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## Ethical design of logistics innovation

- Format** 120-minute workshop with the management of Urban Logistics and two external experts
- Location** Headquarters Urban Logistics, Basel
- Output**
- Mapping of the values that guide the development of Urban Logistics
  - Description of the goals Urban Logistics pursues as an integral specialist service provider and as a facilitator for the “last mile” as a logistics innovation based on the identified values
  - Definition of the central priorities for the values-based further development of Urban Logistics
- Follow-up**
- Mapping of the results obtained
  - Development of a value-based approach for sustainable city logistics
  - Workshop under the leadership of Urban Logistics to determine a strategy for further development

“The workshop gave us the opportunity to clarify the basis of the values on which we operate. This value basis underlies our identity and our unique selling propositions. The workshop showed us what we need in order to realise our vision of value-driven urban logistics.”

Jérôme Thiriet, member of the Urban Logistics Management Board.

The so-called “last mile”, in which goods are transported in a final step in the supply chain from warehouses to customers, is becoming increasingly important in urban logistics. In April 2018, for example, the Neue Zürcher Zeitung headlined: “The Cities are ready to take off” (“In den Städten geht die Post ab”). The trend goes hand in hand with the increasing prevalence of online shopping and the subsequent ever shorter delivery times that merchants guarantee their customers.

This trend is both an opportunity and a challenge for the delivery companies, including the bicycle couriers that have established themselves primarily in the urban environment: with the skills and experience they have acquired over the years and a functioning supply chain geared to speed, they are optimally configured to implement the urban logistics of the last mile. Even more so as the future belongs to environmentally friendly urban mobility based on small vehicles.

At the same time, economic perspectives and the possibility of integrating technological systems (platforms of online shops and dispatching systems of logistics companies) introduce **new players** onto the scene who are often primarily committed to platform integration. Although logistics is an important part of the business model for these players as well, the added value is created first and foremost in the technical connection of shops and the sale of software. These technology-based start-ups view established bicycle courier companies as direct competitors on the one hand, and on the other as possible sources of larger order volumes, albeit usually with very low margin promises. Many tech start-ups have different core values to the established bike courier companies, especially in terms of community spirit and employee loyalty. **As a result, the established companies are exposed to high pressures regarding innovation and are faced with the choice of cooperating or competing with the new challengers/competitors.**

Jérôme Thiriet (Kurierzentrale Ltd., Basel) and Katharina Brandenberger (Cooperative Veloblitz, Zurich) have both been members of the management of a bicycle courier company for many years. In response to the aforementioned mix of opportunities and challenges, they founded Urban Logistics GmbH in 2016. The resulting network of bicycle courier companies should enable them to proactively develop their position on the last mile without having to expose the strong identity of the industry and the value orientations that have grown over time – especially with regard to employees – to the pressure to innovate.

## Value orientation in city logistics

Against this background, established courier service providers are faced with the question of how they can enter the market, which is opening up in the field of **same-day delivery**, without deviating from important principles that are part of the branch's identity features and unique selling propositions. These have to do with a **strong anchoring of values**. That is why Urban Logistics, together with ethix - lab for innovation ethics, has started a process for the further development of the company in which innovative approaches, economic perspectives and ethical principles are in productive harmony.

The first step in this process was an **interactive workshop** using the **ethix values canvas** to identify the values that guide the bicycle courier industry and specifically Urban Logistics. It became clear that above all, the empowerment and long-term involvement of employees is a central value of Urban Logistics. Only with good employee involvement and high motivation will it be possible to maintain excellent quality in courier deliveries. At the same time, Urban Logistics focuses on obvious values such as being **customer oriented**, having an **innovative spirit** and exercising **transparency**.

Subsequently, the values collected were concretely defined by the participants and specified regarding the developments in city logistics. This immediately led the discussion to the question of determining the goals that should be associated with the further development of Urban Logistics. It was undisputed that Urban Logistics, coming from a strong and credible position, has the ability to lead and guide this further development and the associated innovations. The prerequisite for this is that the company acts as a network of central players in the industry, is actively supported by them and can offer the players relevant services at the same time.

**“The workshop made clear that Urban Logistics has both experience and foresight. We want to help shape the city logistics of the future. Innovative solutions, truth/honesty regarding costs and street credibility are important to us and can become the basis for business success”.**

Katharina Brandenberger, member of the Urban Logistics Management Board.

## Key values

As actual key values, which can also be used by the company as a value proposition, the concept of **sustainability** on the one hand and the principle of **responsibility** on the other were discussed. Both relate to an economic, an ecological and a social dimension.

With regard to the social dimension, the **employees' position** is of particular importance in the industry. In this environment, Urban Logistics focuses on value orientation, which sees the company's responsibility for its employees – within a long-term perspective – as an important component of a sustainable future business model for city logistics. It is therefore an important goal of Urban Logistics to continue to offer employees secure long-term prospects in the changed market environment. The entry into same-day delivery is therefore intended to open up long-term business opportunities.

A loss of trust and credibility, which would result from insufficient attention being paid to the values relating to employees, was identified as the most important ethical risk facing the company in the context of innovation.

Central social responsibility and sustainability go hand in hand with ecological and economic responsibility. Bike courier services inherently offer ecological variants in the area of same-day delivery within the city, as they can simultaneously offer fast and resource-saving services. This ecological sustainability, together with social responsibility, therefore also serves as a **unique ethical selling proposition for customers** and thus contributes to economic sustainability.

The result was the conclusion that Urban Logistics not only plays an important role in its own business activities, but also as a **pioneering role for the upcoming innovations in city logistics**. According to the responsible persons present, this role must also be strengthened in the course of the organization's further development process.

## Follow-up

Based on the results of the workshop, Urban Logistics will follow up with a focus on sharpening the business model while at the same time assuming the responsibility identified as a key value. The objective is to concretely establish value-driven urban logistics.

Further elements of a follow-up are offered:

- Development of a more detailed **set of values** for Urban Logistics for internal and external communication: A detailed presentation of the values Urban Logistics is guided by in the context of value-driven urban logistics which serves to communicate the new approach within the Group and to employees and customers.
- Workshops with the alliance partners to cement the value approach: In short workshops, the alliance partners familiarize themselves with the “value-driven urban logistics” approach so that they know how to use it as the value proposition of Urban Logistics and the individual partner companies.
- “Cognitive Workshops” with interested employees: In their daily contact with customers, the individual employees are important ambassadors of courier companies and as figureheads ‘on the street’. If they are interested, they should therefore also be given the opportunity to examine the approach and represent it externally.

ethix – Lab for Innovation Ethics is made possible by Engagement Migros, the development fund of the Migros Group.

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