The improvement of a logistics concept

Evaluation and development of Schenker’s strategic customer relations

Anders Rökaas, I-99
anders@vg.lu.se
Preface

This master thesis, written during the summer and autumn of 2005, marks the end of my years at Lund Institute of Technology. Even so, most of the work has been performed in Gothenburg, at Schenker’s SCM Headquarters. For this I send my thanks to Schenker and its personnel, since they are the ones who have made room for me, even though I sometimes have found it hard to explain what it is I do, and thereby justifying my work. I hope that the core of the thesis – to improve the SCM Concept, Schenker’s tool for developing relationships with the biggest customers – will be fully explained in this report so that some light can be shed on the mystery.

When I began writing this thesis, my hope was to learn as much as possible about Schenker and the logistics market, and to help Schenker become a better logistics partner. This, I feel I have achieved, although it is hard to know to what extent at this early stage.

I particularly want to thank Anneli Jigberg and Mats Fransson, two great persons who have been my co-workers and mentors during my time with Schenker. Thank you for taking the time to answer my questions and explain to me what I did not understand – without you, this thesis would have been shorter, less interesting, and so much less rewarding to write.

Also, my thanks go to my tutor and logistics guru at Lund Institute of Technology, Everth Larsson, who has been a great help during the entire composition of this thesis, contributing with valuable critique, suggestions and ideas. Thank you!

Finally, a few words of wisdom for the readers to contemplate; the following quote is taken from Carl Sewell, the uncrowned king of customer satisfaction, and will, hopefully, one day make this world a better place. It is applicable not only to partners or customers in business, but to everyone. It need not be any harder that this.

“Ask the customers what they want…and give it to them.”

Anders Rökaas,
Gothenburg, 2005-11-29.
Abstract

The logistics market is one of the most competitive and fast expanding markets in the world. Companies from all industry sectors are recognizing the need for a well-functioning supply chain and the savings potential possessed by managing logistics in an effective way. Transports, and the handling of them, have to be fast, precise, cheap and safe. Even though the market is expanding, the competition is increasing even faster, bringing the margins of the logistics service providers down. In such a climate, finding ways of improving one’s performance and making it more efficient is essential to stay competitive. With strategic alliances, companies tighten their collaboration, making their relationship deeper and more cost efficient. For the logistics companies, for example, strategic alliances are both a way to get and keep the customers, and a way to become a better logistics service provider by getting to know more about what the customers actually want.

Schenker AG, one of the world’s leading logistics companies, has several ways of tying the customers closer. Unique is the SCM Concept, which was created in the late nineties to make existing and potential customers aware of Schenker’s broad spectrum of logistics services. It is a way of cooperating with the most important customers to improve both companies and gain mutual advantages. Through the SCM Concept, Schenker offers the customers help with modelling and designing their supply chains, and the companies work out new solutions together. An important part in finding out how and where to set up the supply chain and its facilities is played by the SCM Workshop, a two-day seminar with the goal of understanding the customer’s present position and wanted future position, and then help the customer get there.

The purpose of this master thesis is to evaluate and improve the SCM Concept and its workshop. The results are given in the form of a suggestion for a working template for the workshop and a series of improvements for the concept in general. Apart from this, reflections and ideas on Schenker as a company, and the use of the SCM Concept in the Schenker organization, are presented. The methods for achieving the purpose are many. Interviews with Schenker’s customers, suppliers and personnel are a few, and one of the most valuable has been the observation of an SCM Workshop in Essen, Germany.

While interviewing Schenker’s personnel, suppliers and customers, it was found that the existing set-up of the concept and the workshop is working, but that it can be improved. Furthermore, it needs to be standardized, or at least structured. To help Schenker achieve this, the researcher has developed a model for the SCM Concept, taking into consideration the ideas and wishes of the people interviewed, with the influence of the researcher’s own opinions and views. The whole process of creating customer specific solutions, including the activities before, during and after the workshop, has by the researcher been divided into six activities and has been given the name the ICARUS model (see Figure 1 below).

With the ICARUS model, Schenker should be able to structure the SCM Concept, and thereby improve it and facilitate its use. For the SCM Workshop, the researcher has instead created a template for the execution. This template consists of an agenda, a discussion about what persons, or roles, should participate, and notes on how to best perform a workshop. In short, it is important to gain the customer’s trust, strive to create competi-
tive advantage for the customer and to make the customer aware that Schenker can give them what they need.

Figure 1 – The ICARUS model, which contains six steps for the development of customer relations within the SCM Concept.
## Contents

1  INTRODUCTION ......................................................................................................................... 1

1.1  BACKGROUND ....................................................................................................................... 1
1.2  CHOICE OF SUBJECT ......................................................................................................... 2
1.3  PROBLEM STATEMENT .......................................................................................................... 3
1.4  PURPOSE ............................................................................................................................... 3
1.5  FOCUS AND DELIMITATIONS ............................................................................................ 4
1.6  OUTLINE OF THIS THESIS ................................................................................................. 4

2  METHOD .................................................................................................................................. 5

2.1  METHODOLOGY .................................................................................................................. 5

2.1.1  Qualitative and quantitative studies ............................................................................... 5
2.1.2  Inductive and hypothesis deductive methods ................................................................. 6
2.1.3  Qualitative case study research ..................................................................................... 6
2.1.4  Participative action research .......................................................................................... 6

2.2  RESEARCH APPROACH ................................................................................................... 7

2.2.1  The analytical approach ............................................................................................... 7
2.2.2  The systems approach .................................................................................................. 7
2.2.3  The actors approach ..................................................................................................... 8

2.3  RESEARCH QUALITY AND ETHICS .................................................................................. 8

2.3.1  Validity ........................................................................................................................... 8
2.3.2  Reliability ....................................................................................................................... 9
2.3.3  Objectivity .................................................................................................................... 10
2.3.4  Ethics ............................................................................................................................ 10

2.4  DATA COLLECTION ............................................................................................................ 10

2.4.1  Interviews ..................................................................................................................... 11
2.4.2  Observations ................................................................................................................ 11

2.5  METHODS OF ANALYSIS .................................................................................................. 12

2.5.1  Logical reasoning and discussions ............................................................................... 12
2.5.2  Professional help .......................................................................................................... 12
2.5.3  SWOT analysis ............................................................................................................. 12
2.5.4  Ansoff’s matrix ............................................................................................................. 13

2.6  METHODOLOGICAL APPROACH TO THIS THESIS ....................................................... 14

2.6.1  Methodology ................................................................................................................ 14
2.6.2  Research approach ....................................................................................................... 14
2.6.3  Research quality and ethics ......................................................................................... 15
2.6.4  Data collection .............................................................................................................. 16
2.6.5  Methods of analysis ...................................................................................................... 17

3  THEORETICAL FRAME OF REFERENCE ............................................................................. 18

3.1  SUPPLY CHAIN MANAGEMENT ......................................................................................... 18

3.1.1  Logistics ........................................................................................................................ 18
3.1.2  Logistics innovation ........................................................................................................ 19
3.1.3  The logistics market ....................................................................................................... 22

3.2  KEY ACCOUNT MANAGEMENT ......................................................................................... 23

3.2.1  The four types of KAM ............................................................................................... 23
3.2.2  The purpose of KAM .................................................................................................... 24
6 RECOMMENDATIONS AND CONCLUSIONS ................................................................. 62

6.1 RECOMMENDATIONS REGARDING THE SCM CONCEPT ................................. 62
6.1.1 The SCM Workshop .................................................................................. 63
6.2 GENERAL RECOMMENDATIONS ................................................................... 63
6.3 ASSESSMENT OF THIS THESIS .................................................................... 64
6.3.1 Choice of method ..................................................................................... 64
6.3.2 Fulfilment of purpose ............................................................................... 65
6.4 GENERALIZATION ......................................................................................... 66
6.5 FURTHER WORK AND STUDIES .............................................................. 67

7 REFERENCES .................................................................................................... 68

7.1 LITERATURE ................................................................................................. 68
7.1.1 Methodology ........................................................................................... 68
7.1.2 SCM .......................................................................................................... 69
7.1.3 KAM, RM & 1-to-1 .................................................................................. 69
7.2 WEB PAGES .................................................................................................. 70
7.3 COMPANY BASED MATERIAL ..................................................................... 70
7.4 CONTACTS .................................................................................................... 70
7.4.1 Interviews ................................................................................................ 70
7.4.2 Telephone interviews ............................................................................. 71
7.4.3 E-mail interviews ...................................................................................... 71
7.4.4 Observation .............................................................................................. 71

8 APPENDICES .................................................................................................... 72

8.1 APPENDIX A: THE 30 RELATIONSHIPS OF RELATIONSHIP MARKETING ....... 72
8.1.1 The classical market relationships ............................................................... 72
8.1.2 The special market relationships ................................................................. 72
8.1.3 Mega relationships: relationships above the market .................................. 72
8.1.4 Nano relationships: relationships below the market ................................. 73
8.2 APPENDIX B: THE GPI CASE – LIST OF PARTICIPANTS ............................... 74
8.2.1 Schenker .................................................................................................. 74
8.2.2 Graphic Packaging International, Inc. ....................................................... 74
8.3 APPENDIX C: THE GPI CASE – AGENDA ................................................... 75
8.3.1 Day 1 ........................................................................................................ 75
8.3.2 Day 2 ........................................................................................................ 75
8.4 APPENDIX D: INTERVIEW QUESTIONS – SCHENKER’S CUSTOMERS ......... 76
8.5 APPENDIX E: INTERVIEW QUESTIONS – SCHENKER ............................... 77
1 Introduction

This first chapter is an introduction to the thesis. It contains, together with a background to the chosen subject, a problem statement, the purpose of the thesis, and a discussion about delimitations and focus. Finally, it presents the outline of the thesis.

1.1 Background

The logistics market is an extremely competitive one. For the logistics companies, this means low margins and high service demands. Therefore, long-term relationships and collaborations with important customers are very valuable, and often prove vital for the logistics service providers.

Schenker AG, a subsidiary of Deutsche Bahn AG, is Europe’s number one logistics company for land transports, and is also an important company in air and sea freight all over the world. Schenker employs 40 000 people world-wide and has an annual turnover of over eight billion euros (2004). Schenker’s main competitor on the European market is DHL, owned by Deutsche Post.

In the late nineties, Schenker was already one of the big players on the European transport market, but was not very well known as a logistics company. By the customers, Schenker was seen as a freight forwarder who only handled the operational parts of the supply chain. To change this, an idea was born. This idea, with the purpose of making the customers aware of Schenker’s capacity as a logistics partner and making the competitors tremble with fear, was what later became known as the 4ROOMS concept. The core of the idea was:

“…to create a neutral and innovative forum for research and competence development within supply chain management.”

This would bring knowledge to both customer and Schenker. Through cutting-edge knowledge in the field of supply chain management, Schenker would help its customers develop their supply chains and logistics strategies. In return, the customer would help Schenker understand the customers’ needs and wishes, helping Schenker become a better logistics supplier and partner.

In the spring of 1999, an apartment in Gothenburg, Sweden, was decorated and befitted with technologically advanced presentation equipment. In early summer, the first customer was invited to a short seminar, a meeting on neutral ground where the roles of customer and supplier could be loosened up. This seminar, or workshop, was then followed by numerous others, at times two or more per week, with different customers. The visitors were not only external, but also internal customers, since Schenker wanted its customers to feel part of the concept.

---

1 Interview with Mats Fransson, 2005-06-15.
2 Interview with Anneli Jigberg, 2005-06-14.
3 Interview with Thomas Kanflo, 2005-06-15.
employees and managers to get to know the 4ROOMS concept and gain access to the overall knowledge available therein.

After a while, the 4ROOMS team wanted something more to offer the customers than just the logistics knowledge, and so they created a computer based simulation tool, the Supply Chain Modeler. This was primarily used to show the customers where to put factories or distribution centres, based on data provided by the customer.

Over the four years during which 4ROOMS existed in its original form, several hundred customers attended the workshops in Gothenburg. However, because of the high costs affiliated with 4ROOMS, and because the advantages, such as greater respect from customers and an increase in the number of entered deals, were not apparent, the concept was terminated.

A short time later, in the summer of 2003, 4ROOMS was brought back to life, reorganized and tied to Schenker’s Key Account Management Organization (KAMO). This time, instead of bringing the customer to Gothenburg, Schenker travelled to the customer, and this is how it works today. The workshops still exist, but are less common and often more thorough. As an alternative to the full workshops, short and informative meetings with the customers are held. The modeller is used to test new supply chain set-ups and give the customers quick answers to strategic logistics questions. Apart from that, discussions with the Schenker personnel attending and running the meeting help find solutions to the customers’ logistics problems.

With the reorganization of the concept came the demand for a new name. Now, the term the SCM Concept is used, with associations to both the Supply Chain Modeler created by 4ROOMS and to Supply Chain Management as in logistics management. The idea of the name change is both to get a new start, and to expand the focus from the workshop and the modeller to the whole concept. Today, the SCM Concept has been spread to most regions of the Schenker world. The name is not meant to be used widely outside the Schenker sphere, but is to be regarded as a name known and used within Schenker itself. For the customers, Schenker should be Schenker, whether it is the SCM Concept or any other part of the company.

Throughout the rest of this thesis, the SCM Concept will refer to the program formerly known as 4ROOMS, while the SCM Modeler is the program used within the SCM Workshops. The name 4ROOMS will be used only when referring to the original concept.

Today, the purpose of the SCM Concept is to make the customers aware of the broad spectrum of services supplied by Schenker as a logistics partner and to let Schenker take part in the earlier stages of the customers’ strategic supply chain decisions. Moreover, it should allow Schenker to keep a closer contact with the most important customers, trying to figure out what their needs and wishes are. Internally, the objective of the SCM Concept is to work as a knowledge bank and centre of logistics skill and competence for the Schenker organization.

1.2 Choice of subject

As stated above in the background, the purpose of 4ROOMS was to improve the view of Schenker as a logistics partner and competitor. In a way, this worked, and today, Schen-
ker is mentioned among the top European logistics companies, not only in size, but also in quality.

With the SCM Concept, or what will evolve from it, as a source of knowledge, Schenker might very well become the best logistics partner in Europe. To achieve this, the SCM Concept has to be improved and its workshop standardized for easier use and better adaptation to the changing needs of the customers. This is what Schenker has asked the author of this thesis to do. Today, Schenker has no existing template for the SCM Workshop, and the SCM Concept is still in its development phase, albeit in a quite advanced stage.

1.3 Problem statement
The main problem of this thesis is to evaluate the SCM Workshop, its capacity and usefulness, and to improve it where possible. Furthermore, this thesis will aim to create a standard for the execution of the workshop and to suggest a way to develop the SCM Concept into a sustainable and well-known concept. Key questions for the thesis to answer are:

- Is the SCM Concept a good way to give the customers what they need?
- What role should the SCM Workshop play in the SCM Concept?
- How should the SCM Workshop be constructed to suit the wishes of the customers?
- How can the SCM Workshop be used to gain knowledge about what the customers need and desire?
- How should the SCM Concept be structured to become the well-known logistics concept among the customers it could be?

1.4 Purpose
The purpose of the thesis is to help improve the SCM Concept and, above all, its workshop. With the help of this thesis, the SCM Workshop will, to a greater extent, be able to contribute to developing Schenker’s customers’ strategies and, hopefully, help create and sustain new and old customer relations. Also, the SCM Concept, with its great potential, can become the important part of Schenker’s KAM organization it should be. The purpose can be summarized as follows:

- Evaluate the SCM Concept’s suitability as Schenker’s customer development tool.
- Make a suggestion for a standard, a template, for the SCM Concept and its workshop.
- Help develop the SCM Concept into a sustainable and well-known part of the Schenker network.
- Give suggestions to how Schenker should use the SCM Concept to be able to get maximal benefit from its potential as a customer relations tool.

1.5 Focus and delimitations

The focus of this thesis will be the handling of customers within the SCM Concept. As a result of this, the SCM Workshop, its design and implementation will be kept an important issue for the thesis. More exactly, this will include discussions about time frame, participants, focus, and the participants’ level of knowledge. The work will contain an evaluation of the existing workshop and its use. Finally, the position and use of the workshop as part of the SCM Concept will be discussed, as well as the nature and use of the SCM Concept. A subject related to the SCM Workshop that will not be given priority in the thesis is the collection of preparatory data from the customers.

1.6 Outline of this thesis

This thesis is divided into six chapters, starting with this introductory chapter. The second chapter explains the premises for the creation of the report. It describes, with the help of well-known methodology theories, the methods used for collecting, interpreting and analyzing the data used in this thesis. It also discusses how the author’s frame of reference might affect the results, and how to defeat this problem.

After the method chapter, the third chapter treats the theoretical framework used. In this chapter, theory valuable for the thesis is laid out and explained thoroughly. In the fourth chapter, which contains the empirical studies, many of the methods presented in chapter two are applied. The empirical studies deal with the data collection not treated in the theory chapter. Interviews with personnel, suppliers and customers, an observation of a workshop, and in-depth information about Schenker and its structure all belong to the empirical studies, as well as further presentations of the SCM Concept and its ideas and purpose.

Chapter five is the most crucial and interesting one, since it presents analyses of all the data collected and introduced in the preceding chapters. Here, the analytical skills of the researcher are put to test, and the three previous chapters are connected. The theories from chapter three are used to analyze the data from chapter four, with guidance from the methods decided upon in chapter two. Moreover, chapter five contains an evaluation of the present situation, discussing the role played by the SCM Concept and its workshop today. The last chapter, Recommendations and Conclusions, is an extension of chapter five. It sums up and continues the analyses and formulates them into recommendations for the future. Apart from this, general recommendations about the company and its work will be presented. As a conclusion, the report will be summarized with a discussion about the fulfilment of its purpose and the possibilities of generalization.

In chapter 7, you will find a list of references and in chapter 8 the appendices. The references might be of help for anyone looking for a deeper dive into the theories used, and the appendices work as complements for the information given in the rest of the thesis.
2 Method

The second chapter introduces and sorts out the question of method and methodology, starting with theory and ending with an explanation to the method used in this thesis, and how and why it was chosen. Views on methodology are explained, together with research approach, data collection and different ways to measure the research quality. The methods of analysis used are also explained in detail.

2.1 Methodology

2.1.1 Qualitative and quantitative studies

The two main study methods are qualitative and quantitative studies. In quantitative studies, the data is measured numerically, while, in qualitative studies, the purpose of the measurements is to analyze and understand. Hence, when it comes to understanding the nature of a problem as opposed to measuring an occurrence or event, the qualitative study method is to prefer. Merriam uses Table 1 below to get a good overview of the differences between qualitative and quantitative research.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Qualitative research</th>
<th>Quantitative research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus</td>
<td>Quality (nature, art)</td>
<td>Quantity (how many, how much)</td>
</tr>
<tr>
<td>Theoretical ground</td>
<td>Phenomenology, symbolic interactivism</td>
<td>Positivism, logical empiricism</td>
</tr>
<tr>
<td>Key words</td>
<td>Field-work, ethnographical, subjective, grounded, naturalistic</td>
<td>Experimental, empirical, statistical</td>
</tr>
<tr>
<td>Goals</td>
<td>Understanding, description, discovery, hypothesis generation</td>
<td>Prediction, control, description, evidence, hypothesis testing</td>
</tr>
<tr>
<td>Methodical characteristics</td>
<td>Flexible, developing, unstructured</td>
<td>Predetermined, structured</td>
</tr>
<tr>
<td>Situation</td>
<td>Natural, known</td>
<td>Unknown, artificial</td>
</tr>
<tr>
<td>Selection</td>
<td>Small, non-stochastic, theoretical</td>
<td>Large, stochastic, representative</td>
</tr>
<tr>
<td>Data collection</td>
<td>The researcher as the primary tool, interviews, observations</td>
<td>Non-living instruments (scales, tests, questionnaires, computer work)</td>
</tr>
<tr>
<td>Analysis</td>
<td>Inductive (by the researcher)</td>
<td>Deductive (through statistical methods)</td>
</tr>
<tr>
<td>Result</td>
<td>All-round, holistic, developable</td>
<td>Precise, detailed, reductive</td>
</tr>
</tbody>
</table>

10 Merriam, 1994, p. 32.
2.1.2 Inductive and hypothesis deductive methods\textsuperscript{11}

Another question of methods is to regard the problem as choosing between the inductive method and the hypothesis deductive method. The foundation of the induction method is the collection of data. When having gathered sufficient data, both theoretical and empirical, the data is used for drawing conclusions about the event studied, and general and theoretical conclusions are drawn. The hypothesis deductive method works in another fashion, using data to both form and test the conclusions. Instead of using both theoretical and empirical data to form a hypothesis, it uses only theoretical data. When the hypothesis has been formed, empirical data is collected, and the hypothesis is tested against it.

2.1.3 Qualitative case study research\textsuperscript{12}

To decide whether the case study approach is the right or not for a specific investigation, there are a few factors to consider. The type of questions to be answered, the degree of control possessed by the researcher and what the final result should be are important, as well as whether or not a delimited system can be identified. This last factor might be the most important, since a well-limited system is the prerequisite for an in-depth examination of a specific case. When performing a qualitative case study, all methods for gathering scientific data can be used.

According to Wallén\textsuperscript{13}, advantages of case studies are for example that a real case is studied, meaning that reality, and not a model of reality, is studied, and that a deep understanding of the case is possible. Case study researches are most commonly used in humanistic and social sciences.

2.1.4 Participative action research\textsuperscript{14}

The assumption that it is impossible to perform a study without affecting the material studied, together with the fact that some investigations would not be possible to study without first triggering them, is the background to action research. In other words, the concept action research is used about the investigation of processes or events that would not have taken place if the researcher had not triggered a certain action or activity. Instead of the traditional way of first researching and then testing the results, action research means doing both at the same time – the performance is a way of investigating, collecting data and testing simultaneously.

As the name indicates, participative action research involves an active researcher, a researcher who is a participant and takes part in the process, action or state studied. Because of this, it is an expensive study method, and very time consuming. Furthermore, since the studied occurrence would not have taken place in the exact same form unless triggered by the researcher, the action research is very hard to generalize.

\textsuperscript{11} Wallén, 1993.
\textsuperscript{12} Merriam, 1994, p. 24.
\textsuperscript{13} Wallén, 1993.
\textsuperscript{14} Ibid.
2.2 Research approach

In research approach, many aspects are taken into consideration, for example different views on reality and how to measure or interpret reality and the events taking place therein. The main ideas of the approaches also differ regarding how analyses are carried out, the role played by the researcher, and the purpose of the research. Arbnor and Bjerke\textsuperscript{18} divide research approach into three categories (see Table 2 below) – analytical approach, systems approach and actors approach. In the following three sections, these methods are presented and explained.

| Table 2 – Three different methods to approach a research.\textsuperscript{19} |
|------|----------------|----------------|
| Analytical approach | Systems approach | Actors approach |
| **Theory type** | Determining cause-effect relations | Models | Interpretations, understanding |
| | Explanations, predictions | Recommendations, normative aspects | Contextual knowledge |
| | Universal | Knowledge about concrete systems | |
| **Preferred method** | Quantitative (qualitative research only for validation) | Case studies (qualitative and quantitative) | Qualitative |
| **Unit of analysis** | Concepts and their relations | Systems: links, feedback mechanisms and boundaries | People – and their interaction |
| **Data analysis** | Description, hypothesis testing | Mapping, modeling | Interpretation |
| **Position of the researcher** | Outside | Preferably outside | Inside – as part of the process |

2.2.1 The analytical approach

The analytical approach states that reality is objective and can be understood by performing research on its parts. The smaller the parts are, the easier they are to investigate, and the easier it becomes to get a deeper understanding, explain the events and use the knowledge to predict future events. The person carrying out the research must be an external observer with no influence on the reality studied.

2.2.2 The systems approach

According to the systems approach theory, the analytical way of dividing reality into tiny bits is useless, since nothing can be understood without taking into consideration external factors. The idea is that all studied objects are parts of systems, and the only way to get to know the separate objects and how they affect each other is to explore the reality of the

\textsuperscript{15} Arbnor & Bjerke, 1994.
\textsuperscript{17} Ljung, 1995.
\textsuperscript{18} Arbnor & Bjerke, 1994.
\textsuperscript{19} Gammelgaard, 2003, from Kembro, 2005.
system. The classical “the whole is greater than the sum of its parts” is suitable to describe the theory behind systems approach, and the approach is often dubbed the holistic\(^{20}\) approach of positivism. As indicated by among others Wallén\(^{21}\), the systems theory is a further development of positivism, in that the focus lies on rationality, comparability and measurability. The difference is that the systems theory also treats interaction, regulation and control.

Using systems approach, the best way to gain access to a deeper understanding of the examined objects is case studies, since they take into account both quantitative and qualitative aspects. The aim of systems research is to improve the systems studied. Therefore, the researcher’s interaction with the investigated system is necessary.

### 2.2.3 The actors approach

The actors approach, usable for studies of beings and their interaction, takes a big step away from both the analytical and the systems approach. The actors approach states that reality is subjective and the result of social constructions. Knowledge, too, is constructed in that all studies depend on who performs the studies and how they are interpreted. Shortly, everything comes down to the researcher’s personal values and the kind of study method chosen. This goes along the lines of hermeneutics, which deals with the interpretation of a result taking into account the social and cultural backgrounds of both the interpreter and the collector of data. This is done to try and come to terms with the effect the interpreter, or researcher, has on the interpretation of the visible results.

### 2.3 Research quality and ethics\(^{22}\) \(^{23}\) \(^{24}\)

Three important terms in research quality are validity, reliability and objectivity. Together, they describe the precision, or the quality, and the impartiality of a measurement or a survey. Finally, there is the question of ethics, which discusses how the researcher treats the reality studied, and the people that inhabit it.

#### 2.3.1 Validity

Validity is the accuracy of the investigation. The measuring instrument is not supposed to contribute to systematic errors. Another important aspect is to measure only what is meant to be measured, and not to include other parameters that may affect the result. Validity is usually divided into two categories; internal validity and external validity.

##### 2.3.1.1 Internal validity

Internal validity shows how faithful the empirical study results are to the studied reality. Choice of method, as well as choice of what to measure, affects the internal validity. This

---

\(^{20}\) Holistic means focusing on the whole (from the Greek word holon signifying entity).

\(^{21}\) Wallén, 1993.

\(^{22}\) Andersen, 1998.


\(^{24}\) Wallén, 1993.
kind of validity is important in quantitative research. To improve the internal validity, there are several strategies to follow. Some of these are:

- **Triangulation.** To use multiple researchers, sources and methods to increase the accuracy of the results.
- **Participant control.** To let the information providers check the descriptions and interpretation made to give their opinion on the credibility of the results.
- **Horizontal control.** To let colleagues give their views on the results.

### 2.3.1.2 External validity

External validity discusses the generalization of the study, indicating how easy it would be to use the methods of research and the results from one study on another study. Often, some factors are case specific and cannot be applied to another situation or case. To get around this problem and increase the external validity, Merriam suggests the following:

- Give a deep and dense description to give everyone who is interested of using the results enough information to make an assessment.
- Decide how typical the case is and to describe how typical the studied individual, program or phenomenon is compared to others in the same category.
- Carry out a cross analysis within a single case or between several different cases.

### 2.3.2 Reliability

Reliability is the dependability of the study. The random errors produced by the measuring instrument must be small. Different measures of the same kind and on the same object have to return the same result. If the difference between the results is small, the reliability is high. Without reliability, good validity is impossible.

To get a better reliability, it is preferable to explain the researcher’s position, that is to determine how the researcher’s values affect the results. Other methods are to use triangulation and to make it possible for others to perform the same survey or investigation by describing the work in detail. Davidsson and Patel present three rules to keep in mind when discussing reliability and validity:

- High reliability is no guarantee for high validity.
- Low reliability gives low validity.
- Complete reliability is a requirement for complete validity.

---

26 Ibid.
27 Andersen, 1998.
28 See chapter 2.3.1 Validity.
2.3.3 Objectivity

According to Andersen, objectivity is the degree of impartiality, or the lack of prejudice. The choice of information is of great importance to the final result of the measurements. To obtain objectivity, the key is to minimize the effect of personal values and individual opinions on the study. This applies to both author and interviewees.

2.3.4 Ethics

The ethics of research differ between different fields of science. In medicine, for instance, the ethics are concerned with physical factors, as well as psychological. In most technical and economical sciences, however, the ethics are more concerned with treating people fair by protecting and respecting their integrity, by letting them know what is going on, what will happen to their replies and how they will be portrayed.

In qualitative case studies, questions about ethics are most important at two moments – during the collection of data, and when the results are publicized. Walker mentions five specific problems that researchers in case studies must bear in mind:

- The researcher can get too involved in the studied situation.
- Confidentiality.
- Anonymity.
- Different interest groups can want to get control of the results.
- The readers’ incapability to differ between what is information and what is the researcher’s interpretation of the information.

2.4 Data collection

When collecting data, there are two ways to choose from – either to collect new data, first-hand, from a primary source, or to use second-hand data, from a secondary source. Data that comes from a secondary source is called secondary data (for example literature studies and internet searches) and data from a primary source (a live situation) is called primary data. The data gained from interviews and observations, for instance, is from a primary source.

Ejvegård (1993) discusses two requirements that need to be fulfilled when collecting data. Firstly, the data should be reasonably new, since new data is more reliable than old. Secondly, the data should have been interpreted as close to the studied event as possible, meaning that the sooner after the occurrence the data is recorded and put to paper, the better.

---

30 Andersen, 1998.
33 Walker, 1980.
34 Ibid, p. 35.
37 From Jigberg, 2001.
2.4.1 Interviews\textsuperscript{38 39}

In qualitative case studies, interviews are the main source of data needed to understand the phenomenon studied. Interviews exist in many different forms, and are used for various reasons. The most common sort of interview is when two people discuss a given subject. One of the two persons (the interviewer) asks questions and the other (the interviewee or respondent) answers them. Other kinds are group interviews and panel interviews.

An interview can either be structured, with exact questions chosen beforehand, or unstructured, like an ordinary conversation. The unstructured interview is more flexible, but can be less useful when interviewing many people, since the questions will differ between the interviews. The most common interview is the partly structured interview, where a number of questions make out the base, but other, new questions, are made up during the interview.

A questionnaire is another type of interview, written instead of oral, an interview with little or no interaction between the interviewer and the interviewee during the answering of the questions. It is structured and non-flexible, but is very suitable for situations where there are a many questions to ask several people.

2.4.2 Observations

Observations, too, are important in case studies, primarily because they are the best way to get first-hand information, without middle men. Often, interviews and observations are combined to be more wide-ranging. One big advantage of observations is that the observer catches people in natural situations, without the pressure sometimes present during interviews. Furthermore, the observer, new to the situation, might discover things that are too perfunctory for the participants to discover.

Just like interviews, observations can be more or less structured, depending on what kind of information the observer wants. When using structured observation, the observer can, for instance, look for certain things, certain events.

Junker (1960)\textsuperscript{40} describes the relation between the observer and the observed in four levels:

1. \textit{Complete participant}. The observer is a member of the group without the other group members’ knowledge.

2. \textit{Participant-observer}. The observer is a member of the group, and the group knows about it. The observer is primarily a group member and only secondarily an observer.

3. \textit{Observer-participant}. Like the participant-observer, the observer’s presence in the group is known, but in this case, the observer is primarily an observer and only secondarily a group member.

4. \textit{Complete observer}. The observer is an outside observer, anonymous to the group.

\textsuperscript{38} Ellram, 1996, from Kembro, 2005.
\textsuperscript{40} From Merriam, 1994.
2.5 Methods of analysis

When doing research, the gathering of information and data is vital, but the analysis of the results is equally important. Without an adequate method of analyzing the collected data, the value of the data will be lost. Different methods of analysis are based upon more or less structured ways of interpreting information. Some methods are very well laid out, with steps to follow and paths to go by. Others encourage, or require, free thinking and, to a greater extent, an analytical mind. Described below are a number of methods, both structured and unstructured, often used in the process of analyzing and understanding the information.

2.5.1 Logical reasoning and discussions

Although an expression like common sense is often regarded with a frown, it is not to be taken lightly. The use of logic, or common sense, is the most common, and sometimes the best method for analyzing an event, a phenomenon or anything else qualitative in its nature. Logical discussions are unstructured methods of analysis, and are, thanks to this, extremely flexible and demand no preparations apart from the collection of data. The quality of logical discussions is difficult to measure, and the sources are hard to explain. By definition, logical thinking or reasoning is based upon earlier or otherwise known statements, events, or conditions.41

The problem with logical reasoning, more than with other analysis methods, is that the quality of the outcome of the analysis depends on the analyst. To have a good sense of logic, often called an analytical mind, and reliable knowledge about the phenomenon studied, is essential.

2.5.2 Professional help

To use knowledge and competence possessed by somebody else, preferably a professional, is often valuable. Professionals, within or outside of the academic world, have a deep understanding of their respective fields, and can therefore supply good information and solutions. For analyses, this is important, not only to gain access to the knowledge held by the professionals, but also to get a second opinion, a new angle of approach.

2.5.3 SWOT analysis42 43

SWOT stands for Strengths, Weaknesses, Opportunities and Threats, and is a means of identifying and structuring a company’s best and worst qualities and possibilities. With this basic assessment as a ground, it is easier to find ways to focus on the strengths, minimize the weaknesses, take advantage of the opportunities and avoid the threats. Two important things to remember when plotting a SWOT analysis are to be realistic and to compare with the competitors.

Strengths and weaknesses are internal factors, meaning that they focus on the company itself. The strengths are what add value to the products or services offered by the company, while weaknesses are the opposite. Opportunities and threats are external factors,

---

focusing on the company’s environment. Market factors and competitors are considered when analyzing opportunities and threats. The opportunities are connected to the strengths in that the strengths might open up opportunities for the company. In a similar way, the weaknesses may seriously threaten the company’s business. Also, eliminating weaknesses can give opportunities not thought of before.

2.5.4 Ansoff’s matrix

The Ansoff matrix is named after its creator, Igor Ansoff, who presented his matrix in the Harvard Business Review in 1957, in an article called Strategies for Diversification. The matrix focuses on the present and the future of markets and products, taking into consideration where the company is today and where it could be tomorrow. Ansoff’s matrix is frequently used by companies with an objective for growth or exploration of new markets. The four parts of the matrix (see Table 3 below) represent four different growth strategies:

- **Market penetration.** The company tries to increase its market share by selling existing products or services on an existing market. To keep costs low, which is needed to compete on a mature market, this requires rationalization.

- **Product development.** The company creates new products or services aimed at an existing market. An example of this is launching new models of existing products.

- **Market development.** This means trying to reach new customers with existing, often unchanged products or services. Expanding to other countries or regions involves market development.

- **Diversification.** Inventing new products or services for new markets is the most demanding and risky of Ansoff’s strategies, which might explain why this last quadrant of the matrix has been referred to as the suicide cell.

<table>
<thead>
<tr>
<th>Product</th>
<th>Existing</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Existing</td>
<td>Market penetration</td>
<td>Product development</td>
</tr>
<tr>
<td>New</td>
<td>Market development</td>
<td>Diversification</td>
</tr>
</tbody>
</table>

---

46 Ibid.
2.6 Methodological approach to this thesis

2.6.1 Methodology

This thesis, with the aim of analyzing and understanding the interactivity between people and companies from a marketing perspective, is mainly a qualitative study. The best way to observe and analyze the phenomena of interest to this thesis is field-work, as opposed to, for example, laboratory work. The goals, in line with Table 1\textsuperscript{47}, are a deeper understanding, and a description, of the observed problems.

The methods used for this kind of study are flexible and unstructured, meaning they are developed as the research is carried out and the need for methodological changes is discovered or identified. The situations studied are natural, since they are real-life cases, not just scenarios, and the material studied is small in quantity, with the research focusing on deeper understanding of a few phenomena instead of less understanding of a big number of events or cases.

Furthermore, the researcher is the primary tool used, both for interviews and observations, and for the writing process and analysis. The analysis methods used are inductive, as opposed to deductive. This is the normal way to go about this kind of work, to use all data to form an opinion. The art of the result, however, is not completely in line with qualitative research in that the generalization is somewhat limited.\textsuperscript{48}

To put this thesis into the context of the two research methods explained in chapter 2.1 Methodology, the qualitative case study research and the participative action research, is hard. The qualitative case study, for instance, assumes that a well-defined and limited system can be identified. In the case of this thesis, the system may be identified, but since the subject is so extensive, and the limits are blurred, it is difficult to know whether the delimitations are helpful or not.

When it comes to the participative action research, which states that investigation, analysis and testing should be performed simultaneously, the problem is different. Because of the size of the organization studied, the changes thought of and suggested take too long to implement, meaning the results will not be visible before the end of the research. Therefore, the term participative action research is a bit off target in the description of this thesis, even though it is close in some respects.

2.6.2 Research approach

The research approach used in this thesis lies somewhere between the systems approach and the actors approach, closer to the latter. The theory type (see Table 2\textsuperscript{49}) is in the actors approach field, with understanding and interpretation of the observed events as the main goals. The preferred method, as mentioned above, is the qualitative research method, which also suggests the actors approach.

Furthermore, unit of analysis and data analysis both points toward the actors approach – the analyses should be concerned with the interaction between people and be of an interpretative art. The position of the researcher, however, is the one aspect where this thesis

\textsuperscript{47} See chapter 2.1.1 Qualitative and quantitative studies.
\textsuperscript{48} See chapter 6.4 Generalization.
\textsuperscript{49} See chapter 2.2 Research approach.
uses more of the systems approach than the actors approach – the role as observer and researcher is both outside and inside the company, but mostly outside, like an observer with no direct effect on the studied processes.

2.6.3 Research quality and ethics

Since the nature of this thesis is more qualitative than quantitative, meaning that the aim is to analyze and understand problems rather than measure them, the validity is more important than the reliability.\textsuperscript{50} This is easily explained by the fact that this research is carried out just once, without any greater need for repeatability, at least not within the same company. However, keeping a high validity when performing a one-man research like this one is difficult. Personal values and feelings affect both the choice of methods for the procedure and the interpretation of the results. Therefore, achieving a high internal validity would require using some of Merriam’s strategies\textsuperscript{51} mentioned before. Since the internal validity mainly is important for quantitative studies, and not for qualitative studies, this is not vital. Nevertheless, the three strategies are used to some extent. Triangulation is used for some sources and methods, but not for researchers, since the author is the only one. Participant control is used for the interviews and parts of the observations. Horizontal control is also employed, but with the help of tutors rather than colleagues.

Turning to the external validity, the three validity-increasing methods\textsuperscript{52} suggested by Merriam are useful. Tries to describe in detail all steps taken, in line with the first suggestion, are made throughout the thesis. This will, hopefully, make it easier for anyone seeking to understand the train of thought. The second method, making an assessment of how typical the studied case is, is carried out in the conclusions\textsuperscript{53} of the thesis. An attempt at Merriam’s third suggestion, to carry out cross analyses within the case or between different cases, is, just like the first method, carried out throughout the thesis.

Even though, according to Wallén\textsuperscript{54}, the validity is more important than the reliability in a case like this, the reliability can not be overlooked. As mentioned in chapter 2.3.2 Reliability, Davidsson and Patel\textsuperscript{55} explained that low reliability gives low validity, and even if this exact study will never be performed again, the reliability must be taken into consideration. This is done using the same methods as for increasing the internal and external validity.

The objectivity of this research and report is difficult to decrease, but attempts are made, especially by trying to understand what the author and researcher’s standpoints are when performing the study, and by describing the effects they might have on the results. Moreover, attempts to minimize these effects by keeping aware of their existence are made continuously.

The ethical aspect of this thesis is quite straightforward. The four ways of treating interviewed and observed people fairly\textsuperscript{56} are used, especially at the two important mo-

\textsuperscript{50} Wallén, 1993.
\textsuperscript{51} See chapter 2.3.1.1 Internal validity.
\textsuperscript{52} See chapter 2.3.1.2 External validity.
\textsuperscript{53} See chapter 6.4 Generalization.
\textsuperscript{54} Wallén, 1993.
\textsuperscript{55} Davidsson & Patel, 1991.
\textsuperscript{56} See chapter 2.3.4 Ethics.
ments, the collection of data and the publish of the results. Walker’s five problems are kept in mind during the construction of the thesis.

2.6.4 Data collection

The methods for collecting data used in this thesis are literature studies, database searches, internet browsing, interviews and an observation. The broad spectrum of methods used increases the credibility of the thesis and makes the theoretical framework used more versatile. The literature from books is chosen with consideration to what subjects might prove useful to this thesis. Therefore, the marketing literature on KAM, RM and 1-to-1 marketing reflects different aspects of today’s dominant marketing theories. The risk of using only the dominant theories is mainly that the information may be too narrow. Apart from that, using well-known theories could prove very valuable in that they have been used and tested to perfection. Also, they are the theories most readily accessible in libraries and bookstores. When searching for appropriate literature in libraries and on the internet, the areas browsed are, among others, marketing, business and knowledge development, business relations, logistics and supply chain management.

The interviews are mostly one-to-one interviews, and can be divided into external interviews, which are the interviews performed with a few of Schenker’s existing and potential customers and suppliers, and internal interviews, with Schenker personnel. This way of carrying out interviews with both supplier and customer, and interviewing more than one of each kind, is used to increase the objectivity. When choosing respondents, the researcher tries to find subcontractors who work close to the end-customers, both Schenker employees who work with and do not work with SCM, and customers who have worked with SCM or might get the chance to do so.

Many of the internal interviews are performed as parts of conversations, while others are prepared and structured in advance. The reason for these two different approaches is the difference in expected and wanted information between the occasions. Sometimes, the conversational interview is sufficient, when just a certain piece of information is needed, while other circumstances and questions call for more structured interviews with listed questions and themes to discuss.

For convenience, some interviews, for instance most of the customer and supplier interviews, have been carried out over the telephone. This method is less reliable when trying to assess the respondent’s reactions and feeling, but for interviews like these, where the main object is to get answers to straight questions, and to conduct a discussion, telephone interviews are a good alternative.

For the SCM Super Users (see chapter 4.3.1 Super Users and Users), for example, telephone interviews have been used, since the super users are spread throughout most of the world. A questionnaire was mailed to the super users, and the questions were well defined to minimize the risk of misunderstanding. After that, telephone interviews were conducted to discuss the answers. The answers to these questions are depicted in chapter 4.7 Interviews with Schenker personnel.

The most important observation performed for this thesis is the one involving the meeting between Schenker and the customer Graphic Packaging International, Inc. This meeting, or workshop, took place in Essen, Germany, and the observation was performed
using a half-structured observation method with the observer in a role between observer-participant and complete observer\textsuperscript{57}.

### 2.6.5 Methods of analysis

The four methods of analysis described in chapter 2.5 \textit{Methods of analysis} are well-known and well documented. This makes them easy to use, and might also increase their credibility. In the thesis, these methods are used to test the data collected in empirical and theoretical stages of the research, and to generate ideas on how to solve the problems encountered.

The first method, logical reasoning, is the most important and most frequently used. It makes out the basis of all analyses, and is almost always tried before the other methods. The reason to this is that the researcher feels that, to stimulate the mind and encourage free thought, one must look at the problem without premises. After the logical reasoning has been carried out, the other methods can be used with less risk of affecting the creative mind of the researcher negatively.

Professional help, found in many different forms and places, is used as a complement to logical reasoning. Professional help can be seen as somebody else’s logical reasoning, and should therefore be carried out with little or no other analysis methods as a basis. For this thesis, the professional help has been obtained mainly inside Schenker, through interviews with SCM’s personnel and super users, but also through Lund University. Everth Larsson, of Lund Institute of Technology, has been of great help in analyzing parts of the gathered information.

The SWOT analysis, the first of the completely structured analysis methods described in this thesis, is a valuable asset in the process of analyzing the pros and cons of the SCM Concept of today. By looking at the different aspects taken into consideration in the SWOT, improving the concept is made easier. Moreover, comparing the present version of the concept with for example the 4ROOMS version is facilitated.

Last, but not least, Ansoff’s matrix for the diversification of products and services is used to put the SCM Concept in an organizational context. Primarily used to select strategies for expansion, in this case the matrix is instead used to identify an existing service, and the strategy affiliated with it. The purpose of this is to create an understanding of how the SCM Concept is regarded by the customers and the Schenker organization, and whether the concept is used correctly.

\textsuperscript{57} See chapter 2.4.2 \textit{Observations}. 
3  Theoretical frame of reference

In the third chapter, the theoretical grounds for the thesis are laid out. The purpose is to give the readers a background to the subjects discussed. First, an introduction to supply chain management and one of its main parts, logistics. Then, strategies for the marketing function and theories on marketing, from key account management and relationship marketing to one-to-one marketing, are introduced and described.

3.1 Supply Chain Management

“A supply chain is a sequence of processes and flows that take place within and between different stages and is combined to fulfil a customer need for a product. The chain consists of all parties involved in fulfilling the customer’s request.”  

Supply Chain Management, abbreviated SCM, is a term widely used. The supply chain intended is, in accordance with the quote above, the complete flow of information, currency and goods supporting the making, selling and buying of products by any company. According to David Simchi-Levi, SCM is:

“…a set of approaches utilized to efficiently integrate suppliers, manufacturers, warehouses and stores, so that merchandise is produced and distributed at the right quantities, to the right locations, and at the right time, in order to minimize system-wide costs while satisfying service level requirements.”

The Council of Supply Chain Management Professionals (CSCMP) stresses the importance of working together with others to improve the SCM performance:

“Importantly, it (SCM) also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third-party service providers, and customers.”

3.1.1 Logistics

Logistics treats all activities involving goods and services, for example production, storing, moving, maintaining and repairing. Separating the two terms SCM and logistics is hard, and there are many different theories and ideas regarding which is the bigger and which is the smaller. CSCMP defines logistics management as:

59 Not to be confused with the concept SCM. Throughout this chapter, SCM refers to Supply Chain Management, and not to Schenker’s logistics concept.
“...that part of supply chain management that plans, implements, and controls the efficient, effective forward and reverse flow and storage of goods, services, and related information between the point of origin and the point of consumption in order to meet customers’ requirements.”

In this, CSCMP clearly points out that they consider logistics to be a part of SCM, and not the other way around.

According to Shapiro and Heskett (1985)⁶⁴, there are three perspectives from which to look at logistics – the internal perspective, the channel perspective and the competition perspective. These are described in the following chapters.

3.1.1.1 The internal perspective

The internal perspective of logistics treats, as the name indicates, the internal flows and relations. Purchase, production, economy, sales and marketing are in focus, and the problem to solve is how to make them work together in the best fashion possible. Over the years, the internal perspective has been concerned with order sizes and other quantity-based measures, as well as quality-based measures, which have become more and more important during the last 20 years.

3.1.1.2 The channel perspective

This one of the three logistics perspectives is closest to SCM. The channel discussed here is similar to the chain discussed in SCM, and the companies’ task is to facilitate the collaboration in the channel, that is, the cooperation between all the individuals and companies coexisting in the channel. This means suppliers, customers, transporters and others.

3.1.1.3 The competition perspective

This perspective considers the competitive advantages that a company can gain by using its logistics in a proper manner. This involves adapting the logistics to support the corporate strategy, and, in the long run, to let the logistics play an important part in the development of the strategy. When this is achieved, the company’s logistics has become a tool for creating competitive advantages.

3.1.2 Logistics innovation⁶⁵

3.1.2.1 Customer value

When customers choose products, services or suppliers, the choice is based on how well they create value for the customer. The customer value is the worth of the product, service or relationship for the customer. Keeping the customer value on a higher level than the resources put in by the customer is essential for keeping the customer. Therefore, being able to understand what customers value is an important factor of success. Woodruff (1997) defines customer value as:

---

⁶⁵ Flint et al, 2002.
“...a customer’s perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer’s goals and purposes in use situations.” 66

It is also important to differ between two types of customer value – customer satisfaction, which is the historical measurement, and customer desired value, which is what the customers want in the future.

As a solution to the problem of creating sustainable customer value, Flint, Gammelgaard, Larsson and Mentzer67 suggest logistics innovation. A result of new service and product development processes, logistics innovation is aimed at keeping up with, or ahead of, the customers’ desires and needs. Through this, logistics innovation will bring competitive advantage by offering the customer new and unique services. To explain the meaning of developing new services instead of keeping with the old and reliable, Peppers and Rogers say:

“The objective of a relational company is not to find more customers for its products, but to find more products for its customers.” 68

To achieve a proper and successful logistics innovation process, Flint et al. recommend customer intimacy processes, setting the stage processes and internal negotiation processes. These together create a basis for logistics innovation, giving the company competitive advantages. Figure 2 shows the way from establishing the three processes, through achieving supply chain learning, and thereby creating a sustainable logistics innovation atmosphere, to the final goal – competitive advantage.

Figure 2 – The way to logistics innovation and competitive advantage.69

---

66 From Flint et al, 2005.
67 From Flint et al, 2002.
68 Peppers and Rogers, 1999, p. 173.
3.1.2.2 Customer intimacy processes

To stay close to what their customers value, logistics companies can choose from a number of methods. Some are quantitative and impersonal, like surveys, while others are qualitative, and more intimate. Flint et al. present, among others, the following six different ways to go by when trying to understand what customers value.

- **Customer groups.** Inviting members of different strategically important customers to discuss issues with the logistics service provider.

- **Depth interviews.** Like the customer groups, but with less people, often two from the logistics company and only one from the customer.

- **Single-customer extended interactions.** Similar to the customer group, but more extensive. Visits can last for several days.

- **Strategic planning meetings.** Inviting important customers to participate in the logistics company’s strategy meetings.

- **Contracted research.** Using outside market research companies.

- **Indirect processes.** Trying to understand the customer’s needs without speaking directly to the customer. Instead, trade journals, industry conferences and trade shows are used as means of understanding changes in customer value on a broader scale.

When performing interviews with customers, the single most important thing to remember is to listen to the customers. The whole meaning of asking the customers what they want is to try and understand what they value and desire, and thereby become a better logistics partner. As Edman and Laurelli puts it:

"Try to avoid talking too much yourself – the aim of the conversations is to capture signals and values." 70

3.1.2.3 Setting the stage processes

Setting the stage means executing the customer intimacy processes. This is done by creating an in-company environment suitable for customer interaction. There are several approaches:

- **Creating a customer retreat.** Distinguishing customer value generating operations from the rest of the organization, at least physically, can be rewarding and prove stimulating.

- **Creating an innovative, customer-oriented culture.** Adjusting the company culture to better suit the hunt for customer value.

- **Hiring and training.** Hiring the right kind of people and training them in innovative thinking.

- **Segmenting customers.** Differing not only between strategically important and less important customers, but also between innovative and less innovative cus-

---

70 Edman & Laurelli, 1999, p. 28.
tomers. Innovative customers act as trendsetters in their respective industries, and can serve as sources of knowledge of what is to become customer value.

- *Creating systems to capture the data.* Making templates for the implementation of the customer listening processes by stating what data to search for, how to analyze it and so on.

- *Placing logisticians on account management teams.* Widening the competence of the groups performing the customer intimacy processes, to be able to pick up more and better information about the customers’ needs.

- *Being operationally excellent.* Focusing on quality and operational excellence.

### 3.1.2.4 Internal negotiation processes

Despite existing and functioning customer intimacy and setting the stage processes, not all companies manage to become innovative. Often, the problems or obstacles lie on a managerial level, since the managers are the ones making the decisions about whether to invest money in logistics innovation or not. Many managers instead choose to wait, and then follow more innovative competitors. This, however, means never being in the lead. To come around this problem, and to get the logistics innovation under way, Flint et al. mention three aspects to consider:

- *To translate or not to translate.* Trying to understand what the customers mean can be hard, since the languages spoken can differ between a logistician and a sales person, and so on. Sometimes it is best not to translate the customers’ opinions into one’s own language, but to quote the customer directly.

- *Thinking through implications.* It is important to remember that not all customer values are worth chasing after. If the logistics service provider feels that a wanted service does not suit the existing services, there is always the choice to stop serving the customer.

- *Internal selling.* In some cases, it is vital to identify key decision makers within the own company to get innovations to occur. The struggle for logistics innovation must be deeply rooted in the top of the organization.

### 3.1.3 The logistics market

The logistics market is highly competitive, with high demands and low margins. Increasing demands on environmental issues from authorities and customers, as well as demands for quality, precision and speed, keep the logisticians on their toes. In addition, the severe competition keeps the logistics service providers from passing the cost raises onto their customers. This further lowers the margins and puts pressure on the logistics companies. Another aspect to consider is the globalization, which makes the possible markets increase, but also the competition. Instead of only competing against logistics service providers from the same country or the same continent, there are an additional number of competitors from all around the world. The solution is to be resource efficient and find ways to lower costs with preserved quality performance. Focusing on the total

---

supply chain, merging warehouses and transports, and entering strategic alliances with customers and suppliers are some of the ways of keeping up with the competitors and not fall out.

3.2 Key Account Management

In industrial marketing, trying hard to keep the biggest and most valuable customers is an important issue. To succeed in this, companies treat their customers differently depending on their value for the company. One way of caring about the most important customers is the key account management (KAM) system, which means that one individual or group has the main responsibility for one specific customer.

According to Edman & Laurelli, KAM is a way to get, keep and develop key customers. To do this it is important to act from the customers’ purchase reality, not from one’s own desire to sell.

3.2.1 The four types of KAM

In their book Strategic Relationship Marketing, Hougaard and Bjerre describes four types, or levels, of key account management. These are explained in the following chapters. Which of the four models of KAM a company uses, if any, depend on the market conditions, the supplier and the customer’s strategies.

3.2.1.1 Contact – the one point relationship

This first type is common among suppliers that are new to key account management. It involves just one-to-one contact with the customer, handled by the key account manager, who also is responsible for the sales to the same customer. It is the one of the four models that is closest to traditional marketing, and the focus of the relationship lies on sales and prices.

3.2.1.2 Passive coordination – customer reflected relationship

Passive coordination means that the supplier is passive in the relationship. Passive in adapting to better meeting the needs of the customer, that is. Instead, the customer becomes the initiating party. There are often more than one contact between customer and supplier. Passive coordination is common in companies with a bit of experience of relationship marketing.

3.2.1.3 Proactive coordination – supplier reflected relationship

In proactive coordination, customer orientation is seen both as a chance to improve relations with selected customers, and as an opportunity to become better than the competi-

---

73 Edman & Laurelli, 1999.
74 Hougaard & Bjerre, 2002.
75 Edman & Laurelli, 1999.
78 See chapter 3.3 Relationship Marketing.
tors, with the customers’ help. An organization with flexible processes and a good knowledge of relationship marketing is a condition for proactive coordination.

3.2.1.4 Integration – joint development

The integration type of KAM is an extremely close cooperation between the customer and the supplier. It may even be hard to tell one organization from the other, looking at the processes and individuals. The customer relations are handled by many persons, and each customer is treated as a separate market, with their own needs.

3.2.2 The purpose of KAM

Cheverton\textsuperscript{79} identifies three main goals of KAM; to control the future, to achieve competitive advantages and to become a key supplier.

The advantages of this idea of treating the valuable customers with special care are many. Edman and Laurelli\textsuperscript{80} present, among others, the following four advantages of KAM:

- Creates a symbiotic relationship that increases the profitability for both the supplier and the customer.
- Gives more and better contact surfaces between customer and supplier.
- Supports continuous feedback.
- Insider information about the customer, which gives competitive advantages.

3.3 Relationship marketing\textsuperscript{81 82 83 84}

According to Evert Gummesson\textsuperscript{85}, relationship marketing, or RM, can be described as marketing focusing on relationships, networks and interaction. RM can further be regarded as the opposite of the traditional transaction marketing. Transaction marketing refers to a single buy, one single, isolated transaction, while RM concerns multiple transactions and repeated contacts between the buyer and seller. Or, as Ola Feurst\textsuperscript{86} puts it, the goal of transaction marketing is to sell more by finding new customers and reaching conclusions. Relationship marketing aims, short-term, to making the customer return, and, long-term, to a stable relationship.

3.3.1 Managing business relations

When handling business relations, there are a number of aspects to consider\textsuperscript{87}:

\textsuperscript{79} Cheverton, 2000.
\textsuperscript{80} Edman & Laurelli, 1999, p. 19.
\textsuperscript{81} Blomqvist, Dahl & Haeger, 2004.
\textsuperscript{82} Feurst, 1999.
\textsuperscript{83} Gummesson, 2002.
\textsuperscript{84} Peppers & Rogers, 1997.
\textsuperscript{85} Gummesson, 2002.
\textsuperscript{86} Feurst, 1999, p. 63.
\textsuperscript{87} Gummesson, 2002, pp. 37-43.
- **Cooperation.** Compared to traditional marketing, the idea of cooperation in RM is the most significant difference. To have two-way communication instead of one-way is the way to go.

- **Commitment, dependence and importance.** Like with all relationships, to sustain a high level of dependence, commitment is needed.

- **Trust, risks and uncertainty.** Mutual trust lets the relationship develop and thereby become more rewarding.

- **Power.** A relationship where the balance of power is uneven can work as long as the power is not abused.

- **Long-sightedness.** As mentioned before, one major difference between RM and transaction marketing is the duration of the relationship. The longer time horizon of RM gives the companies a better chance to plan ahead since the future becomes less uncertain.

- **Frequency, regularity and intensity.** These three measures decide the nature of a relationship. Of course, to have a frequent, regular and intense relationship is both more profitable and more demanding than the opposite.

- **Adaptation.** To adjust to better fit each others needs and qualities comes with a deep relationship. This often proves to be rewarding for both parts, but also means that a break in the relationship can be costly.

- **Attraction.** The attraction that leads to relations between companies is a combination between rational economical and psychological factors.

- **Closeness and distance.** To create and uphold good relationships proximity to the customer is important. The closeness to the customer might be divided into physical, mental and emotional closeness.

- **Formalization and openness.** This aspect deals with the fact that relationships can be more or less formal. For example, formality is used for contracts and other legal ties.

- **Routinization.** Relationships working as a matter of routine can be regarded as dull and uninspiring, almost perfunctory, but often prove to be efficient and stimulating.

- **Substance.** Apart from economical exchange, a business relationship can consist of the sharing of knowledge, technologies and information.

- **Personal and social qualities.** In this category, concrete qualities, such as age, gender and education are considered as well as more abstract ones, like charisma, hunger for power and confidence.

However, it is important to remember that, after all, relationships can be non-profiting and destructive. In those cases, it is important to be able to end the unprofitable relation and avoid keeping it too long. Blomqvist, Dahl and Haeger express the core of RM, with respect taken to the termination of unrewarding relationships:
“Relationship marketing means consciously working to establish, develop and terminate relationships with customers, so that mutual value and competitiveness is created.”  

3.3.2 The 30 relationships of relationship marketing

Gummesson has identified what he calls the 30 market relationships, divided into four groups. The first group contains the first three relationships (R1-R3) – the classical market relationships. The second group, the special market relationships, comprises relationships R4-R17, while R18-R23 belong to the mega relationships (relationships outside the company). Finally, the last seven relationships (R24-R30) are the nano relationships (relationships within the company). For a complete list of the 30 relationships, see Appendix A. The relationships of greatest interest and value to this thesis are described in more detail below.

3.3.2.1 R5 – The service encounter: The interaction between the customer and the supplier of services

In today’s service marketing, there are other important relationships and contacts than the customer’s contact with the supplier’s sellers. All interaction between the customer and the selling company becomes important, and the customer and supplier create value together through this interaction. For example, to get the best service possible offered and delivered, the customer must be active and explain what his/her needs are and how they should be satisfied. The customer becomes a designer of services.

Feurst also stresses the importance of upholding a good communication with the customer. The idea is to go from one-way to two-way communication, to not only inform, but to also get informed.

3.3.2.2 R6 – The many-headed supplier and the many-headed customer

It is not possible to regard a company as composed of solely one individual, but instead as a complex entity made up of a number of different persons and networks. Therefore, in business-to-business, with two such multifaceted business partners, there are a large number of relations to consider. It is not only the buyer’s relationship to the seller, but also the relationships of all the persons involved in the discussions and transactions between the two companies.

3.3.2.3 R8 – Proximity to the customer versus the distant relationship

As mentioned before, the contact with the customer is vital for the business. Without knowing what the customer wants, it is very hard to give it to him. In addition, with a tight customer contact, the customer probably feels more important and cared about, which is good for the business relationship. As Gummesson puts it:

---

88 Blomqvist, Dahl & Haeger, 2004, p. 27.
89 Gummesson, 2002.
90 Feurst, 1999.
91 Abbreviated B2B, where the customer is a company, as opposed to B2C (Business-to-consumer), where the customer is a person.
“The only way to understand the customers is to regularly meet with them, practice empathy and reflect over one’s observations.”

3.3.2.4 R18 – Personal relationships and social networks
The impact of personal relationships on business depends largely on culture. For instance, business in Asia is said to be very dependent on personal relationships, while European business is less reliant on such factors. However, the influence of personal relationships and social networks must always be taken into consideration, and even though a relationship might not exist before a business meeting, it may always be created during one. The importance of personal relationships is primarily due to the fact that it is easier to trust someone familiar, someone who is something more than a name and a title.

3.3.2.5 R21 – The knowledge relationship
According to Wikström and Normann (1992), the knowledge of a company can be divided into three processes. Firstly, there is the generative process, creating or gathering the knowledge. Secondly, the productive process refines the knowledge and turns it into a value-creating offer to the customer, and, finally, the representative process indicates the relationship with the customer. With the importance of knowledge continuously increasing, the exchange of information between customer and supplier must improve. It is no longer enough for the supplier to sell knowledge to the customer. As mentioned in relationships R5 and R8, the information passing from customer to supplier is equally, or more, important. Consequently, a business relationship with the added purpose of exchanging knowledge is of great value.

3.3.2.6 R26 – Quality management and market orientation: Relationships between the marketing function and technical functions
Traditionally, there are two ways of orienting a company’s efforts in marketing – market orientation and production orientation. They coincide with the two ways of employing quality management; external, from the market, and internal, from within the company. The internal way of quality management is technically based, for instance production, while the external is market based. For service companies, the production function is represented by the functions performing and delivering the services. The goal of every company should be to combine the two different aspects, so that both internal and external factors are taken into consideration. To manage this, the marketing function and the technical functions must cooperate and keep a close dialogue. As always, information is the key. To describe the achievement of this desired state, the term Total Quality Management (TQM) is used. Table 4 shows the internal and external parts of TQM and how they are represented in each other.

---

93 From Gummesson, 2002
Table 4 – Total Quality Management: creating a relationship between the marketing function and the technical functions.\(^4\)

<table>
<thead>
<tr>
<th>Internal quality management/Production orientation</th>
<th>External quality management/Market orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td>To do things right</td>
<td>To do the right things</td>
</tr>
<tr>
<td>Knowledge about technology and systems</td>
<td>Knowledge about the market</td>
</tr>
<tr>
<td>Accordance with demands</td>
<td>Suitability for use</td>
</tr>
<tr>
<td>Specifications and blueprints</td>
<td>Needs and desires</td>
</tr>
<tr>
<td>Prototypes</td>
<td>Customer satisfaction</td>
</tr>
<tr>
<td>Tests</td>
<td>Value creating</td>
</tr>
<tr>
<td></td>
<td>Quality as experienced by the customer</td>
</tr>
</tbody>
</table>

3.4 One-to-one marketing\(^5\)

3.4.1 The value of customer relations

The opposite of the customer value explained in chapter 3.1.2.1 Customer value is called the value of customer relations. That is the worth of the relationship for the supplying company. In his book One-to-One Marketing, Ola Feurst\(^6\) presents six parameters for assessing the value of customer relations:

1. Retention\(^7\) and duration\(^8\). A customer that returns time after time generates both information and income. For long-time customers, the chance of them coming back for more buys is bigger. Furthermore, customers with regular buy patterns are easier to get to know and are often more faithful.

2. Customer share\(^9\). The size of the customer share tells something about the customer relationship. For instance, a big customer share might mean that the customer is satisfied or that it is too complicated to change supplier. The bigger the customer share, the better the chances of a continuing relationship.

3. Profitability. A customer relationship with increasing profitability is especially valuable.

4. Knowledge of own and others’ preferences. The aware customers are valuable, since they have given their buys conscious thoughts.

5. Relationship commitment. How engaged is the customer? Does the customer participate in a dialogue to express its preferences? This might stimulate the customer by showing that the supplier cares.

---

\(^4\) Gummesson, 2002.

\(^5\) Feurst, 1999.

\(^6\) Ibid, pp. 122-123.

\(^7\) Customer retention is the probability that a customer buys from the same supplier again.

\(^8\) Customer duration measures the durability of the customer’s relationship with the supplier.

\(^9\) Customer share is the selling company’s share of the customer’s total buys.
6. *Reference value.* The degree to which a customer influences other individuals or companies so that they also might become customers is an important issue. The customer’s status and reputation affects this parameter.

### 3.4.2 Customer loyalty

In one-to-one marketing, the concept of customer loyalty is important. The higher the customer loyalty, the harder it is for competitors to take the customer away. Feurst\(^{100}\) describes four levels of loyalty, corresponding to different levels of effort made by the supplier:

1. *Forced loyalty.* The customer can not change supplier due to one or a number of reasons, for example limited time, no or unknown choices, or changing cost. For the competitors, these reasons are quite easy to overcome.

2. *Bought loyalty.* Bonuses, discounts and other offers are parts of bought loyalty. It is all a question of money, or objects, and the loyalty is conscious. For competitors, offering lower prices or better bonuses might win the customer over to their side.

3. *Practical loyalty.*
   a. *Habit.* This part of practical loyalty is unconscious, but can be made conscious by competitors to gain new customers.
   b. *Comfort.* Comfort is a conscious loyalty, which means the customer has made a conscious choice of supplier on account of the service or simplicity offered. Competitors will try to offer even better service and try to make it easier for the customer.

   a. *Quality.* The quality of the products or services offered is important for customers knowing what they want. The competitors have to come up with something better, with equal or better price and service.
   b. *Commitment.* Commitment can be described as customer-driven quality. The loyalty triggered by this is very valuable.

### 3.4.3 The four steps of one-to-one marketing

In their book *Enterprise One to One*, Peppers and Rogers\(^{101}\) presented the four steps of one-to-one marketing – the steps to follow to make one-to-one marketing part of a company’s marketing strategy; identification, differentiation, interaction and adaptation. Feurst\(^{102}\) uses similar steps, but with some changes:

1. *Identification.* A requirement for one-to-one. Recognize the different customers and treat them individually. Keep the most loyal and valuable customers, ideally

---

\(^{100}\) Feurst, 1999, pp. 131-132.

\(^{101}\) Peppers & Rogers, 1997.

\(^{102}\) Feurst, 1999, p. 134.
forever. The customer value decides how much can be invested, and the customer’s needs are the key to keeping and deepening the relationship.

2. *Communication/Discussion.* Organize the company for a learning relationship both technically and psychologically. Each customer contact represents an opportunity to learn more about the customer’s value and needs.

   To further stress the importance of asking the customers what they actually want, to avoid guessing, and guessing wrong, Carl Sewell\textsuperscript{103} suggests questionnaires and reference groups. According to Sewell, it is important to know that different customers have different needs, and different wishes. Knowing what one customer wants does not necessarily imply knowing what all customers want.

3. *Memory.* Collect and use transaction data (the traces left by the customer when making a buy) and dialogue data (the customer’s opinions and views). These data should always be accessible throughout the company for the people working with any kind of customer contacts.

4. *Adaptation.* Adapt each offer to the individual customer, to make each contact a product of earlier dialogues. This is the most demanding step, but also the most rewarding in terms of competitive advantage.

### 3.5 Similarities between the three marketing perspectives

Key account management and relationship marketing have a lot in common with one-to-one marketing. This depends on the fact that they all are inspired by each other, together with the fact that they have been inspired by the same marketing ideas. Cheverton\textsuperscript{104} has compiled a list of similarities between RM and KAM. It works for one-to-one as well:

- A movement from transaction to relationship marketing.
- Relationships based on trust and reliance.
- Maximization of the customer’s lifetime value and market share.
- Focus on the development of customer loyalty and on the keeping of existing customers.
- A change in the company’s internal organization and attitude towards the customer.
- A need for cross-functional processes.

\textsuperscript{103} Sewell, 2002.

\textsuperscript{104} Cheverton, 2000, pp. 202-203.
4 Empirical studies

The fourth chapter, containing the empirical studies, presents Schenker and the SCM Concept in detail. It also contains interviews with Schenker personnel, suppliers and customers, as well as observations made during an SCM Workshop.

4.1 The Schenker organization

In 1872, Gottfried Schenker founded Schenker & Co. in Vienna, Austria. The company’s operations grew quickly, and Schenker was bought by the German railway company in 1931. The name Stinnes was added in 1991, when Stinnes AG acquired Schenker from Deutsche Bahn AG. Later, Deutsche Bahn bought back Schenker, and also acquired the rest of Stinnes AG.

Some years previously, in 1999, Schenker AG had completed the take-over of the Swedish company Bilspedition Transport & Logistik (BTL) AB. Today, the remains of BTL AB are, to the most part, Schenker AB, the Swedish division of Schenker AG.

The world as Schenker knows it is divided into eight regions – five in Europe, and America, Africa and Asia. The head quarter of the organization is located in Essen, Germany, in the heart of the German industry network.

Schenker have a broad spectrum of services, divided into transportation services, integrated logistics services and special services, to offer its customers. This means everything from warehousing and procuring to express services and full-scale logistics solutions. In Schenker’s mission, it is stated that a one-stop-shopping concept with a one face to the customer attitude is the goal. Schenker’s vision is as follows:

”Position Schenker as the best choice for a global integrated logistics partner.” 107

As the ground on which everything is built, Schenker has its network, which is especially well developed in Europe. This network is the result of the acquisitions of many different logistics in countries around Europe. The negative aspects of this kind of network patching are the differences in standards between the countries. For example, there are no standard information systems or quality and environmental certifications. Moreover, different countries and regions are seen as individual cost and profit centres, leading to some internal competition.

4.1.1 Customer contacts

To handle contacts with the biggest customers, Schenker has allocated several people, among others key account managers, global account managers, and sales personnel, some of them described in more detail below. To evaluate the quality of the services on an

107 Ibid.
109 Interview with Peter Lindström, 2005-10-14.
operational level, which are often carried out by Schenker’s suppliers, surveys are made once a year. These surveys, performed by companies not owned by the Schenker group, include interviews with a large number of customers. What is asked is for example what the customers think of the drivers’ and operational transporters’ competence and cooperation level. This is not a completely standardized procedure, so not all parts of Schenker perform the same kind of studies.

To gain access to the drivers’ thoughts and ideas about the customers, some, but not all, sales persons collect data through informal interviews and conversations. In this fashion, Schenker can receive at least some information about the customers’ unspoken wishes, and their problems and qualities.

To improve their business, Schenker performs exit interviews with some customers. This is used in cases when, after a long process of trying to get to do business with a customer, the customer chooses another supplier. When this happens, Schenker wants to know why the customer did not choose Schenker, and what Schenker would have had to do to get the deal. The tool used is the exit interview, which is a discussion with the customer, an informal interview with the purpose of collecting information about how to win more deals and expand the business.

4.1.1.1 Key Account Managers

Schenker’s key account management organization (KAMO) serves both Schenker and its customers. The benefits for the customers are in the fields of strategic planning, process analysis, operation optimization, project handling and sales. All this is conducted with one main Schenker contact per customer, supporting Schenker’s one face to the customer attitude. To their help, the KAMs have Tender Management (TM) and Implementation Management (IM). To put it simply, TM is in charge of the planning and selling, while IM handles the execution of the services. To be served by KAMO, customers must be among Schenker’s top 70 customers world-wide.

Internally, the goals and responsibilities of KAMO are to:

- Maintain, secure and develop existing and potential business.
- Define further potential global accounts to develop new business.
- Create better knowledge of potentials and customer information.
- Increase efficiency through sharing information within Schenker.
- Support Schenker’s regions and countries.

4.1.1.2 Global Account Managers

The global accounts are Schenker’s biggest customers, and the global account managers (GAMs) each are responsible for one of these customers. To become a global account, a customer must fulfil three out of four of the criteria presented below.

- A global or pan-European demand for logistics services.

111 Schenker AG, KAMO, 2004-08-17.
- Logistics turnover of at least 10 million euros per year.
- A want for a one face to the supplier-interface.
- A centralized purchase decision process.

Furthermore, there are other criteria which are desirable for the customer to fulfil, for example to be one of the market leaders in their field and to have a want for a strategic alliance with Schenker as the logistics service provider.

4.2 4ROOMS

The name 4ROOMS was chosen to reflect the number of phases in the classical 4ROOMS seminar. In the apartment in Gothenburg, four rooms were used, one for each phase. The 4ROOMS organization was flexible and would invite whomever was found to be valuable or of interest to the organization. The visits to the four rooms were adjusted to different customers or internal visitors, and contained:

1. Presentation of the customer’s business processes.
2. Presentation of Schenker’s support systems in the business processes.
3. Presentation of the customer’s future business processes.
4. Presentation of Schenker’s future support systems in the business processes.

A central part of 4ROOMS was the tool used to investigate the impact of different supply chain set-ups. The tool was given the name Supply Chain Modeler, SCM for short, with the American spelling of the English word modeller. This makes it all a bit confusing, since the connection to Supply Chain Management is also apparent.

4.3 The SCM Concept

Today’s SCM Concept has a lot of influences from the old 4ROOMS. The modeller, the four parts of the workshop and so on are all taken from 4ROOMS, obviously with some adjustments. Also, the role of the SCM Concept in the Schenker organization is different. Now, SCM has a more clearly defined role. This means, on the one hand, less freedom and more responsibility, but on the other hand, the SCM Concept also has a greater support from the rest of Schenker.

Requests for workshops and other SCM activities are handled on three different levels. The highest level, requests by key and global account managers, are handled by SCM. The second level of requests, made by specific Schenker divisions or regional customers, is handled by the super users, and the last level, requests made by national clients, by the users (see chapter 4.3.1 Super Users and Users).

---

113 Montalvo, 2002.
117 Interview with Anneli Jigberg, 2005-11-10.
To choose which customers get the chance to use SCM’s services, the four GAM criteria, presented in chapter 4.1.1.2 Global Account Managers, are used, with some alterations to suit the specific level of interest.

The goals and objectives of the SCM Concept are to:

- Improve and develop strategic logistics decisions within Schenker and with the customers.
- Support the KAMO by simulating business cases, performing workshops for customers together with GAMs and KAMs, and working with complex tender.

4.3.1 Super Users and Users

The super users are Schenker employees acting as representatives for the SCM Concept around the world. They exist in what Schenker calls a virtual network, collaborating with the SCM Concept to cover the customer activities not handled by the account managers. The goal is for the super users to work as two-way communication channels to other users and countries, spreading and gathering information and opinions to improve the SCM Concept. On the next level after the super users are the users, who handle smaller, national customers. There is a flow of knowledge from SCM, via the super users, to the Schenker countries and their users, and the other way around (see Figure 3 below). To facilitate this spreading of knowledge and information, the application SchenkerNet, a web-based source of information and mode of communication, is used.

Today, there are nine super users, one for each of the eight Schenker regions and one additional for the Schenker headquarters in Essen, Germany. SCM recruits their super users from Schenker employees with an interest in the concept. To become an SCM Super User, there are a number of criteria to fulfil:

- Engineer with an analytical mind.
- A pro-Schenker approach, but with a level of objectivity.
- An interest in Supply Chain Management.
- Earlier experiences that can be applied to new customers.
- A good knowledge of logistics flows and their complexity.
- A realistic idea about what Schenker can and cannot do.

Figure 3 – The virtual network of the SCM Concept, with its Super Users and respective countries.

Today, there are nine super users, one for each of the eight Schenker regions and one additional for the Schenker headquarters in Essen, Germany. SCM recruits their super users from Schenker employees with an interest in the concept. To become an SCM Super User, there are a number of criteria to fulfil:

- Engineer with an analytical mind.
- A pro-Schenker approach, but with a level of objectivity.
- An interest in Supply Chain Management.
- Earlier experiences that can be applied to new customers.
- A good knowledge of logistics flows and their complexity.
- A realistic idea about what Schenker can and cannot do.

---

- The ability to look at the big picture and avoid sub optimization.

### 4.3.2 The SCM Workshop

One part of the SCM Concept is the SCM Workshop, a meeting between customer and supplier with the aim of improving the customer’s supply chain set-up through analysis of the current set-up, future aspects of logistics and the customer’s visions. To facilitate the analysis and visualize different scenarios the SCM Modeler is used. To get the workshop underway, and to make the simulating worthwhile, a lot of background data is needed. This may be data not normally shared with the suppliers, and might therefore be a little sensitive.

In the SCM Concept of today, the SCM Workshop is what often catches the customers’ attention first. The reason is that the workshop is straightforward – it is easy to grasp and understand, and its possibilities and advantages are clearly visible; the customer gets help with the supply chain optimization and might lower the costs.

The structure of the workshop is similar to the one used in the old 4ROOMS concept – the four stages, or rooms, are still there, divided into two days. A description of the contents and objectives of the different stages are described below.

1. **The customer’s current situation.** The objective of the first stage, or block, is for the SCM representatives to get to know the customer better. Discussed areas are overall strategy, vision, mission, current supply chain set-up and business processes. Furthermore, the market, on which the customer acts, is briefly analyzed.

2. **The customer’s future situation.** In the second block, the future of logistics, and its impact on the logistics market in general and the customer in particular, is discussed.

3. **Getting to the wanted position.** In block three, the visions of block one are measured against the market changes in block two. With this as a starting point, Schenker and the customer together try to figure out how to handle the negative market changes and reach the goals and visions. In this block, the SCM Modeler is an important tool for testing different suggestions and weighing them against each other.

4. **Conclusions and continuation.** In the last stage, the workshop is summarized and analyzed. The results from stage three are reviewed anew, and an action plan, containing information about how to continue and how to put the new supply chain ideas or strategies into effect, is made up.
4.4 The Graphic Packaging case\textsuperscript{119}

4.4.1 Background\textsuperscript{120, 121}

Graphic Packaging International, Inc. is one of the world’s largest producers of packaging paper for beverages, cereals and chilled or frozen foods and drinks. With headquarters in Georgia, USA, GPI has 8200 employees in 46 countries world-wide and a revenue of 2.3 billion dollars (2003). GPI’s European headquarters are situated in Brussels, Belgium. In Europe, GPI uses Schenker’s services for much of their logistics.

In the end of June 2005, Schenker’s SCM organization held a two-day workshop with GPI in Essen, Germany. During these two days, the future of GPI’s and Schenker’s business relation, and the possibility of deeper cooperation, was discussed and outlined. Throughout this meeting between customer and supplier, the author of this thesis participated as an observer, with the goal of collecting impressions and evaluating the structure and implementation of the workshop.

When asked why GPI was chosen for an SCM Workshop, the Schenker participants explained that there were three reasons. First, they obviously wanted to increase and improve their business with GPI – make the services supplied more advanced, with more long-term solutions, and second, they wanted to build a good relationship with the customer. Third, the SCM team wanted to practice performing a full-scale workshop with a customer, since this kind of workshops is quite rare. The total cost of the GPI workshop is difficult to estimate, but a rough calculation indicates figures in the vicinity of 15 000 euros.

4.4.2 Preparations

Before the workshop, Schenker requested a lot of data from GPI, data to be used to understand GPI’s needs and to be used in the SCM Modeler when plotting different solutions to GPI’s problems. This both allowed Schenker to get to know GPI better, and forced GPI to analyze their own situation and needs.

The researcher, as a neutral observer, prepared for the workshop by setting up a list of aspects to consider during the two days. Those were:

- Who are participating and what are their roles?
- The feeling of buyer versus seller.
- Schenker’s professionalism and expertise.
- Overall atmosphere and environment.
- The feeling of a constructive workshop.
- Who directs the meeting, and in what way?
- Are all the participants active?
- Mostly discussion or information?

\textsuperscript{119} SCM Workshop with GPI, Essen, Germany, June 28-29, 2005.
\textsuperscript{120} Interview with Peter Strandberg, 2005-10-20.
\textsuperscript{121} Interview with Mats Fransson, 2005-11-04.
- What aspects and subjects are discussed, and on what level?
- Is there teaching involved?
- The role of the SCM representatives.
- How did the background data work?
  - For understanding GPI’s strategy.
  - For using the SCM Modeler.
- Thoughts about the time-frame.
- Is the Schenker logo visible?
- Customer satisfaction.
- Results.

4.4.3 The workshop

The workshop in Essen lasted approximately two days, starting the first day with an introduction to the whole idea of the workshop and continuing with presentations of the two companies, respectively. The first day also included an informal lecture by an external expert, Professor Kenth Lumsden of Chalmers University of Technology, on the future of logistics. The second day was spent presenting and using the SCM Modeler to simulate logistics solutions and calculate costs for these solutions.

Participating the first day were three people from GPI and five from Schenker, although Professor Lumsden is not working for Schenker. In Appendices B and C, a list of the participants and the agenda from the workshop are presented. The first day’s presentation of GPI was informative, with a lot of questions from Schenker, both about the market in general and about GPI in specific.

Thomas Kanflo, a consultant from Kanflo IT engaged by Schenker primarily for cases to do with the SCM Concept, acted as the leader and co-host of the workshop, with Mats Fransson, from Schenker SCM, as the host and secretary. Mr. Kanflo also dominated the second day, being the creator and expert of the SCM Modeler.

After the first day’s lunch break, with the purpose of both defeating hunger and making the participants get to know each other, Jacob Forssblad from Schenker Dedicated Services held a lengthy presentation of a case which Schenker performed with the company ESAB a few years back. This was done to illustrate the changing of a company to achieve better logistics. The ESAB case was followed by Professor Lumsden’s presentation on the future of general logistics. Afterwards, the GPI people said that they found Professor Lumsden very knowledgeable, but did not really understand why he was there.122 The first day was supposed to end with conclusions of the workshop so far, but that was almost completely left out due to the fact that most presentations and discussions took longer than expected, making the workshop drag on. On the eve of the first day, the participants of the workshop had dinner together in a local restaurant.

---

122 Interview with Martin Fiesser, 2005-06-29.
On the second day, the simulation day, only two people were present from Schenker, Mr. Kanflo and Mr. Fransson. The day started off with an introduction to and explanation of the SCM Modeler and its functions. When the SCM Modeler was to be used, a discussion arose regarding the collection of background data. The GPI representatives felt the work of gathering this data had been enormous, which is why they were surprised when the Schenker people started asking additional questions. Somehow, the need for data had not been understood correctly. After some discussion, GPI started to understand that the data was not complete, and the workshop could continue. This was largely thanks to just working together with the modeller, which made everybody understand what input the program needed. At times throughout the simulations, everyone had to wait for the computer to finish working, sometimes for several minutes. Despite these problems with the modeller, Mr. Hartwig seemed to want to complete the deal then and there, but he did not get any response from Schenker. He openly said that Schenker could have all of GPI’s European logistics if they could guarantee a lower cost than today, but Schenker would not accept. The simulations were completed, as far as they could be, shortly after lunch. Therefore, the last part of the workshop, the sum-up, was rushed through so that the Schenker representatives could catch an earlier flight back to Sweden.

4.4.4 Results

After the workshop, Mr. Hartwig expressed his opinion of the workshop by saying:

“We haven’t reached my expectations, but I’m still satisfied.”

After the workshop in Essen, Schenker and GPI met again a few times, and the relationship improved all along. First, a meeting in Gothenburg was held to go through the details not discussed in Essen. Then, SCM representatives were invited, as the only supplier, to GPI’s internal project planning. Schenker have been offered the handling of all of GPI’s European logistics (totaling approximately 15 million euros) if they can perform it better and cheaper than today, but since Schenker cannot take the deal without first checking all the costs throughout the company, they are losing the deal to quicker competitors. GPI wants a quick response as to whether or not Schenker can perform GPI’s whole logistics cheaper than today, and Schenker cannot give a straight answer.

4.5 Interviews with customers

According to Frank Hartwig, Supply Chain Manager for GPI in Europe, Middle East and Africa, he contacted Schenker because GPI uses different logistics companies in different countries, and now wants to use one company for all European countries. Then, they would more easily be able to use their purchasing power. Mr. Hartwig further expressed the idea that it should be the supplier’s responsibility to suggest that the supplier and customer join forces to look for opportunities to optimize their value chains and

---

123 Interview with Mats Fransson, 2005-11-04.
124 Interview with Frank Hartwig, 2005-06-29.
125 Ibid.
127 Interview with Åke Skarstam, 2005-11-23.
128 Interview with Sören Rodert, 2005-11-23.
thereby lower the total cost. After this is achieved, the profit, or, more accurately, the lower expenses, should be split.

The questions used for most of the interviews with Schenker’s customers are available in Appendix D. Other customers were interviewed with less preparation, and in those cases not all questions were asked. Also, for the companies not currently working with Schenker as their logistics service provider, shorter and more general questionnaires were used. In those cases, the idea was to get an understanding of the companies’ general view on customer and supplier relationships and collaborations.

One of the interviewed customers did not at all understand the need for a concept like the SCM Concept. He felt it was an absurd thought to think his company would sit down with one of its many hundred transporters and discuss anything except the cost for individual transports. Today, Schenker performs some 10 percent of the company’s logistics services, mainly complex logistics services. The respondent explained that Schenker is not able to compete on the market for full truck loads, only for secondary deliveries. His company used e-bidding for almost all transports and did not want to have deeper or more long-term relationships or collaborations with their suppliers. They do, however, have this kind of cooperation with many of their customers.

Some customers seem to feel uncertain as to whether or not Schenker actually can provide them with new and better logistics suggestions. How can a two-day workshop make Schenker understand in detail what we have spent years constructing and developing? This goes for the SCM Modeler too. As stated by a 4ROOMS customer a few years back,

"4ROOMS didn’t have sufficient knowledge of our business to judge what kind of input would have been needed to make relevant simulation for our company.”

It seems the same can be said about the SCM Concept, at least in some cases and by some customers.

Other customers were thrilled about the idea, and saw great potential in the collaboration. One respondent, who represents a company not using Schenker’s services for logistics, also saw the advantages of deep supplier relations. His company have this kind of relationship with their existing logistics service supplier, and it works fine. The problem, as he saw it, is that there is no real freedom, since once you decide upon collaboration, changing supplier is hard. This is no big disadvantage, however, since the positive effects are overwhelming. Less administration and better consolidation were mentioned as the most important effects.

Companies who handle most of their logistics themselves, and only have outsourced the transport, do not feel the need for cooperating with their logistics service providers. They have well-developed logistics functions of their own, and would probably increase their costs if they were to let an external party handle the logistics.

One question treated the decreased competition that comes with a tighter and less flexible relationship. Usually, a buyer can look for the cheapest alternative for every single

129 E-bidding is an internet based form of auction where, in this case, the buyer of the logistics services specifies the service, and different logistics providers bid on it to try and get the deal.
130 GCI Gothenburg, How is 4ROOMS perceived?, 2003.
deal, but in a tight supplier relation this is not possible. This is not seen as a problem, though, since the relationship still brings bigger economical advantages than disadvantages.

The existing customer and other companies, which can be seen as potential customers, were also asked to explain what makes a good logistics partner. Almost everyone answered that punctuality was the most important and the possibility to follow and track the transports was second.

4.6 Interviews with suppliers

When choosing what suppliers to interview, the subcontracted transporters seemed natural. They are, first of all, the ones who actually perform the services that Schenker offer to its customers, and they are the ones who have most of the operational contact with the end-customers. The subcontractors can also provide information about how Schenker treats their customers and suppliers, how Schenker handle complaints and what methods Schenker has for understanding what the end-customers need and desire.

Wolfgang Meyer of BJT in Hamburg says that Schenker as a customer is a good partner that has a high demand for quality. BJT is contracted by Schenker as a freight forwarder, and perform the transports that Schenker needs. They have over 200 trucks in Sweden, Denmark and Germany, and their head quarters are in Helsingborg on the Swedish west coast. Schenker has no method of collecting customer information from BJT in Germany, but if BJT is confronted with a problem by the end-customers, they tell Schenker about it. Mr. Meyer also indicates that some customers talk about Schenker in a negative way, but he adds that this probably is the case with other logistics service providers as well131.

Another Swedish freight forwarder contracted by Schenker is Lastbilscenter, with head quarters in Varberg and a subsidiary in the Czech Republic. They have approximately 60 employees and 38 trucks, and perform transports for Schenker in North and West Europe. Schenker is, since the mid-eighties, their only customer. Tony Ringström, owner of Lastbilscenter, states that Schenker has no method of gathering information about the customers, and that there is no standard for how feed-back is given to Lastbilscenter or its drivers either.132

4.7 Interviews with Schenker personnel

When performing interviews within Schenker, with the SCM staff, with the super users and with personnel not closely linked to SCM, the questions displayed in the questionnaire in Appendix E are asked. As seen, the questions are divided into five subgroups, and these, with the answers supplied, are presented below.

4.7.1 The range of SCMs services

All of the interviewees felt that there definitely is a need for this kind of services. Whether there is a demand, however, is less certain. Most likely, many companies are in need of this kind of service, but do not know it. With the increasing importance of logis-

---

131 Interview with Wolfgang Meyer, 2005-11-21.
132 Interview with Tony Ringström, 2005-11-22.
tics, more and more companies focus on their transportation costs and logistics performance. Håkan Gunnarsson, the New York super user, said that since USA is a few years behind Europe in logistics, collaborating with the suppliers is still a fairly unknown phenomenon. This makes the SCM Concept perfect, especially in a few years, when the American market realizes the need for strategic partnership in logistics. Suvi Saarinen, super user for Schenker East, thinks that customers appreciate outside consulting, since they themselves have no clear understanding of the total costs of their supply chains. Many customers centralize their decision making and optimize their operations, which creates a need for SCM’s type of service in the future. However, organizational changes happen slowly, and therefore it might take quite a while before the proposed solutions can be implemented. A need for help with making the changes occur might arise.

Jonathan Male, who is vice president of KAM, focusing on customers selling consumer goods, explained that many of the largest global customers already have made investments to improve their supply chains, and therefore only need help with the straight freight forwarding. He feels the service offered by SCM is better for big customers who have not yet had the time to develop their logistics on their own. This would indicate large continental customers, but not the really big global customers.

Kai-Hendrik Matthies and Tim Przybilla of Schenker Central stress the problem that most customers do not see Schenker as a logistics partner with consultative skills. This could change, however, when Schenker gets more assignments and prove useful and reliable. Another step on the way to increase Schenker’s reputation as an advanced logistics service provider, and to create a demand for the kind of services SCM offers, would be to use satisfied customers who are willing to share their good experiences. This could be done in the form of business cases presented during the SCM Workshops or separately, for example in a customer journal.

Starting to charge the customers for the chance to participate in an SCM Workshop seems distant, at least as a direct payment. It would be possible for a pure consulting service, but if Schenker introduced a cost affiliated with SCM’s services, the competition from other consultants would increase. The problem, according to Mr. Matthies and Mr. Przybilla, is not the charging of the customers, since that could very well be done by for example a consulting company. Instead, the difficulty lies in the combination of consulting and offering the final solution. Therefore, getting paid for separate modelling services would not be difficult. Another idea is to charge the customers for the consultancy or modelling only when the customers choose another supplier to perform the service. If they choose Schenker, the modelling is free. This would prevent the customers from using SCM’s services and then take the results to the cheapest competitor.

Karin Brünnemann, Essen’s super user, feels that the credibility would increase if a fee was introduced, seeing as free services often have a catch, a reason for being for free.
Leif Krönkvist, head of SCM, indicated that one solution would be to allocate a certain percentage of the total contract value for a specific customer to customer-supplier development.\textsuperscript{141} Today, offering the SCM Workshops for free is what gets the customers interested in the first place. Also, to get the customers to pay, many reference customers would be needed, customers who could act as proof that SCM really works and has something good to offer.\textsuperscript{142}

4.7.2 The SCM Workshop

Very few of the SCM Super Users actually have experienced a complete SCM Workshop. They do have an interest therein, however, and hope to participate in workshops soon, so that they themselves can start running workshops in the near future.

As it is now, the workshop is used to create a mutual interest and a deeper understanding of the customers’ set-up. The goals are to present the customer with a better logistics solution and increase the business. When the workshop is over and the suggestions have been made, Schenker awaits a request for quotation (RFQ)\textsuperscript{143}, just like they do in all other cases. Instead of this, Mr. Krönkvist wants the workshop to work as a starting point for deeper cooperation. The target should be to initiate at least one major project with substantial savings.\textsuperscript{144} Anton Nieuwoudt, super user of Africa, also mentions the chance for Schenker to prove its competence, to make the customers understand that Schenker has something advanced to offer, not just the freight forwarding.\textsuperscript{145} Another idea is to show the customer a new set-up before the workshop, and then, during the workshop, go through the solution and analyze it using SWOT analysis and looking at the future of logistics and the customer’s visions.\textsuperscript{146}

When asked about a template for the execution of the SCM Workshop, all interviewees were positive, even though most of them do not want strict rules, but instead guidelines on how to perform a good workshop. Today, a guide like this is available through SchenkerNet. A dynamic template should contain an example for an agenda, what to keep in mind and some questions that should always be asked during a workshop. It might also contain a few business cases that supply inspiration and structure, and can be used in the contact with the customer.\textsuperscript{147} One set-up would be to keep most of the workshop standardized, but to let parts of it be flexible and adjustable to the needs and preferences of the person or persons in charge of the specific workshops.\textsuperscript{148}

All super users and other Schenker personnel seem to agree that the feeling of expertise and professionalism during the workshop is important. Therefore, at least one logistics expert, one SCM Modeler expert, and one senior manager, as a decision-maker, are obvious participants. Apart from these, the person handling the customer contact, often a KAM or GAM, should be present. Of course, one person can possess more than one

\textsuperscript{141} Interview with Leif Krönkvist, 2005-10-26.
\textsuperscript{142} Interview with Håkan Gunnarsson, 2005-11-03.
\textsuperscript{143} An RFQ is a specification of a desired service, and is issued when the customer wants to involve more than one supplier in the bidding process.
\textsuperscript{144} Interview with Leif Krönkvist, 2005-10-26.
\textsuperscript{145} Interview with Anton Nieuwoudt, 2005-11-16.
\textsuperscript{146} Interview with Suvi Saarinen, 2005-11-11.
\textsuperscript{147} Interview with Kai-Hendrik Matthies and Tim Przybilla, 2005-11-10.
\textsuperscript{148} Interview with Karin Brünnemann, 2005-10-27.
quality, but the total number should not be less than three, and not less than the customer’s representatives. Other desired functions would be a moderator or leader, a project manager in case the new set-up is implemented.\textsuperscript{149} \textsuperscript{150} \textsuperscript{151} From the customer, the corresponding people would be required, that is someone with logistics skills that can explain what the customer’s logistics set-up is like today, someone with supplier contact, for example a purchaser, and a senior manager in a position of decision making.\textsuperscript{152}

Because of the often insufficient customer preparations, one meeting is probably not enough. To be able to go through everything in just one workshop, both the customers and Schenker would have to be very well prepared, which would probably mean meeting the customer before the workshop to explain what is needed and expected. Therefore, the task of getting to know the customer’s business and set-up should be completed before the real workshop starts. To do this, one or more meetings could be held before the actual SCM Workshop, and sufficient time for internal discussion and brainstorming should be given.\textsuperscript{153} \textsuperscript{154} \textsuperscript{155}

The set-up of the workshop is an important question, dealing with what the workshop should contain and how it should be constructed. Most of the interviewed super users indicated that today’s set-up is good, and that the basic elements, a detailed description of the customer and its visions and strategies, a case study and a discussion about how Schenker can help the customers get where they want, are to remain.

### 4.7.3 Trusting SCM

According to Mr. Fransson, who performs the majority of the SCM Workshops, objectivity is very important when performing a workshop. To make the customer feel Schenker can be trusted, keeping an open mind to other companies’ solutions is valuable. Even though some deals might be lost in this way, when the customers leave the SCM Workshop with a complete solution and then turn to the cheapest competitor, it is still the right thing to do in the long run. More deals are won, and the customers get a positive impression of Schenker as a supplier and business partner. Of course, at the end of the workshop, when the only thing that remains is to choose where to put a factory, or what supplier to choose, one can be more subjective, especially when choosing between two equivalent alternatives.

One big advantage of the SCM Concept, compared to, for instance, ordinary consultants, is the fact that the solutions suggested by SCM almost always can be carried out. This is due to the fact that Schenker is a logistics service provider, and therefore knows the operational side much better than most consultants. Normally, consultants may propose solutions without knowing whether or not there are companies to perform the activities involved.\textsuperscript{156} \textsuperscript{157}

\begin{itemize}
\item \textsuperscript{149} Interview with Leif Krönkvist, 2005-10-26.
\item \textsuperscript{150} Interview with Håkan Gunnarsson, 2005-11-03.
\item \textsuperscript{151} Interview with Suvi Saarinen, 2005-11-11.
\item \textsuperscript{152} Interview with Jürgen Abesser, 2005-11-07.
\item \textsuperscript{153} Interview with Mats Fransson, 2005-10-13.
\item \textsuperscript{154} Interview with Jürgen Abesser, 2005-11-07.
\item \textsuperscript{155} Interview with Suvi Saarinen, 2005-11-11.
\item \textsuperscript{156} Interview with Mats Fransson, 2005-10-13.
\item \textsuperscript{157} Interview with Suvi Saarinen, 2005-11-11.
\end{itemize}
By thoroughly explaining how the SCM Modeler works doubts as to whether SCM really needs the customer data asked for can be eliminated. Also, by signing documents of confidence, Schenker gains the customers’ trust more easily. Often, the customers do not mind that Schenker uses the information internally, to improve their own processes and performance as a logistics partner. Another set-up would be to completely separate the SCM Concept from Schenker’s sales division, thereby creating a feeling of independence.

4.7.4 SCM in the Schenker organization

Even though many of the super users feel that SCM’s position in the sales organization is logical, they agree that one big disadvantage is the bad connection between the sales people and the SCM people. Since the sales persons do not always know the SCM Concept and the SCM Workshop very well, they offer the customers solutions and functions that cannot be realized by SCM. This is a very good way of losing customers. To solve this problem, the sales people should be better educated in the SCM Workshop and the modeller, or just have a brochure to show the customers, where the basics of SCM are laid out and its potential is explained. The sales division could have access to what data needs to be supplied and what can be expected from the workshop.

Another problem is the fact that the SCM Modeler still is somewhat unknown in the rest of the organization. The ones who know about it, namely the strategic organizations such as KAMO, GAMO and TM, use the modeller, but for the customers requesting a supply chain optimization, it is rarely available, since the responsible Schenker departments do not know about the modeller and its functions.

The connection to KAMO and TM is by a few super users seen as positive, in that the contact with the biggest customers comes more natural. Furthermore, the fact that both KAMO and TM have strong links to the rest of the organization facilitates SCM’s spreading throughout the organization and its use by different parts of Schenker, for example for modeling purposes. Mr. Krönkvist wants to have one or more reception locations to enable SCM to host the workshops if needed. If the customer cannot make it, SCM can travel to them, but otherwise the natural meeting ground would be an SCM centre.

Some interviewees would like SCM to be free from the sales organization, from KAMO and TM, to float in the Schenker organization without being tied down to a specific and existing part of it. This would give SCM the opportunity to better work as a hub in a knowledge network with the object of supplying Schenker’s different organizations and customers with professional modelling and strategic logistics services.

---

158 Interview with Suvi Saarinen, 2005-11-11.
159 Interview with Kai-Hendrik Matthies and Tim Przybilla, 2005-11-10.
160 Ibid.
161 Ibid.
162 Interview with Suvi Saarinen, 2005-11-11.
163 Interview with Leif Krönkvist, 2005-10-26.
164 Interview with Mats Fransson, 2005-10-13.
4.7.5 The future of SCM

As seen in the questionnaire in Appendix E, the respondents were asked about SCM’s future, one year and five years from now. The idea was to let them make up their own perfect scenarios, so as to understand what their SCM visions are. The answers differ a lot; more than the answers to the other questions. Therefore, the answers are divided into two groups to make them easier to grasp.

4.7.5.1 One year from now

In the short period of one year, it is most super users’ hope that the cases, or the workshops, will be more common. Preferably, all super users will have participated in at least one workshop each, and the SCM Modeler will be a recognized Schenker solution just like other, earlier Schenker programs and simulators. Mr. Nieuwoudt of Schenker Africa wants SCM to be a key part of Schenker’s business development, creating many new deals for the organization and being value adding to both Schenker and the customer. It should work in close contact with all the global accounts as well as all regions, and act as a business catalyst.

To make possible the increased contact with the rest of the organization, a bigger SCM staff is required. Furthermore, well developed processes, and a highly trained personnel base, and a serious quality focus would be desirable.

Mr. Male stressed the impending importance of starting to work more proactively with environmental issues. Even though the demand for this is not huge today, it will be in the future, and starting now will prepare SCM for that.

4.7.5.2 Five years from now

In the more distant future, the interviewees shared the wish that the concept would be expanded and more widespread. When the idea of the concept gets clearer, and the persons involved get more experienced, more users can be educated. Also, when more workshops have been performed, SCM can show more successful cases to the customers and thereby market the concept. According to Jürgen Abesser of Schenker Singapore, cases from the same region as the customer, with the same conditions, should be used when presenting reference cases, to give the customer a feeling of familiarity.

To increase the number of specialists in the SCM management team and thereby make SCM able to cover more areas would be desirable, as well as to create a constant flow of information and tools to the rest of the Schenker organization. SCM should become a knowledge base for strategic and complex supply chain set-up changes and business consulting. Mr. Krönkvist, senior manager of SCM, would like to see an SCM research...
and development centre in London as a successful business generator.\textsuperscript{174} Mr. Gunnarsson of Schenker America sees also a great potential for use within Schenker. To use the concept, and especially its modeller, to evaluate Schenker’s total internal logistics flows and the use of hubs would be very valuable.\textsuperscript{175}

Finally, Karin Brünnemann, the Essen super user, would like to see super users in 80\% of all Schenker countries, instead of just in the regions. Moreover, SCM should, in one way or another, serve most of Schenker’s largest customers.\textsuperscript{176}

\textsuperscript{174} Interview with Leif Krönkvist, 2005-10-26.
\textsuperscript{175} Interview with Håkan Gunnarsson, 2005-11-03.
\textsuperscript{176} Interview with Karin Brünnemann, 2005-10-27.
5 Analysis and evaluation

This fifth chapter contains all the analyses performed by the researcher. The subjects presented in the fourth chapter are analyzed, and ideas for improvements are given and explained. The analysis is divided into two parts – the Schenker organization and the SCM Concept – with emphasis on the latter.

5.1 The Schenker organization

To lower costs and make Schenker able to better work in one direction, the different Schenker countries should have the same standards. This goes for IT systems, customer handling, and ISO certifications. Moreover, the present way of thinking in individual profit centres makes sub optimization inevitable. For example, instead of using another country’s or region’s trucks, one wants to use the own so as to get the income on the own account, even if the total cost increases.

Generally, it seems Schenker must become better at treating the customers well and listening to them. The word of mouth has it that Schenker is just a transporter, and not a very good one at that. One key to becoming a better supplier is to listen to the customers. Since the biggest part of success is giving the customers what they want, using customer contacts proactively can never be overlooked.

5.1.1 Customer contacts

To better take advantage of the vast amount of customer knowledge possessed by the operational transporters employed by Schenker, a standardized form of surveys should be introduced. These surveys could, like the ones working for the evaluation of the subcontractors, be performed once a year or more often. The goal would be to better understand how the customers work and what they desire, and thereby come up with new ideas for how to satisfy the customer. The subcontractors agree that they handle most of the operational contact with the customers and do seem positive to the idea of supplying Schenker with information about the end-customers’ wishes.

According to most marketing literature, it is important to develop relationships with the most important, as opposed to only the biggest, customers. For Schenker’s KAMO and GAMO, this might not be a problem, since they must work with the really big customers, but for the SCM Concept, getting many of its customers from their global and key accounts, it would be preferable if the rules would be less quantitative and more qualitative. Instead of just measuring the amount of revenue or turnover generated by the customer, value in the form of cooperativeness, actual profit, expected future development or meaningful exchange of knowledge should be used. A customer who can help Schenker become a better supplier is particularly valuable.

---

177 See chapters 1.1 Background, 4.5 Interviews with customers and 4.6 Interviews with suppliers.
178 See chapter 4.6 Interviews with suppliers.
5.2 The SCM Concept

Schenker’s customers have very different views on the SCM Concept. This indicates either that the researcher’s explanation of the concept when performing the interviews has taken different forms, or that the customers have different organizational goals. Also, some customers have short horizons, with demands for short-term profits and the lowest possible price on every single transport or other service. These are the customers that probably have the highest administrative logistics costs, since they have to investigate every purchase alternative. Even with e-bidding, the work load demanded by this kind of procedure is huge, and even though the customer may not perform all of the work, the extra work performed by the supplier will, in the end, have to be paid by the customer.

Other customers have much longer horizons, and try to form long-lasting relationships and contracts with their suppliers. The aim is to achieve better long-term profit, and a short initial period without profit is an acceptable compromise. This strategy often pays off after some time, but demands the possibility to plan ahead, since a lot can happen over the years. The idea is to consolidate for example transports or logistics services and thereby decrease the amount of administrative work and get better deals from a single or a few suppliers. The customers from this group are often positively inclined towards the SCM Concept and other types of collaborations like it.

To successfully win customers with the help of the SCM Concept, this last group of customers is the one to concentrate on. Therefore, instead of only looking at the biggest customers, Schenker’s and SCM’s efforts should be directed at those customers showing an interest in long-term partnerships and lasting strategic relationships.

The following chapters contain the analyses made concerning the SCM Concept. The thoughts and ideas of the interviewees and the researcher, as well as most of the theories and the analysis methods presented, are used.

5.2.1 Analysis based on a key account management perspective

Since key account management as an idea mainly concerns Schenker as a whole, this analysis takes into consideration, apart from the SCM Concept, the rest of Schenker. To understand how Schenker uses key account management, the four levels described by Hougaard and Bjerre\textsuperscript{179} are used. First of all, contact, which is the first level, is probably where Schenker is today, with a goal of one-to-one contact with the customers and a key account manager handling most of that contact. The actual sales are often handled by others, but the principal is the same. The second level, passive coordination, is not used by Schenker. In passive coordination, the supplier is passive, and that is not the case here. There are attempts to achieve some of the joint development and extremely close cooperation characteristic of level four, integration, but it seldom goes any further than letting the key account manager work at the location of the customer company.

Turning to the SCM Concept, here we find a bit more of proactive coordination, which is level three, and integration. One of the ideas of the concept is to learn more about what the customers want and thereby improve the services offered, and this is what proactive coordination is about. Furthermore, SCM strives to form long-lasting and intimate relationships with the customers, just like in levels three and four.

\textsuperscript{179} See chapter 3.2.1 The four types of KAM.
5.2.2 Analysis based on a relationship marketing perspective

The six relationships presented and explained in chapter 3.3.2 The 30 relationships of relationship marketing are the ones prioritized by the researcher. The first one, R5, treats the interaction between customer and supplier. Of course, this is very important for the SCM Concept, since the goal is to understand what the customers want and then supply them with it. It also means that the customer must be active, that the customer must become a designer of services. This exchange of knowledge is also the core of R21 – The knowledge relationship, which states that a business relationship with the added purpose of exchanging knowledge with the customer is of great value. To uphold the frequent communication needed for a working exchange of knowledge requires proximity to the customer. This is discussed in R8, and Gummesson mentions the importance of regularly meeting with the customers to know what they want.\(^{180}\)

Relationships R6 and R18 discuss the personal relationships between the people working for the customer and the supplier. The influence of social networks cannot be overlooked, and it is important to remember that it is not only the contact between buyer and seller functions that matter, but all contacts between the companies. For SCM, this means generally working with improving customer relations and the handling of them.

Finally, in R26 the value of good communication within the company is stressed. To uphold a continuous dialogue and a tight cooperation between the marketing function and the technical function is vital, especially when it comes to creating the right services to offer the customers.

5.2.3 Analysis based on a one-to-one marketing perspective

Feurst’s four steps of one-to-one marketing\(^{181}\) can be applied to the SCM Concept, describing the process from choosing which customers to invite, to actually delivering a proposal for new services to the customer. Below, Feurst’s four steps are applied to the SCM Concept. Later, in chapter 6.1 Recommendations regarding the SCM Concept of the conclusions, this model of four steps is expanded by the researcher to contain six steps and better suit the SCM Concept.

Step one, identification, is the process of first deciding what kinds of customers have the opportunity to be invited into the SCM Concept, and then doing the selection for each opportunity. For large, already existing customers, this process should be conducted in collaboration with the global or key account managers to assure the right customers are invited. For smaller customers, or presumptive customers, SCM, or, more exactly, its super users and users, can manage by themselves. When deciding what kinds of customers to give the opportunity to, the criteria explained in chapters 4.1.1.2 Global Account Managers and 4.3 The SCM Concept could be employed as a base. At the end of step one, SCM should be ready to contact the selected customer.

The second step, communication/discussion, involves the first and most important contacts with the customer, among others the SCM Workshop. First, however, the customer is invited to join Schenker in this deeply cooperative relationship. The basics are laid out, and a meeting is booked. This first meeting should work as both an introduction to the

---

180 See chapter 3.3.2.3 R8 – Proximity to the customer versus the distant relationship.

181 See chapter 3.4.3 The four steps of one-to-one marketing.
possible partnership, and as a preparation for the upcoming workshop. To avoid the problem of insufficient background data, this meeting must contain a thorough presentation of the SCM Modeler and its functions, as well as an explanation to what the SCM Workshop will contain. The second meeting with the customer is the workshop\textsuperscript{182}. After the workshop, which is the main meeting aimed at getting to know the customer and its needs, SCM must have a deep understanding of what the customer is hoping to get from the collaboration.

_Equation_, step three in Feurst’s model, is primarily performed internally within SCM. It contains a detailed analysis of the data collected through the contacts with the customer, together with an evaluation of how the meetings went. The outcome of the analysis is spread within the Schenker organization to everyone working with customer contacts, especially with that specific customer, and is used to understand the changing needs of the customers. This information is valuable even if a partnership with the customer is not created. Within SCM, the information is used for two reasons: first, to decide whether the customer is worth cooperating with, and secondly, if the partnership is deemed worthwhile, to prepare for the next, and last, step.

The fourth and last step is _adaptation_. This is where a customer specific solution to the customer’s problems and needs is created. First, the customer’s expressed needs are taken into consideration, and then the unexpressed needs are investigated. The unexpressed needs are often not known by the customer, but may be as important as the known needs. To do this, SCM must have a deep understanding of how different customers think and act, and experience of working with this kind of problem solving.

After these steps, the customer is contacted, and the different aspects of the forthcoming partnership are laid out. If the previous steps have been successful, less discussion is needed for the final adjustments of the deal. One or more meetings with the customer to go through minor details might prove useful.

Another phenomenon described by Feurst is customer loyalty\textsuperscript{183}, divided into four levels. What Schenker must remember in the case of SCM is that the level to aim for is the highest – engaged loyalty. This is the truly rewarding loyalty, and the one that lingers on. Both quality and commitment are important, and reflect how well Schenker satisfies the customers’ needs. Listening to the customer is the key.

### 5.2.4 Analysis based on Ansoff’s matrix

The idea of using Ansoff’s matrix\textsuperscript{184} in the evaluation and specification of the SCM Concept might be hard to grasp at first glance. Often, the matrix is used as an assessment tool before creating a concept or a new product or service. In those cases, it is a method of understanding what strategy is the best for the given product, service, or concept, enabling the user to make correct decisions regarding what markets to exploit or what kind of product or service to choose. In the case of the SCM Concept, however, dealing with an already existing concept, Ansoff’s matrix can instead be used to backtrack the strategic choices made or not made in the past, and to evaluate how the concept should be presented to the customers.

\textsuperscript{182} See chapter 5.3.6 _Sum-up_.

\textsuperscript{183} See chapter 3.4.2 _Customer loyalty_.

\textsuperscript{184} See chapter 2.5.4 _Ansoff’s matrix_.

50
Today, the SCM Concept is used to expand the business with existing customers, something that could be seen as staying on the same market but changing or improving the service or product offered. This would place the SCM Concept in the upper right quadrant of the Ansoff matrix, in the *product development* square. What keeps the concept from wandering into the *diversification* square is the concentration on the biggest existing customers. To be truly diversified, Schenker would have to focus on new customers, and this is probably not an issue at the time being. It would be too expensive compared to the short-term profit, and would demand an expanded SCM organization or a bigger KAMO to take care of the new customers won. The old 4ROOMS might have been more towards diversification and the higher risks accompanied with it, and that may have been its downfall. The new SCM Concept is less risky, but also has less potential for expansion, since new customers are not confronted. This ought to be changed.

### 5.2.5 SWOT analyses of the two concepts

As the SWOT analyses on the next page show, even though the two concepts are similar, they have, to some extent, different advantages and disadvantages. For instance, the SCM Concept lacks the university contacts the old 4ROOMS had. This source of both present and future knowledge would prove valuable for the SCM Concept. Keeping in contact with prominent universities with good logistics knowledge would guarantee access to information about the latest techniques and theories in logistics, a perfect complement to the expertise held by SCM. It would also give better credibility to the SCM Concept as a whole and perhaps increase the number of customers in favour of the concept. Furthermore, collaborations with universities could give Schenker access to well-educated future employees and partners.

In return for these benefits for Schenker, the universities would be offered a good insight into the logistics industry, which is important for the students, as well as contacts, opportunities for projects, thesis work and so on. This would profit the involved universities and the whole Schenker organization. Since Schenker today does not have a department working solely with university and student contacts, this could be the chance to get one. Organizationally, it could become a part of the SCM Concept, for example a part of the concept’s knowledge base and educational expertise.

Continuing with the weaknesses, there is a need for a standardization of the SCM Concept. This can be done by creating a model, and a proposal for this is presented in chapter 6.1 *Recommendations regarding the SCM Concept*. Moreover, the tight budget of today seems to be an obstacle, since it keeps the concept’s capacity low, hindering the exploitation of new customer segments. As the saying goes – nothing ventured, nothing gained.

As mentioned before, SCM might suffer from the fact that the choice of what customers to invite is mainly based upon the customers’ size. Of course, if the concept is expanded, and even the smaller regions and super users or users are allowed to perform workshop and collaborations with the customers of their choice, this is less of a problem. This would mean giving SCM more freedom.

Turning to the opportunities, the idea of knowledge spreading is once again apparent. In line with the discussion about the university contacts above, the knowledge gained from these and other contacts could be stored by SCM, and spread throughout the Schenker organization in order to increase the logistics expertise and professionalism.
The threats identified are almost the same for the two concepts, meaning they have not changed in that respect. The impending threat is probably organizational cut-downs due to the need for savings. Just like the tight budget mentioned above, possible cut-downs would be the result of the managers’ disbelief in the SCM Concept as a good business provider and winner of customers.

4ROOMS

Strengths
- High capacity
- Free for the customer
- Large budget
- 1-1 marketing
- A working modeller
- University contacts
- Well-known

Weaknesses
- High costs
- Travel costs and time for the customer
- Difference in knowledge between 4ROOMS and the rest of the Schenker organization
- Feeling of buyer-seller

Opportunities
- New and exciting
- Can work as a source of knowledge for Schenker
- Creates business for Schenker

Threats
- Competitors copy (since it’s well-known)
- Organizational cut-downs
- New competitors

The SCM Concept

Strengths
- Flexible
- Free for the customer
- Low costs
- 1-1 marketing
- A good modeller
- Global collaboration

Weaknesses
- Travel costs and time for Schenker
- No standard for the execution
- Tight budget
- Not very well-known
- Decisions regarding what customers to invite depend mainly on size
- Feeling of buyer-seller

Opportunities
- Can work as a source of knowledge for Schenker
- Creates business for Schenker
- Support from the Schenker board

Threats
- Competitors copy (but it’s not very well-known)
- Organizational cut-downs
- New competitors

5.2.6 The range of SCM’s services

SCM services suggested by the interviewees range from complete supply chain set-up changes and help with the accompanied organizational changes, to more short-term modelling services with the aim of determining where to place a new cross-dock or warehouse. The most advanced of SCM’s services should contain a complete collaboration with the customer; starting with the initial contact and continuing with helping the cus-
customer realize the structural and organizational changes needed to make the logistics work. This may include change management, which deals with the problem of making the whole company aware of what changes need to be made, and why.

Whether or not to charge the customers for the chance to participate in a deep cooperation with SCM is a hard question. On the one hand, it would feel awkward to make the customer pay for a deepened relationship, but on the other hand, Schenker wants to get something out of the work they put down. The best solution would probably be one that takes both these views into consideration. If Schenker gets a complete SCM collaboration underway, the savings achieved should be split with the customer, making the deal worthwhile for both companies. This, of course, applies to rather large customers, since the low savings potential of small companies make deals with them less rewarding, meaning a profit split would not cover the work put down by SCM. Since SCM does not deal with small customers, this should not be a problem.

For the pure modelling services, Schenker could charge the customers. However, if it is a question of an already existing customer, the service could be free, providing the amount of business with the customer is large enough to still make it profitable. Also, when Schenker both creates the problem solutions and offer the services, competition lessens. The customer might want to turn to another logistics service provider, which should not be a problem as long as they pay for the SCM services. This sum should not be equivalent to the one paid for a full-scale consultancy service, but should only work as an obstacle that keeps the customers from letting SCM do the work and then choosing another supplier. If the price is too high, the customers may avoid working with SCM from fear of being forced to let Schenker get the final deal.

During the first years of SCM’s existence, the services should be free. Only after a while, when Schenker has references from many satisfied customers, can the aforementioned prices be set into effect. The time before that should only be seen as a marketing phase, where the greatest advantage for Schenker is the chance to get good future references and the possible savings only are secondary.

5.2.7 Trusting SCM

The customer references mentioned in the last chapter are essential for creating a lasting trust for SCM. If the customers receive proof that SCM really works, and have something to offer them, they get interested. To make the customers trust SCM as a consultant, during for example the SCM Workshops, objectivity is very important. This means making the customers understand that it lies in SCM’s interest to give the customers the best services possible. If the best solution found only can be supplied by a competitor, than it will be so, but Schenker must at the same time strive to widen the range of the logistics services offered, and thereby decrease the risk of the customer turning to another supplier. This should not be a big problem, though, since SCM, unlike ordinary consultants, always can supply the customers with solutions that can be implemented.

Another way of gaining the customers’ trust is through documents of confidence. Signing these means Schenker will not spread knowledge of the customer and not use it in an explorative fashion. Customer doubts regarding the requested background information for the modelling sessions could be eliminated, or at least lessened, by explaining to the customer how the SCM Modeler works and what part the data plays in the modelling.
As seen in the customer interviews, trust does not seem to be a serious problem, since the customers feel the advantages are mutual, and that trust is the basis for the relationship.

5.2.8 SCM in the Schenker organization

To come around the problem with sales promising something SCM cannot keep, there are two ways to go. Either, SCM itself handles almost all customer contact, from an early stage, or they educate the people working with sales, to make them aware of what kinds of services SCM actually can offer.

The position of SCM in the organization is somewhat vague. For a secret organization, this would be good, but SCM needs to be seen to be able to grow and improve. The old 4ROOMS concept, where all customers had to come to Gothenburg, had its weaknesses, and the new SCM Concept, where SCM has to go to all the customers, or meet somewhere neutral, has its weaknesses. However, a combination of the both might work perfectly. As Mr. Krönkvist said, a reception location where the customers could come to visit would be great. In some cases, the customer could come there, and in other cases, SCM could travel to the customer.

The connection to the big customer organizations like KAMO and GAMO must be discussed thoroughly, since it’s an important issue. Half of the interviewees want to tie SCM to these organizations, and half want to set it free. To achieve a state in-between would probably not be possible, so a decision should be made. Combining the two views could work, if it would mean that SCM is an organization of its own, and is tied to the others only as a resource. If for example KAMO is the process owner, SCM can function as the resource owner for customer generation and development.

5.2.9 The future of SCM

To reach most of the goals presented in chapter 4.7.5 The future of SCM, money, time and professionalism will be needed. The investments would not have to be insurmountable though, since the infrastructure partly exists, and all that needs to be done in the short-term is to initiate the expansion of the concept. The super users are ready to be educated in the use of the SCM Workshop, and the customers are receptive. A few more workshops would show Schenker’s managers that SCM is a good business concept, and that it has great potential as a business development tool, creating long-lasting customer relationships. Once this is realized, further investments in the concept will not be a problem. To increase the internal use of the SCM Concept would supply a tangible proof of its usefulness. The continued spread of the SCM Modeler in the organization would provide an example of what the SCM Concept can do and what kinds of tools are available.

5.3 The SCM Workshop

It is hard to draw conclusions about the workshop used today in SCM operations, since there is no standard or template for the conduction. A platform for the execution of a workshop exists, but other than that, the workshops are constructed for the different cases, when they are needed. To make a good analysis of the workshop possible, the GPI

\[185\] See chapter 4.7.4 SCM in the Schenker organization.
case is used as a representative of the SCM Workshop. This should, together with how other workshops are conducted, bring some width to the following analyses.

After attending the GPI workshop and observing how it went, using the preset aspects as guidelines, the researcher found that all in all, the workshop was a success. Not solely because SCM did an extremely good work, or because the workshop in its present form is infallible, but because GPI really wanted to expand their business with Schenker. This leads to the conclusion that the workshop might have been a bit too much in this case, since GPI would have been satisfied with just a short introduction, a basic modeller simulation to prove their initial cost calculations were more or less correct, and then a settlement of the deal if Schenker could offer a lower total cost. However, since Schenker could not accept the deal, everything might be lost. The reasons to why Schenker could not take the deal might be many and very different, but the researcher has identified two reasons that seem to be the most plausible. First of all, the proposed deal might have been too expensive to carry out compared to what the profit would have been. This is not very likely, though, since GPI use many different transporters and logistics service providers, and therefore should have rather high costs as it is. Second, there might not have been any decision makers among the representatives, who could take the deal without too much risk. As it was now, if Schenker could not lower the price, the person accepting the deal would have taken the blame. This second reason seems to the most likely, which is sad, since it points toward the lack of an organizational structure supporting new deals. To have an organization that is too slow and bureaucratic to accept deals that almost certainly will be successful and profitable is not sustainable on the logistics market today.

Even so, paying 15,000 euros for the chance to get a 15 million euro deal seems like a good deal, if it was not for the fact that it was lost due to organizational difficulties. In the following chapters, all reflections from the workshop are presented and explained, together with ideas influenced by the interviews with Schenker’s customers and suppliers. To round up, chapter 5.3.6 Sum-up contains the core of the ideas.

5.3.1 Representatives

First of all, the different competences displayed by the Schenker representatives were adequate and well combined, with one SCM Modeler expert (Mr. Kanflo), one logistics expert (Professor Lumsden), one host and secretary (Mr. Fransson), one seller (Mr. Strandberg), and one case presenter (Mr. Forssblad). However, the number of Schenker people, five, was a bit too high compared to the three representatives from GPI. Furthermore, the fact that the logistics expert was not a Schenker employee might have given the impression that Schenker itself did not possess the knowledge needed. In the future, Schenker should try to use its own experts for the workshops. On the second day, there were too few Schenker representatives, only two. This led to voids in the discussion continuity, and silences arose. Above all, a decision maker was missing, as mentioned above.

To come to terms with these problems, one solution would be, as mentioned above, to get the logistics expert from within Schenker, and not from the academic world. Of course, presenting a professor of logistics gives credibility, but instead having another Schenker employee, who could stay for the second day too, would have been valuable. As seen in chapter 4.4.3 The workshop, GPI did wonder why Professor Lumsden took part in the workshop at all. Moreover, since the case presented by Mr. Forssblad did not
bring very much to the context, it could have been shortened, and instead presented by one of the SCM representatives, and the number of people would have been adjusted to just four on the first day, which would have been better. This might be a solution, even though the cases are appreciated by the super users as being very valuable.

Turning to the choice of personnel from GPI, it was apparent that Mr. Hartwig was the one both in charge of the team and the expert on the strategic logistics. He made the decisions and had most information about the subject discussed. Mr. Fiesser and Mr. Ratajek were quite passive, and should maybe have been involved at a later stage. However, this is probably hard for Schenker to do anything about. The solution would probably be to suggest positions to represent the customer, but that might be regarded as odd, since the customer should know best who to send.

The question of how a German customer reacts when another German company sends Swedish representatives to a meeting in Germany is hard to answer. However, in the GPI case it did not seem to matter much. GPI is an international company, and at least Mr. Hartwig seemed to think that keeping the workshop in English was good. Other customers might not be as understanding or open minded. For these customers, using local SCM representatives should be a good idea, and the super users system might prove useful for this. Even if the super users themselves might not cover all the languages required, and even though it might not always be desirable, it at least makes out the ground for an organization with wider horizons and a broader spectrum of clients.

5.3.2 Interactivity and personal chemistry

Overall, the interactivity was good during the two days in Essen. Particularly during the GPI presentation, Schenker asked frequent and sensible questions, showing that they really wanted to understand the market on which GPI acts. To make it more professional and even better, they could have prepared more thoroughly, which would have allowed them to be more spontaneous and precise and not only ask the more obvious questions. The question “How do your customers act?” could be replaced with “Customers in your type of industry often behave like this…do yours as well, or are they different?”, thereby indicating a higher level of preparedness.

The breaks for coffee and lunch were good opportunities for the participants to interact and get to know each other. To speed up the familiarity process, the lunch break could be made longer to allow more time for general conversation. As it was, there was time to eat and talk a little, but not much more. Moreover, since the activity after the lunch break was quite long and not very interactive, a longer lunch would have been a good way to prepare. The activity, the presentation of the ESAB case, was, as indicated before, a bit superfluous, and did not add any real value to the workshop. The customer would probably rather have talked about something directly linked to the current business, instead of a completely different case. The presented case should have been shorter and more effective, dealing with a company that GPI could relate to.

The same could be said about the presentation of the future of logistics at the end of the first day. To get the customer interested, this would have to connect more to their specific business, and not be so general. Also, it is important for the Schenker people to look really interested, so as to give the impression that the subject discussed is interesting and valuable.
The feeling of buyer and seller was not very apparent, which was good. It gave the
workshop a feeling of collaboration and teamwork. Otherwise, the atmosphere during the
workshop was a bit uptight, but not so much as to interfere with the creativity. The feel-
ing of expertise on Schenker’s account was also alright, and increased during the second
day, when it really felt like a constructive workshop. Unlike the first day, that contained
almost just information, the second day was a day of discussion.

5.3.3 Agenda
The overall agenda was pretty straightforward, following the present guidelines of the
SCM Workshop. Due to the ESAB case presentation however, and to some extent Pro-
fessor Lumsden’s presentation, the time schedule did not hold. Since this in turn led to
less discussion about conclusions and general ideas for improvement, it was unfortunate.
Leaving out the general logistics presentation and maybe shortening the ESAB case
would have prevented this from happening. With a few minor adjustments, this agenda
can be used as a standard agenda for the SCM Workshop.

5.3.4 The SCM Modeler
To present the program in detail, with all its functions and earlier versions, seems inade-
quate and superfluous. Instead, this time should have been spent on the simulations, since
they took a lot of time to perform. Moreover, the GPI representatives did not seem to care
about how the modeller works, just that it works. In addition, something has to be done
about the background data. After discussing the data for a while and doing some simula-
tions, Schenker and GPI seemed to agree on what data would have been needed. If this
insight could have been reached before the workshop, a lot would have been won. Since
the real knowledge of what data was needed came with working with the modeller, a
good idea would be to do just that – to invite the customer to a short introduction and
working session with the SCM Modeler, to make them understand how it works. Now,
when for example the program was calculating, nothing else could be done, and the dis-
cussions all stopped. To make these interruptions smoother, a coffee break or another
discussion could have been the solution.

Altogether, the SCM Modeler seemed to be what GPI had the biggest expectations on,
and everything else in the workshop was just something they had to go through with to
get to the modelling. This may indicate a sort of short-sightedness, since the modeller is
the least strategic of the tools used in the workshop. Sure, it is valuable for logistics deci-
sions and their calculation, but without a competent logistician choosing what alternatives
to test, it is not very usable. Therefore, reducing the importance of the SCM Modeler
should stimulate the creation of truly strategic and long-term partnerships with the cus-
tomers. Of course, when the service asked for is of a more tactical art, the modeller is a
splendid tool, as well as when double-checking strategic ideas and proposals.

5.3.5 Execution
The implementation of the workshop seemed to be according to plan. Of course, troubles
with the collected data and so forth are hard to predict. Even so, both parts seemed fairly
satisfied with the workshop and its results. However, two aspects are worth mentioning.
First, terminating the workshop earlier than planned to get on an earlier flight might give
the customer the impression that they are not worthwhile. This might be good, if the goal is to make them increase a bid, but is, on the other hand, dangerous in that the customer might be lost. Second, when GPI wanted to give Schenker the responsibility for all of GPI’s European logistics, Schenker did not respond. This was later explained by the fact that the exact cost and revenue of this deal was unknown, but just a hint that it might be interesting for Schenker would have been sufficient. They would not have had to close the deal right away without doing any calculations on the profitability. In the future, it would be recommended to increase the flexibility of these kinds of decisions, so that Schenker easily can assess if a deal is worth even considering. Also, the need for a representative with the right to decide whether to take or leave a deal is apparent.

Mr. Fransson, working as the secretary during the GPI workshop, took notes of most of what was said and done. This is very important since many things that are uttered during the workshop might otherwise get lost before the sum-up is made. With good notes, SCM can afterwards go through the workshop and make out the customer’s unknown or unconscious wishes and demands. This is extremely valuable when trying to understand what customers want, and how their demands change over time.

5.3.6 Sum-up

To sum up, at least three people are needed from each company. Furthermore, the number of Schenker representatives should not be less than the number of customer representatives, and should neither be much larger. Three or four Schenker people and three customers would be good. Each person can play more than one part, to keep the number of participants down. From Schenker, a host, a secretary, an SCM expert, a logistics expert, an SCM Modeler expert, a senior manager with the right to make decision, and the person handling the contact with the specific customer would be required. Of course, some of the positions or roles could be combined, with for example the logistics expert acting as the host, or the SCM expert as the SCM Modeler expert. It is important to remember that to be able to supply all customers with logistics advice, Schenker must be better than the best customer. The customer would have to send a logistics expert, a senior manager and the person handling the supplier contact. Apart from this, outside experts could be brought in, just like in Essen. To have a professor of logistics talk about logistics gives some credibility, but is not vital for the workshop. Instead, the feeling of expertise would hopefully be achieved through the internal logistics expert mentioned among the representatives. Letting an earlier customer present his own case would be more effective than letting a Schenker employee do it. This might be hard however, seeing as the customer might not have anything to gain from participating in the workshop. This could be solved by the customer supplying something in writing instead, like a case report.

The two days workshop works well, but should be made more flexible. To have another, smaller alternative for a workshop might prove useful in those cases where the customer only seeks a solution to a specific problem, and does not want help with the whole supply chain. Then, maybe the business case presentation could be left out. For the full-scale workshop, the existing set-up is good, but needs structuring. Also, since one workshop seems insufficient, preparatory meetings are required. The agenda used in Essen is good, and can work as a base. A suggestion for a workshop agenda is presented in Table 5.
### Table 5 – Suggested new agenda for the SCM Workshop

<table>
<thead>
<tr>
<th>Activity</th>
<th>Primary speaker(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>Host (Schenker)</td>
</tr>
<tr>
<td>Stage 1: Presentation of the customer’s current business situation</td>
<td>Senior manager (customer)</td>
</tr>
<tr>
<td>Stage 1: Presentation of the customer’s current logistics situation</td>
<td>Logistics expert (customer)</td>
</tr>
<tr>
<td>Case study</td>
<td>SCM expert (Schenker)</td>
</tr>
<tr>
<td>Stage 2: Presentation of customer’s future situation</td>
<td>Senior manager (customer)</td>
</tr>
<tr>
<td>Summary of the first day</td>
<td>Host (Schenker)</td>
</tr>
<tr>
<td>Stage 3: Future expectations on the logistics market</td>
<td>Logistics expert (Schenker)</td>
</tr>
<tr>
<td>Stage 3: Analysis of the customer’s logistics</td>
<td>Logistics expert (Schenker)</td>
</tr>
<tr>
<td>Stage 3: Modelling the alternatives</td>
<td>SCM Modeler expert (Schenker)</td>
</tr>
<tr>
<td>Stage 4: Conclusions and continuation</td>
<td>SCM expert (Schenker) Host (Schenker)</td>
</tr>
</tbody>
</table>

This applies to the main workshop, assuming the data needed has been understood and properly collected during earlier meetings. Left out are breaks for coffee, lunch and so on, since their position in the agenda must be flexible, seeing as the different stages can take longer or shorter depending on the customer. It is important to remember that the secretary must take good notes and not miss anything. Everything the customer says could be useful and might contain information about how Schenker better can satisfy its customers. Finally, since the workshop should be interactive, the participants should not be divided into customer and supplier, but be placed randomly around the table. They are, after all, trying to achieve a common goal.

Comments to the agenda are as follows:

- **Introduction.** A short introduction to the SCM Concept and the workshop, the goals and objects, and the agenda. The participants present themselves and their roles. The introduction should be informative, yet not too strict, since the participants must be given a warm welcome.

- **Stage 1: Presentation of the customer’s current situation.** This part of the workshop does not have to contain a full presentation of the customer, since this information already should be possessed by Schenker from earlier meetings. Stage 1 is instead a chance for the customer to go into detail about their business and logistics strategies. Schenker should ask questions to complete the picture and to get to know as much as possible.
  - **Presentation of customer’s current business situation.** The customer presents his pros and cons, his business processes, the market, the competi-
tion, strategies, and problems. The SWOT analysis method could be useful here.

- Presentation of customer’s current logistics situation. The customer presents his logistics situation – supply chain set-up, strategy and performance. Moreover, the customer should say what he thinks of today’s handling of the logistics – whether it satisfies the customer’s needs and wishes or not, and how it could be improved. If Schenker handles the logistics, something could be learnt from the customer’s views and ideas.

- Case study. Since the chance of getting another customer to present a case study during the workshop is small, this presentation will probably be held by one of the Schenker representatives. The case study should contain one or more cases from earlier workshops and SCM Concept collaborations with customers. The aim is to further increase SCM’s credibility. Ideally, other cases have been presented during earlier meetings with the customer when first starting to look into the opportunities of cooperation. The case study is also a chance for the customer to rest for a while after having held the Stage 1 presentation. The cases presented should be easy to understand, have a similar agenda to the actual workshop, and display some similarity to the customer’s business and logistics.

- Stage 2: Presentation of customer’s future situation. This part should, just like Stage 1, be quite well-known before the workshop begins. The customer explains, in detail, his long-term strategies, visions and plans for expansion, new products and so on. The aim is for Schenker to deepen the knowledge about the customer’s strategy. To be able to make a good modelling, this information must be quite clear already before the workshop, but Stage 2 can help fill any gaps. This step should also mark the end of the first day. The second day may, or may not, be held directly after the first. For continuity, it should, but on the other hand, keeping the two days apart would give Schenker more time to process the collected data and prepare for a rewarding modelling session.

- Summary of the first day. The results of the first day are discussed. This step is very important if the two days are separated and less important otherwise. However, it is good to go through the first two stages just to get an overview of what has been learnt so far. Also, any misunderstandings can be straightened out.

- Stage 3: Getting to the wanted position. The goal of stage 3 is to help the customer realize his visions and strategies. By looking at the market and the customer, different strategic alternatives can be generated and tested in the SCM Modeler.

  - Future expectations of the logistics market. In this step, the future of logistics is laid out by a logistics expert. New solutions, advantages, threats and market changes are discussed and applied to the customer’s strategies and logistics. The SWOT analysis is useful in this step too.

  - Analysis of the customer’s logistics. An analysis of the customer’s current and future logistics is made, and the role of the supply chain set-up in getting the customer where he wants in the future is discussed.
- Modelling the alternatives. This is where the SCM Modeler comes in, and this step therefore demands very good background data to make the modelling worthwhile. Different scenarios are tested and their effects are analyzed and discussed.

- Stage 4: Conclusions and continuation. The SCM Workshop – both the execution and the results – is analyzed and reviewed, and the participants discuss how to proceed. In this step, it is important for Schenker both to get feedback on how the workshop was constructed and performed, and to really understand how the customer makes his choice of strategic set-up.

After the last step, the customer should have enough information to make a decision as to whether or not any of the suggested strategies is good enough to change to. If so, Schenker should be ready to go for the one strategy the customer chooses, and to alter the strategy to suit the customer’s preferences.
6 Recommendations and conclusions

The sixth chapter contains the recommendations and conclusions. The recommendations consist of a complement to the analyses and explain, in detail, the suggested structure for the SCM Concept. The conclusions are made up of discussions about the quality of this thesis, taking into consideration the chosen methodological approach and the fulfilment of the purpose, as well as discussions about generalization and further studies.

6.1 Recommendations regarding the SCM Concept

As a development of the four steps presented in chapter 5.2.3 Analysis based on a one-to-one marketing perspective, a new set of SCM activities, comprising all stages, from the selection of the customers to the completion of the new service deal, has been created by the researcher. It covers all preparatory work needed to form and sustain a strategic relationship with an important customer. The set of activities should be seen as a continuously ongoing process, meaning it starts again when finished and can exist in more than one parallel form. When repeated, another customer is chosen and the process is underway again. The number of simultaneous processes depends on the capacity of SCM and its users. The model, dubbed the ICARUS model thanks to the acronym created by the six steps’ initial letters, is presented below in the list and in Figure 4.

1. **Identifying and selecting customers.** First of all, a customer must be selected. This is done by looking at the general rules for how to choose customers at the specific SCM level, whether it is global or national, and then picking a customer who, at the moment, seems suitable for a deeper collaboration.

2. **Communicating with the customer.** The selected customer is contacted and one or more meetings are set up. During these meetings, of which the SCM Workshop is the last and most important, the Schenker representatives’ primary goal is to collect as much information about the customer as possible – needs, wishes, desires, ideas and so on. The aim of the meetings is to listen and understand.

3. **Analyzing the information.** This step contains the analysis of the data collected in step 2. The analysis should also cover the work performed by the Schenker personnel, how the workshop was performed and so forth.

4. **Revising and evaluating.** In step 4, the results of the analysis are carefully reviewed and assessed in order to learn as much as possible about the customer and to improve one’s own performance.

5. **Using the knowledge.** Using the knowledge means employing the analyzed and refined customer data to generate a customer-specific service offer. The service offered can consist of a new combination of existing services or be a completely new service created for the customer and relationship in question.

---

186 The name ICARUS (in Greek mythology the son of the inventor Daedalus, who built the labyrinth of Crete) refers to Icarus’ boldness, not the fact that he flew too close to the sun and crashed into the sea.

187 See chapter 5.3.6 Sum-up.
6. **Structuring the relationship.** The customer is contacted and the proposal generated in step 5 is presented. Together, the companies set the frames for the new or improved relationship.

![Figure 4 – The six stages of the ICARUS model.](image)

To make SCM successful, Schenker’s managers should give the concept a chance, meaning they should give SCM a budget big enough to perform what they do today, and also expand to other regions. The fact that not many super users actually have carried out a SCM Workshop is a sign that the concept’s capacity is too low at the moment. Expanding the concept does not mean making it available for all types of customer, since that would mean losing some of its dignity. Instead, it means making the concept available to enough customers to gain a good reputation and to show the rest of Schenker the virtues of a concept like this. An expansion of the organization would also give better continuity and chances of improvement, since more people would work with and have ideas about the concept.

The researcher is of the opinion that SCM should only be loosely tied to the rest of the organization and work as a kind of competence base or knowledge consultant for the rest of Schenker and the customers. Keeping SCM free from the sales organization would also increase its trustworthiness, since it would not be seen as a pure marketing tool.

### 6.1.1 The SCM Workshop

The agenda and comments for the workshop presented in chapter 5.3.6 *Sum-up* represent the researcher’s final suggestion for the construction of the SCM Workshop, and this short chapter is only a complement. The use of the workshop can be divided into three parts – one initiating, as a trigger for deep customer relations and partnership, one solution finding, for external or internal customers who only want help with straightforward modelling, and one information collecting, for achieving better customer understanding within Schenker. To achieve this, the workshop must be interactive and constructive, and the SCM representatives must keep an open mind, and listen to what desires the customers express as well as what needs the customers do not express, but nevertheless have. This ability to understand what customers want but cannot express is hard to master, but after a number of workshops and customer meetings, SCM’s representatives will quickly become better and better at it.

### 6.2 General recommendations

During the work with this thesis, the researcher has reflected on several issues concerning Schenker but not specifically concerning the subjects contained within the frameworks of the thesis. To prevent the loss of these reflections, this chapter depicts all the general recommendations formulated during the last six months. The only things they have in com-
mon are that they involve Schenker and that the researcher thinks they are too valuable to throw away.

First of all, the fact that today’s Schenker is a result of the consolidation of many different, smaller logistics companies in different countries has led to big differences in standards regarding trailers, handling systems and so on. This is an extensive and expensive problem and should be solved. To create one standard for all of Europe, for instance, would of course take a lot of hard work, but would bring considerable economic advantages, and should be prioritized. However, it all comes down to two basic conditions – the existence of one standard information system, and a centralized restructuring of the profit centres. Without this, the rest of the organization would be close to impossible to standardize. Therefore, deciding on and implementing one information system is strongly recommended, since it is a prerequisite for standardizing the rest of the organization. A restructuring of the profit centres thinking is vital to avoid sub optimization as a result of individual profit seeking.

Another result of the historical consolidation of smaller logistics companies is the lack of ISO certification. Some parts of the company have it and others do not. To be able to guarantee a complete strive towards better quality and less environmental impact, the whole company should be certified. Certifying all of Schenker according to the ISO 9000 series and 14000 series would bring advantages such as better and tighter communication, continuous improvements and a better process thinking.

Finally, to try and make the organization less bureaucratic should be highly prioritized. Today, the struggle for individual power and respect gets in the way of the positive development of Schenker. It might stimulate sub optimization through too much focus on only the own part of Schenker, and impedes the standardization and uniformity that are needed to successfully compete on the international logistics market. So far, Schenker has been able to keep its position among the giants of supply chain management, but that position could be threatened. A well-functioning logistics network is an extremely good ground to stand on, but to keep the earthquakes away, Schenker must learn how to take care of its advantages and fight its disadvantages.

6.3 Assessment of this thesis

The evaluation of a thesis is, of course, an important issue when discussing its usefulness and quality. This chapter contains an assessment based on the choice of method on the one hand, and on the fulfilment of purpose and solving of problems on the other.

6.3.1 Choice of method

Since the thesis turned out to be just as qualitative in nature as the researcher had predicted, the choice of a qualitative method was correct. Furthermore, choosing a research approach between systems approach and actors approach was successful, seeing as the goals of the analyses and whole research has been to understand and interpret the interaction between people and companies.

When deciding on methods for data analysis, the researcher tried to use as many methods as possible to increase the validity. This succeeded, even though the number of people interviewed and workshops observed could have been increased to get a better look at
the big picture. Finally, the methods of analysis used worked well, covering different areas of the material. Of course, logical reasoning was the dominant method, and the two structured analysis methods, SWOT analysis and Ansoff’s matrix, were primarily used as methods of structuring the collected data.

6.3.2 Fulfilment of purpose

Returning for a moment to chapter 1.4 Purpose, we see that the purpose stated therein consists of four parts – to evaluate the SCM Concept, to create a template for the SCM Concept and its workshop, to help develop the SCM Concept into a well-known part of the Schenker network, and to give suggestions to the use of the SCM Concept.

The first, the evaluation, has been conducted throughout most of the thesis, and has been the base for the results and recommendations. As for the templates, the ICARUS model is the overall SCM template, dealing with most of SCM’s external work, while the SCM Workshop standard presented in chapter 5.3.6 Sum-up deals with the one meeting that is the workshop and nothing else. The preparatory meetings are instead treated in the ICARUS model.

To make the SCM Concept well-known, both internally and externally, hard work is needed, and with this thesis, the work has begun. The template, the ICARUS model, will act as the operational and tactical structure on which to build the rest of the concept’s work, since making the concept known outside of Schenker, among the customers, would also make it known within Schenker. More strategic questions are left for Schenker’s management team to handle. Finally, general and specific suggestions to the use of the SCM Concept have been given in both the analysis and the recommendations. All in all, the researcher feels that the purpose has been fulfilled.

To complete the assessment of this thesis, the answering of the questions posed in chapter 1.3 Problem statement must be examined. In some cases, a direct answer to the questions cannot be found in the text, and must therefore be clarified. The first questions, whether the SCM Concept is a good way of satisfying the customers, the answer given is yes. Both Schenker employees and customers agree, with some exceptions, that the SCM Concept has a high potential. Throughout the analysis and recommendations, this concept has been used as the way to go, and has therefore been the object of suggestions and improvements.

The role of the SCM Workshop in the SCM Concept has been touched also, even if no straight answer has been given. The reason to this is that the question should be treated by Schenker’s senior managers. The suggestion, however, is to let the workshop play the three different parts mentioned in chapter 6.1.1 The SCM Workshop. The third question, concerning the construction of the workshop, is answered in chapter 5.3 The SCM Workshop. The standard given is of course only a suggestion, since the best standard only can be found through practice. The fourth question deals with the collection of information about the customers’ needs and desires. As mentioned in the analysis and recommendations, the SCM Workshop must be an interactive meeting, and the SCM people must always strive to listen to what the customers have to say. This applies not only to the workshop itself, but also to the preparatory meetings described, and all other contacts with the customers.
The question about the structure of the SCM Concept is the hardest, and also the one which the researcher has had the biggest troubles answering. The potential of the SCM Concept is apparent, but no one can say when the market will truly realize the need for a concept like it. However, as mentioned in the text, the Schenker managers should try to expand the SCM Concept, to make it more well-known without losing its dignity. Where to put SCM in the Schenker organization is not for an outside observer to answer, but must be discussed within Schenker. Yet, the researcher feels that the ties to the rest of the organization should be loosened to give SCM more space and increase its credibility towards the customers.

6.4 Generalization

The nature of this thesis should make it quite hard to generalize. The results concern only Schenker, and the templates and models created are designed for Schenker. However, despite this, some generalizations can be made. The ICARUS model, for instance, could be used by any company aiming to improve their customer contacts and enter into strategic relationships. The model would of course have to be altered, but no big changes are needed.

The template for the SCM Workshop is hard to generalize, since few other companies use the same kind of workshop. If this workshop would become popular among other companies, the template would be more useful. Otherwise, it might work as inspiration for companies wanting to create their own customer dialogue method. At least the contents of the agenda can be employed to other situations and companies.

The preparatory study, mainly consisting of theoretical and empirical studies, is indeed possible to generalize, since it, even if it is constructed for Schenker’s SCM Concept, can be seen as containing general ideas about customer development and how customers and employees look at new concepts.

A look at validity takes us back to chapter 2.6.3 Research quality and ethics, where Merriam’s three methods of increasing the external validity are applied to this thesis. The second method, deciding how typical the case is and describing how typical the studied company or concept is, will be sorted out here. To start with, Schenker as a company is quite ordinary – the company culture makes it open to new ideas, but the bureaucracy gets in the way of any major changes. It is bigger than most logistics service providers, but is comparable to most, even if the range of services is broader than usual, and the European logistics network is more developed than others’. The customers interviewed and observed are often typical customers. They might be above average in size, but essentially work like other customers do. Some of them are open-minded and some are not.

What really is untypical about the subjects and companies treated in this thesis is the SCM Concept. Even though many companies have customer development programs, or ways of developing their suppliers, none have a concept like the SCM Concept. This is what makes parts of the thesis hard to generalize. This, however, should not be seen as anything negative, since it can help other companies improve their contacts with suppliers or customers.
6.5 Further work and studies

The main area to study further would be the organizational structure and location of the SCM Concept. For Schenker’s management team especially, this question should be an important issue. As it is today, SCM floats loosely tied to the KAM and TM organizations. Without proper organization and responsibility, the concept may be endangered. It should either be set free, and work as an internal and external service provider, or be properly tied to Schenker’s overall management organization, with its own representative among the senior managers. This would increase the demand for an expanding concept and should be thoroughly discussed before action is taken.

Another task is to take a look at the general recommendations given in this thesis. The subjects treated therein are important for Schenker as a whole and should create advantages and savings if handled correctly. For instance, choosing a standard for an information system would bring positive effects all over, and would lower the costs. This is a long-term investment, and the profits would probably not be visible for a few years. It also takes a lot of hard work, seeing as there are cultural differences and other problems to consider.

Further, the researcher proposes a continued discussion about the goals and work procedures of the SCM Concept. This must be done simultaneously with the restructuring of the organization, and is above all a question concerning Schenker’s and SCM’s managers. Thoughts about future and expansion should be central.

Last, looking into the data required for the SCM Workshop would be good. Even though this could be achieved through intense discussions with the customer in question, creating a working standard would be preferable. A successful standard should contain, apart from the exact data required for the workshop, the questions that need to be asked to receive that data from the customer, maybe in the form of a flexible questionnaire that could be adapted to suit the specific customers.
7 References

7.1 Literature

7.1.1 Methodology


7.1.1.1 From Jigberg (2001)


7.1.1.2 From Kembro (2005)


7.1.1.3 From Merriam (1994)

7.1.2 SCM


7.1.2.1 From Björnland, Persson & Virum (2003)


7.1.2.2 From Flint et al. (2005)


7.1.3 KAM, RM & 1-to-1


Cheverton, P. Key Account Management. IHM Förlag, Gothenburg, Sweden 2000.


7.1.3.1 From Gummesson (2002)

7.2 Web pages

web.isp.cz/jcrane/IB/Interviews.html, 2005-06-26

7.3 Company based material

Schenker AG. KAMO, PowerPoint presentation. 2004-08-17.

7.4 Contacts

7.4.1 Interviews

Frank Hartwig, Managing Director & Supply Chain Manager of EMEA, Graphic Packaging International, Inc, 2005-06-29.
Peter Lindström, Operative Account Manager, Schenker AB, 2005-10-14.

7.4.2 Telephone interviews
Håkan Gunnarsson (Super User New York), Head of Tender Management North America, Schenker AG, 2005-11-03.
Jonathan Male, Vice President Key Account Management, Schenker Inc, 2005-11-23.
Kai-Hendrik Matthies (Super User Kelsterbach), Manager Strategic & Complex Projects, Schenker AG, 2005-11-10.
Anton Nieuwoudt (Super User Johannesburg), Schenker AG, 2005-11-16.
Tim Przybilla, Strategic & Complex Projects, Schenker AG, 2005-11-10.
Åke Skarstam, Supply Chain Development Manager, Alfa Laval Nordic AB, 2005-11-23.

7.4.3 E-mail interviews
Karin Brünnemann (Super User Essen), 2005-10-27.
Suvi Saarinen (Super User Helsinki), 2005-11-11.

7.4.4 Observation
8 Appendices

8.1 Appendix A: The 30 relationships of relationship marketing

8.1.1 The classical market relationships
   R1 The classic dyad: the relationship between the supplier and the customer
   R2 The classic triad: the triangle drama between customer, supplier and competitors
   R3 The classic multidimensional network: physical distribution

8.1.2 The special market relationships
   R4 Customer relationships via full-time marketers and part-time marketers
   R5 The service encounter: the interaction between the customer and the supplier of services
   R6 The many-headed supplier and the many-headed customer
   R7 The relationship to the customer’s customer
   R8 Proximity to the customer versus the distant relationship
   R9 The relationship to the dissatisfied customer
   R10 The monopoly relationship: the customer or the supplier as a prisoner
   R11 The customer as a member
   R12 The e-relationship
   R13 Parasocial relationships: relationships to brands and objects
   R14 The non-commercial relationship
   R15 The green relationship
   R16 The legal relationship
   R17 The criminal relationship

8.1.3 Mega relationships: relationships above the market
   R18 Personal relationships and social networks
   R19 Megamarketing: the real customer is sometimes found outside the market
   R20 Alliances change the market mechanisms
   R21 The knowledge relationship
   R22 Mega alliances change the basic conditions of marketing
   R23 The mass media relationship
8.1.4 Nano relationships: relationships below the market

R24  The market mechanisms are brought inside the company
R25  The relationship between internal customers and internal suppliers
R26  Quality management and market orientation: relationships between the marketing function and technical functions
R27  Internal marketing: the relationship with the employee market
R28  The two-dimensional matrix relationship
R29  The relationship to external providers of marketing services
R30  The owner and financier relationship
8.2 Appendix B: The GPI Case – List of participants

8.2.1 Schenker
Jacob Forssblad, Dedicated Services.
Mats Fransson, SCM.
Thomas Kanflo, consultant, Kanflo IT.
Kenth Lumsden, professor of logistics, Chalmers University of Technology.
Peter Strandberg, Tender Management.

8.2.2 Graphic Packaging International, Inc.
Martin Fiesser, Six Sigma Black Belt.
Frank Hartwig, Managing Director & Supply Chain Manager of EMEA.
Uwe Ratajek, Distribution Manager.
8.3 Appendix C: The GPI Case – Agenda

8.3.1 Day 1

Table 6 – The agenda for the first day of the workshop with GPI

<table>
<thead>
<tr>
<th>Activity</th>
<th>Primary speaker</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>Peter Strandberg</td>
</tr>
<tr>
<td>Presentation of the SCM Concept</td>
<td>Mats Fransson</td>
</tr>
<tr>
<td>Presentation of GPI, part 1</td>
<td>Frank Hartwig</td>
</tr>
<tr>
<td>Coffee break</td>
<td>-</td>
</tr>
<tr>
<td>Presentation of GPI, part 2</td>
<td>Frank Hartwig</td>
</tr>
<tr>
<td>Lunch break</td>
<td>-</td>
</tr>
<tr>
<td>Presentation of the ESAB case</td>
<td>Jacob Forssblad</td>
</tr>
<tr>
<td>Coffee break</td>
<td>-</td>
</tr>
<tr>
<td>Presentation of the future of logistics</td>
<td>Kenth Lumsden</td>
</tr>
<tr>
<td>Dinner</td>
<td>-</td>
</tr>
</tbody>
</table>

8.3.2 Day 2

Table 7 – The agenda for the second day of the workshop with GPI

<table>
<thead>
<tr>
<th>Activity</th>
<th>Primary speaker</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summary of the first day</td>
<td>Thomas Kanflo</td>
</tr>
<tr>
<td>Introduction to the SCM Modeler</td>
<td>Thomas Kanflo</td>
</tr>
<tr>
<td>Revision of the background data from GPI</td>
<td>Thomas Kanflo</td>
</tr>
<tr>
<td>Lunch break</td>
<td>-</td>
</tr>
<tr>
<td>Testing of three scenarios in the SCM Modeler, part 1</td>
<td>Thomas Kanflo</td>
</tr>
<tr>
<td>Coffee break</td>
<td>-</td>
</tr>
<tr>
<td>Testing of three scenarios in the SCM Modeler, part 2</td>
<td>Thomas Kanflo</td>
</tr>
<tr>
<td>Sum-up and how to continue</td>
<td>Mats Fransson</td>
</tr>
</tbody>
</table>
8.4 Appendix D: Interview questions – Schenker’s customers

Schenker is currently working on a project, the SCM Concept, used to develop customer relations and create profitable collaborations with the customers. The idea is to, through increased customer dialogue, learn what the customers need and desire, and then adapt ones services accordingly. So far, the concept has been initiated with some of Schenker’s largest customers worldwide. One part of the SCM Concept is the SCM Workshop, a meeting between customer and supplier with the aim of improving the customer’s supply chain set-up through analysis of the current set-up, future aspects of logistics and the customer’s visions. To facilitate the analysis and visualize different scenarios a simulating tool called the SCM Modeler is used.

As is it today, the workshop consists of two sessions, one day each. On the first day, the customer presents its company – what he does best, what problems there are, plans for the future, visions and so on. With this information, the second day is constructed to be interactive and productive. Together, Schenker and the customer discuss what new aspects there are to consider in the future, and how to get the customer to where he wants to be. Furthermore, Schenker’s role as a logistics service provider is discussed, as well as whether or not Schenker can help the customer by changing the services, routines or anything else.

To get the workshop underway, and to make the simulating worthwhile, a lot of background data is needed. This may be data not normally shared with the suppliers, and might therefore be a little sensitive.

- After this short introduction, what are your thoughts about the SCM Concept?
- Do you have any interest of participating in this kind of collaboration?
- If so, what would be your goals of the collaboration?
- Would it feel awkward to use Schenker as a consultant, or could it be seen more as customer-supplier cooperation?
- What are your views on the SCM Workshop?
- How would you construct a workshop?
  - What persons (roles) would participate from your company?
  - What persons (roles) from Schenker should participate?
  - What should a workshop contain to be as interactive and rewarding as possible?
- Would it be all right for you to give Schenker this kind of information?
- How is Schenker’s trustworthiness affected by the two separate roles played (both consultant and presumptive provider of the suggested services) ?
- What qualities are the most important for a logistics service provider?
8.5 Appendix E: Interview questions – Schenker

I. The range of SCMs services
Today, what the customers are offered is the chance to, without cost, participate in a workshop with SCM, and thereby get the chance to solve their strategic and tactical logistics problems. An idea would be to offer the customers more long-term collaboration, for example to offer them help with implementing organizational changes necessary to improve their logistics.

1. Is there any demand for a service like this?

2. If not, could it be created by becoming an expert in this field?

3. Could Schenker, in the future, start charging the customers for the right to participate in a workshop or a deeper collaboration, or would it feel awkward to make them pay for what may be seen as pure cooperation?

II. The SCM Workshop
Imagine the workshop as it is today, with the two days and the four sections, or rooms. Compare this to how you would like to redesign the workshop.

4. What are the goals of the workshops today?

5. What would you like them to be?

6. Is it important to have a template, a standard, for the execution and construction of the workshop?

7. How should a workshop be designed and executed to give the best results?
   a. What persons should participate from Schenker, i.e. what personalities, roles, competences and levels of responsibility are required?
   b. What persons should participate from the customer?
   c. What should a workshop contain?
   d. How long should a workshop be?
III. Trusting SCM
To make the workshops and the whole SCM Concept work, the customers must share knowledge and information about their strategies. This might feel insecure, since it gives Schenker a comparative advantage against other suppliers, and thereby decreases the market competition.

8. How is SCMs trustworthiness affected by the fact that Schenker are both consultant and supplier of the logistics services?

9. How could the customers’ trust for SCM be increased?

IV. SCM in the Schenker organization

10. How is SCM connected to the rest of the Schenker organization today?

11. Should this be changed, and, if so, how?

V. The future of SCM
Imagine yourself and the SCM Concept a few years from now. Remove any obstacles you like, and make anything good happen to suit the needs and visions of the SCM Concept. Then, describe where and how you would like SCM to be; structure, goals, size, working procedure and focus.

12. One year from now.

13. Five years from now.