemption, due to the fact that they eliminate a great proportion of their environmental impact.

The automation of production lines and that of retail deposits will encourage more companies to move from owning white wood one-way pallets to renting high standard transportation equipment.

**Q: You are part of a large international organization, doing business around the world. How does "Slowbalization", the new economic reality, translate for your industry?**

**Gabriel Ivan:** At CHEP, we see it as a slow move from the linear to the circular economy. The world is starting to rethink its use of the natural resources. Looking beyond the current take-make-waste extractive industrial model, a circular economy redefines growth, focusing on positive society-wide benefits. It involves gradually decoupling economic

activity from the consumption of finite resources by keeping products and materials in use, and aiming to take waste and pollution out of the system.

**Q: What is the impact of the technological transformation on your company, on your industry and in addressing your clients' needs?**

**Gabriel Ivan:** Ever since CHEP invented the first circular logistics system, back in 1950, in Australia, the company has been a forerunner in its sector.

Our customers and partners are aware of the challenges that open up in the fourth industrial revolution.

Companies sharing their competencies, data and technology with their strategic partners will rapidly take advantage of the opportunities in the fourth industrial revolution.

We see Romania is in a favorable position to adopt the change, but the leap towards digitization depends on the flexibility and capacity for rapid understanding that the public and private sectors manifest in relation to these profound transformations. The future of companies that will remain in the same paradigm of the traditional economic model is uncertain.

Talking about how we integrate digitalization and how clients benefit—last year we pioneered the use of the most advanced technology in Spain and Germany, proving that it is worth pursuing in the area of in-store design and retail sales.

For instance, our innovative range of in-store-solutions is being tested by using the Virtual Reality. Production companies and retailers increase sales using promotional displays with embedded Internet of Things (IoT) technology. These are just recent examples – our innovation strategy is tailored to each business division challenges and to the changes of the economic environment in all markets we operate in.

**Q: What's your "Be careful at..." advice for the managers of large local companies and entrepreneurs in 2019?**

**Gabriel Ivan:** Be aware of your environmental footprint. Take waste out of your life. Ask for an audit of your supply chain, if you're in the FMCG or Retail. Ask for at least an environmental audit from a consultant. Find those strategic partners with a sustainable vision and collaborate to take waste out of your operations.

Why is being sustainable so dramatically important today? A circular business model or at least a

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sustainability awareness open new opportunities for economic growth. But this is more than a business survival strategy. To put it simply, consuming natural resources, such as woods and trees, faster than they can be replenished will eventually give the human race no chance to survive. We must collaboratively act to keep the carbon footprint of the supply chain sector at the lowest level possible.

**Q: Going personal now, how do you prepare for permanent self-improvement as a leader? How do you get out of your comfort zone? How do you find the right work-life balance?**

**Gabriel Ivan:** I am trying to align my priorities with my goals and values and to make good use of my time. My typical day at the office starts at 7.30 a.m. I dedicate about one and half hours on a daily basis to expand my soft skills or close a particular information gap. During my early career I've learned that "impossible" is just a phase towards success and this is a lesson that still helps me get out of my comfort zone in all areas of life. Going personally, I am very lucky that my wife and

my son share my passion for yachting. Benjamin Franklin said that professional success comes only after personal achievement—in my case, it holds true.

**Q: What would be the 5 things you would like to tell people who want to start a business in Romania?**

**Gabriel Ivan:** Start thinking sustainably and integrate sustainability in your business — there are 5 business models that are driving the circular economy.

Look for strategic partners that share your values and vision and be open to collaborate.

Train yourself and hire professionals with the proper skills for the 4th industrial revolution, such as complex problem thinking, critical thinking, creativity and emotional intelligence to name a few.

Empower your team by using a jazz orchestra approach, in which they perform without a formal Director.

Go for innovative solutions over the traditional way of doing things.

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