

Maersk runs into cultural storms en route to digital destination

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There should be no happier ship than Denmark's Maersk right now. The world's largest container-shipping group recently announced that it had closed its most profitable quarter ever and it is on course to deliver the highest profits of any Danish company in history this year.

But there are signs that not everything is running quite as smoothly internally. It seems its attempt to rebrand from a container-shipping group to a technology-led, end-to-end logistics provider is creating tensions. Two weeks ago, these tensions burst into the open when an IT executive appeared to suggest that the ships that move a fifth of global trade no

longer lay at the heart of Maersk's mission. The group "used to be an industrial company that had technology on [the] side", he said in an interview highlighted by head office on social media. "Now it's a technology company where we have some physical devices we need to move around."

A few other seemingly cavalier comments from the software engineer about the business of moving cargo ("It's about more than stuffing things into boxes and sailing them around the earth") sparked mutiny in the ranks.

"I am very sorry, but I will have to correct you," wrote a veteran Maersk sea captain, who is also the employee representative on the board. "But we are NOT a tech company who 'happens' to operate ships," he said in a LinkedIn post. The maritime unit contributed 78 per cent of group revenue, he said. Without the group's 12,000 seafarers, there would be no Maersk, was the conclusion. The captain's post was greeted with almost universal praise from his followers, many of whom work at Maersk.

The post was subsequently edited to tone down the criticism. But it was too late. The curtain had been lifted.

There is nothing unusual about tensions emerging when strategic changes are afoot. And there are big changes under way at Maersk. After a century of moving goods mainly by sea, Maersk is expanding into other modes of freight transport and connecting up the platforms digitally.

Maersk's IT executive was not wrong when he said that the company was moving the world's largest devices in the so-called internet of things. Increasingly, supply-chain

logistics is about the flow and visibility of information, as well as the ability quickly to identify and resolve problems, no matter where on earth the goods are.

How Maersk deals with the tensions that arise from these changes could determine the success of its transformation. “It’s not the strategy that is wrong,” said Lars Jensen, chief executive of shipping consultancy Vespucci Maritime and author of a book on the Danish group. “It is more in the communication . . . How do you perceive yourself? What is the core business? Is it to move boxes or information?”

Four years ago, a study by technology consultant Capgemini and digital analyst Brian Solis highlighted a sharp difference in perception about digital transformation between company executives and those on the ground.

Some 85 per cent of top executives believed their organisations promoted collaboration on digital transformation internally, but only 41 per cent of employees agreed.

While 71 per cent of leaders said discussions about novel business initiatives using new technology were open to all employees, only 41 per cent of those workers felt this was true.

Maersk’s social media spat shows the findings are still relevant. “The fact that this has boiled over into the public domain is genuinely very unusual at Maersk,” said Jensen. “It should be a discussion that takes place internally. But I suspect there are people who feel they are not being heard.”

Navneet Kapoor, chief technology and information officer, insists that the public debate is not a sign of a disconnect over the company’s mission.

“At the leadership level . . . we take great pride in our legacy and the fact that we have a huge network of assets,” he told the Financial Times. Maybe so. But somehow that message appears to have been lost in transmission to the grassroots — whether to the crew of Maersk’s 700 ships or to the digital side of the business.

Pretending these tensions do not exist would be foolish. But both sides have to adapt. The truth is that Maersk’s core business is neither technology nor shipping. It is both, and more.

The only message that needs to be conveyed is that neither side on its own will shape Maersk’s future. Nor will one prosper without the other.

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