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Preparing for Transportation Negotiation
-a case study within the retail business

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Enjoy!

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Summary

Due to the fact that it is once again a shift within the world trade market, companies tend to have production closer to their end market. For a Swedish company this means to have less production in Asia to the favour for Europe. The forwarders transporting goods from Europe to Sweden will have a higher impact on companies turn over than before and the importance of a good partner in the forwarder is of vital interest.

The company SportAlot faces many problems with their present forwarder performing the transports from Europe to Sweden. This thesis is research in a deeper understanding of how SportAlots background problems, bad communication, price reduction possibilities, lack of quality, lack of trust and bad data, will affect a coming negotiation. The research question is: *How can a retail company prepare for transport negotiation?* The sub-question, *Which are the drivers for change in transportation at a retail company?*, will partly help to answer the main question.

The writer of this thesis uses the hermeneutic view when performing the empirical oriented research with an inductive approach. The research is descriptive in the presentation of the literature review and empirical part, as well as partly explanative in the analysis part where the literature and empirical findings are put together. The research is performed by gathering qualitative data through semi-structured in-depths interviews, observations and a case study at the company SportAlot. The writer of the thesis works for SportAlot and there is therefore a risk that the objectivity is biased, even if that is tried to eliminate.

The research measures what it is intended to do, and if it is done once again it will most likely give the same result again. Within another context the result will not be exactly the same, but the method will provide the practitioner with the same validity and reliability in his or her result. The research is possible to generalize for companies within the retail business having the same type of cargo as well as the same transportation costs/volume from Europe to Sweden.

It is hard to find literature showing how to prepare for transportation negotiation. Instead there are much more about organizational change, change management and the negotiation itself. Literature within these fields will support the thesis and set the theoretical framework within which the empirical data is gathered.

The present problems found at the case company, SportAlot, is bad delivery precision, inadequate information, a lot of non-value-adding-time is spend on unnecessary things, the employees lacks trust in the forwarder, the informational lead times are long and the transports can be too expensive compared to other forwarders. The needs SportAlot has is better delivery precision, they require information, regular statistics, possibilities to track their goods and possibility to give the forwarder penalties when it does not act as agreed. The empirical part also presents statistical data from 2010 which is a base for the request for quotation sent to the forwarders.

The thesis resulted in the importance of good management that supports changes and employees that are willing to improve their work. It is important for the negotiators to have knowledge about the negotiation itself so they are prepared when they come to the negotiation and can give a well informed impression to the other party. It is also important for negotiators to be well informed about other criteria which are up for discussion within transportation at

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the present time. Examples of that are ISO certificates, routing order and customs clearance simplifications.

By using the weighted linear model the result from the literature and the answers on the request for quotation was that forwarders DSV and NH Logistics did perform well in the analysis and are recommended for SportAlot to meet for further negotiations based on the drivers for change. The drivers for change are: decrease price, improve lead times, improve delivery precision, improve communication, improve trust and set a good base for the relationship. Choose a forwarder that gives you the right quality for your demand.

Keywords: Forwarder, preparation, transportation, negotiation, drivers for change.

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Introduction

In the end of this chapter the research question is presented. To understand the research question the chapter starts with an overall description of the background to the problem of the shift from Far East to Europe. The second part of the chapter presents a more specific background of the company which is the object, in this case study. The specific background is necessary to know in order to understand the purpose of the paper as well as the incitement to change forwarder and to answering the research question. In the end delimitations are presented to make a framework for which the thesis will stay within.

1.1 Background

The way countries trade with each other today is not new, the same way to negotiate have been used for many, many years. It started on local levels, which became regional and today it is rather a rule than except to trade with the whole world as the market place. (Wheeler et. al., 1998) Even if the consumers buy the product at its local market, the merchandize may consist of pieces from all over the world. The trade is possible thanks to low transportation costs, salaries and wages differences and the benefit of economies of scale. (Pelsmacker, et. al., 2007) How people and companies trade is part of the factors within the school of micro and macro economics.

Many companies find the transportation of goods so cheap that it is beneficial for them to produce parts of products, or the entire product, in other countries. That goes mainly for the western countries which tend to have production plants in countries such as China, Taiwan, Malaysia and Bangladesh. Often it is mainly products with lower consumer price that are beneficial to produce in these countries, as well as products which are dependent on a human work force. Thus, to have production so far from home often, but not always, mean that it is harder to keep high level of control over the companies and its business. (Aksoy & Beghin, 2005)

China is a country with growing economy and is more and more becoming an industrialized country with higher salaries and companies owned by a native. This generates a change to where it is no longer cheap to produce in the Far East and ship the goods with lead times that are sometimes well over a month. (Nelson & Pack, 1999) That must be compared with the better control that it means to have the production closer to where the products are to be sold. With the high focus on environmental friendliness that is a growing trend in today's society, many of the shipping companies also undertakes changes to improve that. An easy way to meet this trend is to cut the vessels speed, which increases the time the goods are out at sea even more. (Reilly, et. al., 1994) The longer the goods are at sea, the higher is the risk for something unpredictable to happen and the capital is tide up in the products for a longer time.

Because of decreased control over the production, the longer transportation times and a slightly higher production costs than was before in for example China, companies are now changing their strategies. One common strategy is to produce or buy goods from more regional areas, such as for a Swedish company to buy goods from within Europe. To be closer to the production or the supplier means shorter lead times and possibility of more agility in the supply of products or the parts of products. In other words, when demand changes it is easier to be flexible and change faster in accordance with the new demand. The time saved in shorter transportation costs can be used to delay the final production (products produced in-house or bought from external suppliers face the same trend) the same time. (Anonymous 1,

2011) It means a faster reallocation and to produce the products with the highest customer demand right now. The longer the transportation time, the more the demand is forecasted. The longer forecast, the more insecure is the prediction and the supply. That is why shorter lead times are favourable.

Issues like long lead time and prediction of demand decrease the speed of inventory turnover and negatively affect the sensitivity for seasonal changes. An industry familiar with this reality is the fashion industry. Many fashion industries develop their business to have new collections more and more often. Some industries do have new collections every week. They are very sensitive to changes in demand and have tools to quickly adapt to these. Quick adaptation means low inventory, but mainly this is a strategy in good supply. To have a fast supply chain with short lead times is important to be competitive. Because of the lead times many, for example European, countries abandon the supply from Far East in favour of supply from within Europe. Both purchase cost and/or production cost is higher in Europe and to move the supply may not be advantageous for a company with very cheap products. Cheap products from Far East are mainly known to be textiles, plastic goods, toys and mechanical volume parts. The more advanced the product is, the more likely is it that it is produced in Europe. (Anonymous 1, 2011)

A company which has both textiles and advanced technical products together with medical products and regular sport equipment in their assortment is SportAlot. They are familiar with the issues mentioned above. SportAlot is a company that gives "Sport to the People"¹ and has Sweden's most visited sport stores. In autumn 2010 SportAlot had more visitors than H&M and 99 % of the Swedes knew about SportAlot and what they sell in their stores. (Anonymous 2, 2011)

SportAlot buy approximately 95 % of their products from Far East and 5 % from within Europe. Some products are bought from USA, but that is a small amount that does not affect the statistics significantly. The supply from Far East faces many of the transportation problems that are interrelated with the supply problems mentioned above. Because of the problems in the supply, the trend is changing to once again buy from countries closer to the end market. Closer countries mean for SportAlot, countries within Europe. SportAlot have seen a small tendency that this trend is true also for them. Even though this change in purchase strategy is emerging slowly it affects more players in the supply chain than the purchase department. The logistics department is affected in the way the transportations are executed. It is hard to tell if this change is escalating in speed, but because of the many nature catastrophes that seem to increase world wide it is a good idea to already now start to prepare for an increase in the import from Europe to Sweden. The logistics department plays a role in this game since they must secure the transportation once the products are assembled and ready for collection. For the logistics department it means to get a forwarding agent to be a good partner. The work for that switch starts already now. (Anonymous 2, 2011)

1.2 A brief outlook of SportAlot

The Swedish head office is situated in Mölndal, Sweden, with altogether around 90 employees belonging to departments such as design, purchase, sales, marketing and logistics. The logisticians keeps track over the shipments from China as well as over the shipments from Europe and within Sweden. They control that the products arrives to the central

¹ New slogan launched in January 2011

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warehouse just outside Jönköping, Sweden, at the right time, in the right quantity, and to the right price and quality. (Logistics department, 2011)

The process of purchasing a product from Europe starts at the purchase department, which puts an order to the supplier, or mostly to SIC (SportAlot International Cooperation). SIC collects orders from every associated country and puts one order to the supplier they have decided to buy this specific product from. That means, the purchasers in Sweden do not have any negotiation power. They can only rely on that SIC have negotiated the terms of delivery and terms of payment with the suppliers. For purchase made outside SIC, in this paper called external suppliers, the purchaser have the possibility to negotiate with volume, price, terms of delivery as well as payment. However, it sometimes seems that the purchasers are spoiled with SIC delivering the frames for the purchases which leads to that they do not fully use their possibility to negotiate with the external suppliers either. Advantages that these negotiations can give SportAlot are e.g. terms of delivery where SportAlot is not responsible for insurances etc. Nevertheless, it could lead to lower transportation costs and better quality of the deliveries if the purchasers have better knowledge also about the more logistics parts of the delivery/purchase of goods. However, that is outside the scope of this research. (Logistics department, 2011)

For goods purchased from within Europe, the purchaser put the order sometimes well over half a year before the time of delivery. They leave the order until it is three-four weeks left to the shipment. At the time of delivery they check with the supplier whether the product will be finished on time or not. If there have been any changes compared to the order, the purchasers change accordingly and then hand over to the logistics department. If a shipment with terms of delivery set to FCA² or EXW³ the logistics department contacts SIC, or the external supplier, to get more specific details about the shipment; volume (weight, cbm⁴, numbers of packages/pallets/load meter), when the good is ready for pick up, pick up address, contact person and phone number. This information is forwarded to the contact person at the forwarder agency. The forwarder has a group mail so if the contact person is away one day, there is still someone taking care of the booking. (Logistics department, 2011)

At the booking time, SportAlot asks the forwarder to deliver the goods on a specific date, which the forwarder needs to confirm. If the forwarder is unable to deliver on the wanted date due to longer lead time than was first agreed, they need to get an approval from SportAlot's logistics department to deliver another day. However, this information needs to reach SportAlot the week before the planned delivery as they give a delivery schedule each Thursday to the 3PL (third part logistics) managing their warehouse. Any delivery that is not on that list can be refused by the 3PL and will have to come back another date. (Logistics department, 2011)

The relation between the purchase department, the forwarder and the 3PL is connected via the logistics department at SportAlot, which in other words is the department that secure that the right stores have the right goods at the right time. To ease communication the logistics department functions as an intermediary between purchasers, forwarders and 3PL, but sometimes it makes communication harder as the communication channels becomes longer

² Term of shipment: Free Carrier. Transport cost and risk is transferred to the buyer at the named place. (Swedish Trade Council)

³ Term of shipment: Ex Works. Transport cost and risk is transferred to the buyer at the supplier's warehouse. (Swedish Trade Council)

⁴ Abbreviation for cubic meter

and takes longer time. On the other hand, it is easy to have control that the right information reaches the right person. This structure foresees trust and reliability in the other parties and the ability to share the right information when it is needed. A good forwarder partner that lives up to this is thus a must. This is not the case of today's reality at SportAlot. (Logistics department, 2011)

1.3 Problem description

SportAlot's estimated transportation cost from Europe to Sweden 2010 was 1.7 MSEK, and stands for a minor part of SportAlot's total transportation cost. However no one at the logistics department knows if the transportation costs from Europe to Sweden is merchantable, and they do not have any good control if they pay according to the quote. In addition to this there are no statistics over volumes shipped from different locations in Europe and frequency thereof. All in all, the ground for making good transportation strategies in this market is absent. Basic data such as volumes, costs and frequency from different locations is a must in order to have a good background when doing evaluation about what the present situation looks like in order to manage ongoing improvements.

During the last three years SportAlot has used the same forwarder. Some cost regulations have been made by the forwarder due to changes in demand and supply and additional costs such as additional ferry and fuel surcharges have been added in accordance with the market change. At least that is what the forwarder says. It is time to do a proper research among the forwarding companies to see what they offer and if they offer the same price and quality as the present forwarding company does. Thus, there is a need to see if the present forwarder is competitive in price and if there is room for a transportation cost reduction by analyzing other forwarding companies in the market.

SportAlot has quotes from the forwarder they use, but they were agreed upon some years ago and there is no contract signed between the parties. Just having quotes, lack of a contract, makes it harder to control the quality; or rather, the effect of bad quality can not be controlled and regulated and the forwarder can not get any penalties as there is no contract to break. At present there is nothing stating what good transportation quality is and there is no specified lead times. As SportAlot only uses one forwarder there is no continuous pressure on the forwarder to improve their processes. All these issues may "eat up" the benefits of buying products from Europe instead of Far East. Thus, there is a need to investigate which factors that is a part of the quality concept and how these factors are measured. Once that is set, an action plan can be made to pile up what to do when something in the quality is not satisfying enough. These criteria can also be a ground for the investigation of what other forwarding companies have to offer.

Lack of a contract makes the roles of the forwarder and the customer vague, causing an insecurity of what to expect from the other party. The lack of clarity gives communication problems and lack of confidence in the relation. Trust in the cooperation may decrease and the parties may start to be contra productive instead of cooperate to be more efficient and to overbuild these problems. However, these problems may have their role in the problems presented above. If they can be solved, maybe the communication and trust problem can be solved by itself. If not, further investigation in this needs to be done.

To improve the transportation from Europe to Sweden SportAlot needs to know what their business looks like today. They need to know how they want it to be and they need to see

which forwarder that matches these criteria the best. Then SportAlot and the forwarder can get a trustworthy cooperation with good communication and reliable on-time shipment with the requested quality. A summary of these background problems is to be found in figure 1.

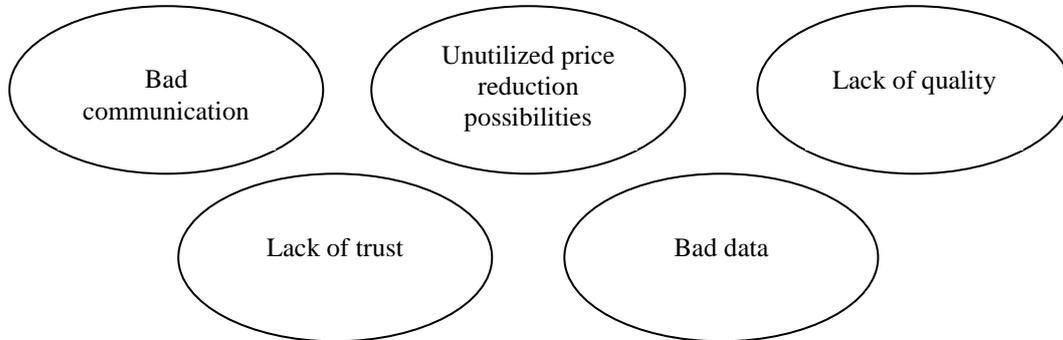


Figure 1: Summary of background problems that are important to be aware of in the preparation for negotiation.

1.4 Research question

The background and the problem faced in the introduction leads to the research question:

How can a retail company prepare for transportation negotiation?

This, the main question, will partly be answered by solving the following sub-question: which are the drivers for change in transportation at a retail company?

1.6 Wording

In this thesis the word *preparation* means the planning before the negotiation. It includes making the management to support changes within a department, as well as analysing the background and the present problems and needs. Included in this is also to gather statistics and other facts that will be the base for the request for quotation. All in all, preparation sets what must be done to be successful in a negotiation and what the negotiators must be aware of before the negotiation takes place. In addition, it provides a framework with information for what factors might effect the negotiation. Personal behaviour and strategic moves that usually is a part of preparation for negotiation needs to be prepared, but is not a part in the preparation within this thesis.

1.5 Purpose

The purpose of this paper is to prepare a retail company for transportation negotiations by gathering facts about the present, analyze and present demands and needs as well as to search the market for good forwarding agencies. The goal is to give SportAlot a suggestion of which forwarding agencies they shall meet for further discussion.

1.7 Delimitations

In this paper the order entry will not be analyzed and consequently not how the purchase can shift from different countries, terms of deliveries and/or the strategies thereof. Even if decisions about these affect the logistics department in their daily work, the logistics department can not directly affect it. Instead they need to handle the affect of these decisions made of others.

SportAlot is a big chain within Sweden and within many other countries in Europe, but this paper will not analyze the flow of goods within other European countries or the flow from the Swedish central warehouse to the stores. The flow within other countries is not handled by the logistics department at SportAlot in Sweden and the flow from the warehouse to the stores is handled by another forwarding agency that is not included in this specific research.

It is unfortunately not possible to analyze any data of delayed shipments based on the deviation of the arrival date compared to the wanted arrival date set on before hand. The difference between the dates can be caused either by the supplier, not finishing the products in time, or the forwarder. Today SportAlot has no tools for analyzing who caused the delay and this parameter can unfortunately not be taken into the research as statistics, but only as perceived assumptions by SportAlot's logistics department.

The workers at the warehouse, a third part logistician, are also affected by a change of forwarder. This paper will not issue how a change of forwarder will affect the third part logisticians or the warehousing.

To know how to behave in a negotiation is a part of how the preparation should be performed. Behavior such as language and body language, as well as preparation such as who is the leader, what roles there should be, who have the right to sign the agreement and who should participate in the negotiation are factors that will not be analyzed in this report. However, the factors are important to set before a negotiation and they are part of the preparation.

Even if there is a possibility to cooperate with a forwarder in another country, SportAlot is not prepared to do that. This thesis will therefore only inform about domestic negotiations in the theory part. International negotiations may be tested some other time.

Methodology

In this chapter the methods used in the paper is presented. They are accompanied with discussions about the research approach, objectivity and reliability for both the case study as well as the literature research. The information and discussions in this chapter are important to be aware of if a reproduction or development of the research should be made or whether the result is possible to generalize and compare with another organization.

2.1 View

The view the author uses when attacking a problem can either be positivistic or hermeneutic. A hermeneutic view is used to interpret and to understand the research problem while a positivistic view has its base in empirical settings which is also valid in other settings. (Carlsson, 1993) As the thesis consists of a part where empirical data is gathered and the result of these can be used in other settings it can be discussed if the thesis is written within the positivistic view. However the empirical setting within this thesis is not directly applicable on other settings and the positivistic view is not applicable from this research point of view. The writer of these thesis attacks the problem with the attempt to understand the problem within which SportAlot has its background and their challenge for change and the thesis is therefore written within a hermeneutic view.

2.2 Approach

The approach in this thesis has its base in empirically oriented science. The approach can either be inductive or deductive. Induction produces broad theories and discussions by using observations and interviews, starting in the specific and trying to generalize this specific knowledge. Induction tries to describe a possible solution. Deduction starts with general aspects and turns them into more specific conclusions by the information found in the research. (Carlsson, 1993) This paper has an inductive approach where the author is supported by a broad literature review, but mainly about in-depths interviews, to gather information about a specific situation at the company SportAlot. The knowledge gathered during the research is then discussed in a broader view with a discussion whether the results are applicable on other companies as well, but mainly it describes a possible solution for the company.

2.3 Research

A research can be performed in four different ways: descriptive, explanative, explorative and analytic. A research can also be made in combination with these four. A descriptive research describe the situation, an explanative research explains the situation, an explorative research investigate in the situation and the analytic research is analysing the situation of the research. (Steverin, 1991) This paper has the approach of a descriptive research where the purpose is to describe how retail companies can prepare for transportation negotiations. Preparation for transportation negotiation is a field where not much research has been presented. Unfortunately there is a lot of research in how to conduct the transportation negotiation, but nothing about the preparation.

During a descriptive research it can be hard to control factors in the settings that do affect the research. The reliability is therefore lower compared to an explorative where the environment

is created to fit the research. The thesis does also have an explanative part where the writer is using interviews, observations and information gathered in a request for quotation to explain the present. The writer does also explain how the company can change the present situation if they use the result found within the research.

A research can either be qualitative or quantitative. A quantitative research focuses on measurements and analyses numbers and more extensive samples by answering questions of how many, how much etc. A qualitative research aim is to understand why and how something is happening. Methods used in qualitative methods are in-depths interviews, observations etc. (Bryman, 2006) The research within this thesis is qualitative and both interviews and observations performed at the case company SportAlot. The companies logistics department where object for the research and the entire sample of five persons where a part of the research. The employees was aware that they where a part of the study, but not in which way. Therefore the information they shared is assumed to be reliable and trustworthy.

2.4 Objectivity

The student that writes this paper has pre-understanding (Carlsson, 1993) for both SportAlot and the industry the company functions in. The writer is also a member of SportAlot's logistics department. That gives this thesis a bias that may not be wanted, but it does also give authority to access information such as old invoices etc. that would not have been possible otherwise. The student has worked with the forwarder itself, and it does also include some bias into the research. Personal feelings may affect the result. This is of course something that the student tries to deal with to make the impact on the thesis as small as possible and to decrease objectivity (Porter, 1995).

2.5 Case study

In the next chapter, *Theory*, relevant literature within the field will be presented. The chapter after that, *Empirics*, presents the case study (Steverin, 1991). The case study consists of a number of parts. Part one is observations conducted at SportAlot. The observations are made at the logistics department where all activities are noted by the observer. The observer focuses on activities that have to do with the present forwarder. The observer does also participate in discussions about the present forwarder. The discussions are between the employees at the logistics department. These observations are done to know how the present looks like. The observations are made during 2010-11-01 – 2011-04-01 at daily working hours. The observations are made both during regular operations and during meetings when this subject is up for discussion.

It is not hard to do such a research again and it will measure what it is intended to, but it can be hard to get exactly the same answers as time changes. The answers will also change depending on how the cooperation between the company and the forwarder is at the moment. The validity (Steverin, 1991) is thus good, and the reliability (Steverin, 1991) is more difficult to secure as it depends on the observer and on the interviewer to pay attention to the respondents, the people being observed. It does depend on the employees' willingness to participate and share information.

During the same time period statistics are collected from SportAlot's system. These statistics are from invoices and shipments. The gathered data is consolidated and compiled per shipment country to know how the present look like. The validity and reliability (Steverin,

1991) in this part is good if the company has good control over their invoices and shipments. SportAlot does have that. The first and second part goes in parallel.

In addition to the previous two steps, informal interviews (appendix A) are conducted among the employees at the logistics department. The purpose of the interviews' is to make it possible to rank the different factors that do affect the relationship between SportAlot and the forwarder of today. The interviews are conducted to get to know how the logistics department wants the future to look like. These interviews are extensions of the discussions held in part one. The interviews are made during regular working days in the operational work and during discussions of the topic. In these interviews the interviewer asked questions to the respondents. The questions was follow up questions to previous discussions with a purpose to understand how the logistics department wants the future to look like. The validity (Steverin, 1991) in this part is good, but the reliability (Steverin, 1991) is slightly lower than the validity. The reliability is lower because of the difficulty to reproduce exactly the same discussion and the same follow up questions.

2.6 Literature review

In parallel with the three parts presented above, a literature review is conducted. Two different ways of searching for information has been used: regular libraries and their databases of books, as well as online databases of scientific articles. Words used in the literature search were preparation, transportation, negotiation, change, strategies, management and their synonyms as well as combinations of the previous. That resulted in many hits, but no articles nor books about the specific question how to prepare for transportation negotiations.

As there was no information to be found about researches like this thesis, this paper's originality (Eisner & Vicinus, 2008) is high. On the contrary a similar research can be done whenever at more or less any company working within retail having transportations from Europe to Sweden, and that makes the originality of this paper low.

The books used vary a lot in the year of publicity. Some of the books are well-known with authors such as Porter and Kotler, while others are unfamiliar. Porter and Kotler are reliable and their theories are challenged but accepted within their research field. Many of the other books are about research theory. All books say mainly the same thing in that field and it can be assumed that the sources are reliable. The rest of the books are about preparation for negotiations, which is a small field lacking research. The reliability of these sources is more uncertain.

The articles used are peer reviewed and are cited in many other articles. The articles are also published in familiar journals, therefore the reliability in these can be assumed high. The internet sources used are serious websites and the information from them is serious and is assumed reliable.

2.7 Reproducibility

This paper gives the picture of what it looks like at SportAlot at the moment for the research and it is a cross-sectional study (Carlsson, 1993). A cross-sectional study should be done at several cases at the same time. As this research is only done on one group the reliability decreases and it affects the generalizability (Carlsson, 1993) of the result, which means that

the result may be hard to directly apply on other cases. However, the reproducibility (Porter, 1995) is high. The research can be reproduced at SportAlot, but also at other companies that have the ability to let an external person get access to the required information and follow the employees during a period of time. The researcher had the possibility to follow the group at SportAlot for a long time and the knowledge and understanding for their problems deepened. As the research consists of that many parts it does also deepen the understanding and favours the conditions to conduct a good research with reliable results.

2.8 Comparability

What would deepen the research even more is to spend time with the forwarding agency as well as with the purchase department and the workers at the warehouse. The forwarder can give information about strategies and trends within transportation as well as their view on the relationship with SportAlot. The purchase department can give information about how purchase strategies are affected by the transportation modes, transportation means and transportation companies and their prices. Even without these parts, the comparability (Porter) of the paper is good if the same study is applied on another retail company of the same size. The over all organization may not need to be exactly the same, but the import for Europe should be in the same monetary terms, and the products that are imported should also be in the same range.

Theory

Due to lack of good literature within the field of preparation for transportation negotiation, this chapter presents literature within the change management genre. A preparation for transportation negotiation is an organizational change where the environment in the organization affects the negotiation and thus the preparation for the latter (figure 2). Two views of organizational change are presented in the first part of this chapter. In the second part of the chapter, change management theories are explained, but also why changes are initiated. The theory shows how changes can develop within the organization and how the management shall coop with the change. The third and fourth part in this chapter presents pre-negotiation sessions and negotiations. That part is informative for the reader to know what negotiations are. The final five parts present other factors that are specific for the transportation business and are necessary to know about when having transportation negotiations.

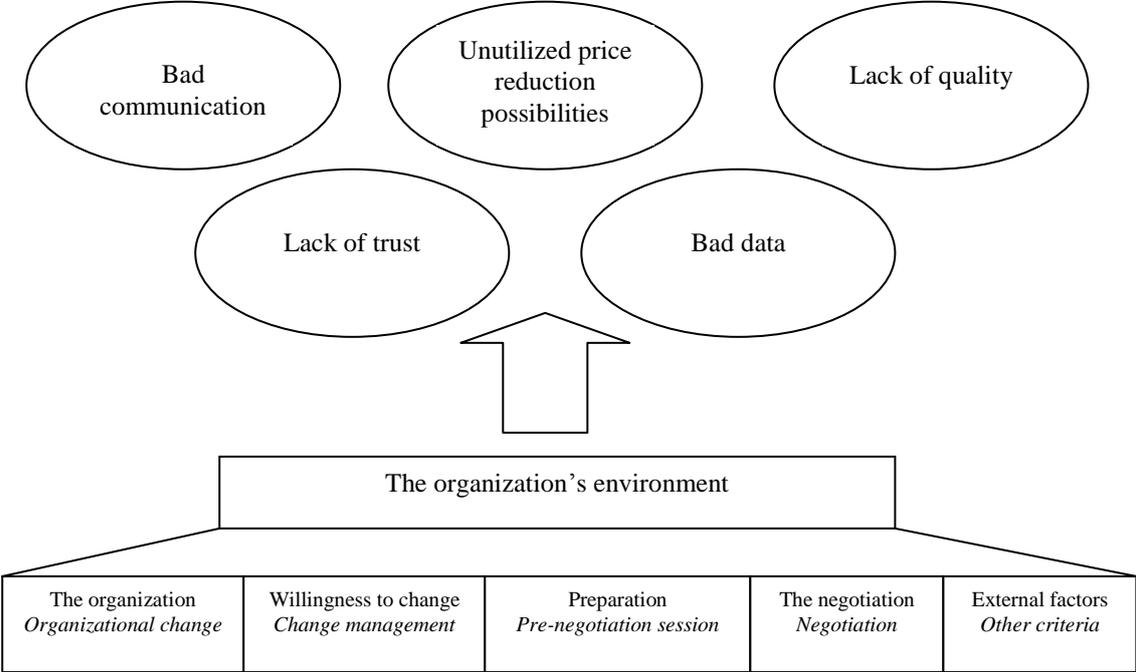


Figure 2: The organizational environment consists of a number of factors that does affect the problem background.

3.1 Organizational change

3.1.1 Traditional view

In the traditional view an organization is stable, predictable, unaffected by observation, and has clearly discernible causes and effects. Olson & Eoyang (2001) therefore says that organisations function as machines, where the parts play the vital role for understanding the whole. As the organization is a machine everything needs to be set and planned into the smallest detail which can lead to over specification (Olsen & Eoyang, 2001) and restricts the development on the whole. This requires internal and external organizational stability.

To generate a change some companies try to identify the problems in the present organization and works out a manual where the program to a successful change is presented. However, this

is not a change from the traditional view (Olsen & Eoyang, 2001) it is rather a way of restricting the employees even more as they are not engaged in the change process and they do not need to push their own thoughts and understanding.

There are three claims that should be avoided in order to decrease the problems caused by a company stacked in specifications. 1) Do not only start changes at the top of the company, as a good change is created by many persons active in different parts and hierarchies in the organisation 2) Do not be too eager in controlling as it does not always help efficiency, and 3) prediction is not always possible as a small change early in a process may get bigger effects later on at a site where it was not likely to happen. (Olsen & Eoyang, 2001)

3.1.2 Alternative views

There is no good model as an alternative for the traditional view of organizational change. The other alternatives that are presented are diverging and makes it hard for the practitioner to know which one to focus on, or how to combine them. Alternatives to the traditional view of organizational change can be to change strategies to focus on motivation, pay attention to resources such as data, people, knowledge and power, to change the structure within the organization, or set ultimate goals such as objectives, values and vision to achieve adaptability. (Olsen & Eoyang, 2001) For the manager it is all about getting these alternatives together in a mix that best enables the organization to move towards the solution of the reason for the change.

3.2 Change Management

How do we know when it is time for a change? It is a question that thrills me. However it seems that there is no answer. There are no books at the University Library in this subject and when searching for change management journals there are no articles to be found either. It is an interesting question, but most authors and researchers tend to focus on what causes the change and how to manage the process of change, *Change Management*. There are a lot of theories, articles and successful entrepreneurs that have written books about that.

This chapter presents drivers for change, change styles and how to coop with resistant to the change.

3.2.1 Drivers for change

There must be something causing the need for changing, this something is called the driver for change. The drivers are often divided into external and internal. The external drivers can be anything from political and economical, to technological and demographic, meanwhile the internal drivers more often is due to the growth of the company or an individual actor's interest. (Alvesson & Sveningsson, 2007)

Political drivers can be changes in trade restrictions which changes the trade flow between certain areas. It may cause the growth of new markets and possibilities for the individual company to grow. It changes the competition in the market place which in turn forces the company to develop in accordance with this, or they may risk to be rejected. (Alvesson & Sveningsson, 2007)

Technology drivers change the way companies interact with their customers as new information and communication technology develops. Technology makes it easier to be located further from the market but still has a close and ongoing relation with it. Internet has

really been rousing this development. Cultural drivers as ethic, environment and gender are still under development and the force of them, together with CSR (corporate social responsibility), are continuously growing. These changes the market place for companies as the customers demands the companies to take responsibility for their products from the cradle to grave and all actors involved in this process. (Alvesson & Sveningsson, 2007)

Demographic drives forces the companies to adapt to recruitment possibilities, the demand and supply in the market place. These are closely related to economic drivers such as costs for employees, which can have a high affect on the balance sheet. New knowledge about steering and total cost management plays a part in the change as well. Evolutionary drivers affect only a part of the company and may come from the requirements for cost decrease and more efficient resource allocation. These changes should be within the frames for the present organizational system. This is a gradually and ongoing change, in contrast to the revolutionary driver that is a change that takes place under a specific, limited time. (Alvesson & Sveningsson, 2007)

3.2.2 Change styles

Marshak (Alvesson & Sveningsson, 2007) has divided change into four styles. These are presented in the following text.

- To fix and maintain: This style is a way of making small adjustments mainly in the operation to avoid organizational change. These ongoing changes are made within the framework of present strategies, systems and structures.
- To build and develop: This style is slightly more advanced then the previous step as it adds things to the present strategies, systems and structures to develop them and make the company more competitive in the market place.
- To move and relocate: This style deals with more significant changes with major consequences. These changes may change the whole present system, strategy and structure. These changes should be planned and initiated by the company's steering committee.

To free and reinvent: This is the most advanced style and stands for transformation, which concerns renewal of the whole company. Changes in this style affects relations within the whole organization and can also change present norms and challenge old assumptions.

3.2.3 Change types

Changes can be planned, or they can emerge. The planned changes are initiated from the steering committee and focus on cultural changes and rationalization projects. The emerging changes can be initiated from every step in the organizations hierarchy, but mostly from grass root level. Emerging changes focus on ongoing improvement and single target developments. In the following part there will be more specific information of these change types. (Alvesson & Sveningsson, 2007)

Planned change

Organizations should be viewed as integrated and coherent systems composed of subsystems to make it possible to execute organizational changes. These systems consist of both hard and soft values. Hard values can be strategies, structure and the system itself. Soft values are skills, shared values and the personnel. It is important to know that a change in one of the subsystem always affect the mother system, and in turn affects other subsystems. Therefore a good plan is a must for a successful organizational change. (Alvesson & Sveningsson, 2007) Such a plan can follow the steps below:

1. Make a market and competitor research where threats and opportunities are identified as well.
2. Create a group who has the right to change and make them work as a team.
3. Develop a steering vision and strategies that enables the vision to be reached.
4. Communicate the vision and strategy and let the team be role models for how to behave in the change process.
5. Remove restrictions and change systems that counterwork the vision of change and encourage risk taking and non traditional activities.
6. Plan for fast highlighting on good progress and promote and reward the one who achieves fast change.
7. Take advantage of credibility that follows fast changes to intensify the change of system and structures that are hard to change. Recruit, promote and develop persons who can implement the change and work for continuously change through new projects.
8. Create better results trough focus on customer and productivity, better leadership and efficient management. Formulate the connection between behaviour and success and develop tools to ensure leadership development. (Alvesson & Sveningsson, 2007; Kotler & Melewar, 1996)

Emerging change

Organizations can, and often should, change in an open, ongoing unpredictable process without a set start and end, where the organization continuously adapts to the ever changing environments. Changes emerge every day after the decisions that are taken by the individuals in the organization and this change type can thus be called a procedural perspective. This perspective demand ongoing changes, but also that the view of the organizations boundaries to the environment is ambiguous and hard to discern. (Alvesson & Sveningsson, 2007)

To change means to understand complexity and the chaotic reality, but also to plan change, overcome resistance, negotiations, political changes, intentional and unintentional misunderstandings in communication and other things which are a part of the organized daily life. To be successful in change management is to understand how driving forces can enable and shape a change in different directions. It is important to reflect over the ideas about change and what the purpose with the change is, to get the bigger picture and a better understanding for the whole, which enables a better understanding of how to manage the change. (Alvesson & Sveningsson, 2007)

One problem with managing change is that it consists of both external and internal drivers/forces which make the change hard to plan. Another important thing to acknowledge is that feelings, knowledge and perceptions merge in different ways for different persons, which enables different understanding for the change and possibilities for development. Because of this it is important to make the employees a part of the change and engage in the change by encourage initiatives. The central role in emerging changes is to achieve development, renewal and learning based on five conditions:

1. Structure: avoid hierarchical organizations, use networks to empower the core competencies and gather teams.
2. Culture: is vital to understand in order to be successful in the change.
3. Learning: encourage creativity, admissible experiments and be open-minded to transfer the individuals' knowledge to the group.
4. Behavior: the manager must be supportive, committed and act as a visionary coach.

5. Power/politics: prioritizes, judgments and to be able to navigate in the political game where communication and possibility to affect others is vital. (Alvesson & Sveningsson, 2007)

There are thus no rights and no wrongs in managing emerging changes, just a feeling that can develop with experience.

3.2.4 Resistance to change

It is mainly five factors that create resistance to change. These are changes in competence requirements and/or the social environment, threat of losing the job or finance, perceived or real psychology threat and, finally, changes in hierarchy structures. Of course other personal factors can undermine changes, but these are individual and can not be generalized more than that they are mainly about understanding and coordination of relations. (Alvesson & Sveningsson, 2007; Dawson, 2003)

To avoid resistance the personnel should be involved in the change process and feel openness and encouragement from the manager. Moreover, it is not always a bad thing to be sceptical about changes as it is no good to conduct changes for the change's matter. There must be a goal for the change. If there is no plan with the change it can cause frustration among the employees causing hesitant behaviours as an affect of goals and plans that has an unsure approach to the future. (Alvesson & Sveningsson, 2007)

3.3 Pre-Negotiation sessions

3.3.1 Information session

It is not only a pure resistance to the change; there is also a possibility that the group does not receive the information about the change in the way the leader interprets them to. Interruptions in the message can be that the leader is not clear about the purpose, lack of engagement or has low trustworthiness. It can be due to stress in the group, bad timing or that it is not presented in a good way. It can also be due to that the group has no need for it right now, they can not see what they will gain from it and/or they are not prepared for the information. Included in this are also the person's feelings and ethics, where some person finds it easier to listen to rational messages and others to emotional messages. Yet other factors that effects the sender and the receiver of the message is the personality, background, interest and previous knowledge.

It is important for the leader to determine the aim with the negotiation, to set what the group should know, understand, put value into and analyze after the information-meeting. The leader must take into account what the group wants, why they are there and why they care to tell the right information and to satisfy the group needs.

The leader should present the subject, the purpose and the disposition of the meeting as well as motivating the group and be prepared to answer questions (during or after the presentation). It is important for the leader to be engaged and well prepared and the information sessions should never be longer than 7-15 minutes without any activity for the group. Discussions, dialogs etc. are also good for the leader in order to know what the group wants, just as it is good for the group to be more alert. The leader shall make the group feel warm, positive and to encourage risk-taking. To avoid an overwhelming amount of information with the effect that the group stops listening, it is good to divide the information-session into different parts with different speakers.

The most important thing to know is that the listener sorts the information in a way that fits into the listener's reality and seeks confirmation to what s/he already knows. It is the listener/the receiver who decides if the message will have the effect the sender wants. (Frankenberg & Nytell, 1991)

3.3.2 Problem solving session

Problem solving sessions are about solving problems where decisions are made, or an action plan should be developed, as well as to get proposals, and investigations developed. The meeting should have a leader, whom can be helped by a five steps model consisting of:

1. Prelude: The task, goal, limitations, time plan and responsibilities etc. are decided upon.
2. Problem formulation: Why? Which are the side effects? Summarize the problems and ask whether all can agree on them.
3. Produce ideas: Find solutions to eliminate the causes, delimit the effects and summarize the solution ideas. Do not put any value or show criticism to any of the ideas.
4. Idea evaluation: What resources are needed, advantages and disadvantages, are any new problems created with the suggested solution? The goal/purpose should be reached with the ideas. Summarise the evaluation.
5. Take action: Decide upon a preliminary position, and finally a decision which everyone can agree on. What the goal reached? Decide about the implementation: Who, what, when and how?

The leader should encourage participation from the group members during this session by asking the right questions, being a good listener and create engagement in the group. The following questions are considered as good in this context: Public – How do you (the others) see this? Direct – What do you think, Anna? Forwarded – Maybe you can answer her question? Returned – How would you answer it yourself? Do not hesitate to ask how the discussion can solve the problem, if you think it has gone out of the frame. Once the final decision is taken the leader must make the group feel that they have a responsibility for the position they have taken. (Frankenberg & Nytell, 1991)

3.4 Negotiations

Negotiations are a part of every normal person's daily life and are used to satisfy the person's basic needs. The term *negotiation* has been used by many different disciplines and they all have a different definition of it. One reason for that may be the complexity of the negotiation concept as every conducted negotiation is unique. However, some things that are common are that it is always more than one part, normally two, with the aim to reach an agreement. (Frankenberg & Nytell, 1991; Molnár & Molnár, 1999)

In the delimitations in the introduction chapter, it was announced that the negotiation itself is not to be handled in this thesis. The reason for having a chapter of negotiations here is because it effects the preparation for negotiation. The preparation work is a change in many ways. It can be a personal change, an increase in knowledge, or similar. According to Molnár & Molnár (1991) it can also include two parts; a buyer and a seller. Communication and cooperation is vital as both parties want to reach business goals and to satisfy needs (both known and unknown). (Frankenberg & Nytell, 1991; Molnár & Molnár, 1999) Acceptance that another company by cooperation can develop the own company is a prerequisite for a good preparation before a good negotiation.

There are two different kinds of request for quotations before the negotiation starts. One is domestic and one is international. This paper will only handle the domestic type of negotiation as only forwarders located in Sweden are subject for the preparation of transportation negotiation. Domestic negotiation can either be a public negotiation or a restricted negotiation. (Molnár & Molnár, 1999)

3.4.1 Public

Public tenders are normally not a problem as both parts function in the same environment, with emphasis on culture. However, if the market where buyer and sellers meet is large, it can be expensive for the buyer to gather the information needed for a good comparison between all the companies within the field. Anyway, the required information, such as qualifications, knowledge, experience and references, is normally easy to access. (Molnár & Molnár, 1999) The costs tend to be harder to make a fair analysis of, as more or less all forwarders have included different things in the price.

3.4.2 Restricted

A restricted negotiation on the other hand has just the easiness of finding the required information about the sellers, but it might not be worth comparing all of the companies. Therefore a limited amount of sellers are selected for further research. (Molnár & Molnár, 1999) In this thesis the forwarders are the sellers who bring their product, the transportation, for sale to SportAlot.

3.4.3 Negotiation models

This model is based on five factors which trig the parties to be involved in the negotiation.

1. Background factors: cultural variation, attitude, relations within the parties, the negotiator's status, background and personality. The background factors affect the goals (3) and the process (4).
2. Conditions: Negotiation settings such as the type of negotiation: open vs. secret diplomacy, number of participants and parties, information and tools, stress and timing. The conditions affect the process (4).
3. Goals: Community and specificity of goals. The goals affect the process (4).
4. Process: Preparation for negotiations, junction between alternatives and utilities as communication and arguments, modification of alternatives such as threats and opportunities, fait accompli and creating new alternatives. The process affects the outcome (5) and the goals (3).
5. Outcome: must have clarity, criteria for evaluating the outcomes, continuity of negotiations. The outcomes affect the goals (3) and the process (4).

A negotiation should always be approached from a time perspective where background (1) and goals (3) are based and build on the time before the negotiation. The conditions (2) and the process (4) are built upon the present time during the negotiation. The outcome (5) is the consequents of the other two and is thus the future time to come. (Molnár & Molnár, 1999; Sawyer & Guetzkow, 1965)

Package Deal Negotiation

This model is based on the previous one, but is used when the negotiation is just a single transaction, in other words a package deal. The biggest change from the previous model is that the power relation between the parties is added.

1. Background factors: Objectives that are common, conflicting or complementary, political, social and/or cultural environment, market position such as concentration

determines available alternatives, influences from third parties and the negotiators skills, experiences and personalities. Background factors affect the process (2) and the atmosphere (3).

2. Process: Time consumption, issues that needs to be discussed at different times, and which contracts are made. Which people should meet how often? The process affects the background factors (1), the atmosphere (3) and the outcome (4).
3. Atmosphere: This is the environment the negotiation functions in. Cooperate about common goals/conflicts about the way to get there, distance i.e. to understand each other, power/dependence to know which party that controls the situation, and expectations in short-term such as prospect the present deal and in long-term as to find possibilities for future deals. The atmosphere affects the process (2).
4. Outcome: The result of the negotiation is either an agreement, no agreement or to continue the negotiation. As a mix of the outcome is possible, it needs clarity. (Ghuri, 1983) (Molnár & Molnár, 1999)

Context of negotiation

A negotiation can also be strategic to get promotion and focusing on relations, behaviours and interactions. McCall & Warrington (1989) have built a model where both negotiators have four factors influencing the common negotiation interaction. These factors are: Behaviour predispositions, situational influences, influence strategies and skills, and environment influences. These are all interacting with each other and affect each other within the same negotiator. As the negotiators interact the negotiators factors influence the other negotiators factors. The knowledge of this can be an advantage to be a more effective negotiator as these affect the outcome of the negotiation. (McCall & Warrington, 1989; Molnár & Molnár, 1999)

3.5 Other factors

3.5.1 Certificate

Many companies are certificated in accordance with ISO (International Organization for Standardization) standards. There are some different standards, but they all function in the same way: they are a plan for developing policies, identify environmental issues, define objects, and implement a program to reach the company's goals, but also to measure effectiveness, correct problems and review management systems. Among the ISO standards there is one environment oriented, ISO 14001. (Rondinelli & Vastag, 2000)

ISO 14001 is an environmental management system, but it does not ensure legality or continuing improvements. The advantages for a company with an ISO certification is a benefit compared to their competitors without an ISO certificate as it looks good on the paper. Another benefit is for companies that expand over borders to have benefits in their operations and management to have common guidelines. (Rondinelli & Vastag, 2000) Exactly what these benefits are is hard to tell as there is no theory about what kind of operational and managerial advantages there is.

There is also an ISO standard for good quality management practices, ISO 9000. ISO 9000 is independent of business area, size or constellation of the company, and is used to check if the company is in control of its activities. (www.iso.org)

AEO (Authorized Economic Operator) is a certificate which aim is to increase the security of and improve the efficiency in the customs clearance. The AEO certificate is valid in all

countries within EU and every kind of organization can apply for it. (www.tullverket.se) One reason to certify a company is that it shows the players in the market that it has control over its business. It will gain the company and give competitive advantages compared to the competitors not certified. Another advantage is that it simplifies the companies' procedures in customs matters.

3.5.2 Reclamation

The *Nordic Association of Freight Rules* (NSAB 2000; Nordiskt Speditörsförbunds Allmänna Bestämmelser) is an agreement where rights and obligations between the forwarder and the buyer of transportation are presented. The rules are in accordance with for example the Warszawa convention. According to NSAB 6§ the forwarder is obliged to deliver the goods within reasonable time, if nothing else is written in the agreement between the parties. 20§ state that if the forwarder does not delivery within reasonable time, the forwarder must compensate the buyer for direct and actual costs. If the delivery was time booked the forwarder should issue a credit invoice as compensation on the whole delivery, or parts of it. If the cargo is lost, the forwarder does not need to compensate the buyer until after 60 days from the planned delivery date, or 30 days if the delivery was time booked, according to 21 §. 15 § state that the forwarder is responsible for theft and/or damage of the cargo. 16-23§§ present the divergence from 15 §. The forwarder is not responsible for damage on products inside the box, or damage that is not visual. (NSAB, 2000)

3.5.3 Trace goods

Today there are a number of different systems for keeping track of the goods. Track and Trace is one concept that is used within the transport industry. It means that the shipped cargo can be found wherever in the chain it might be. The reason for track and trace is to have high efficiency throughout the whole value chain. (Chow et. al., 2007) Unfortunately, there are different levels of how the cargo is tracked. Some track and trace systems scan the cargo at checkpoints, but between the checkpoints the cargo is untraceable. That drives scepticism of how good the track and trace system actually is. It does only show what has happened, not what is happening right now, or what will happen ahead. To get a way from that insecurity some companies use their track and trace by GPS.

GPS (Global Positioning System) was developed by the military forces in U.S.A., but is now more or less a part of a global information infrastructure. The GPS functions through a constellation of satellites that together with the signal from the GPS can calculate the location of the GPS in terms of horizontal, vertical, speed and time. GPS functions all round the world, in any weather. (<http://www.navcen.uscg.gov>) Now, the GPS is not only used by the military, but also by other individuals and companies, such as forwarding agencies. The forwarders equip their trucks with a GPS and can then track their trucks and discover deviations from the regular pattern.

A newer system for tracking is RFID (Radio Frequency Identification). RFID is a chip that the product can be marked with already at the production phase. The product carries this tag through the supply chain to the end customer and is traceable the whole way. Also cartons, cars or bigger things can be marked with such a tag of information. (Chen & Liu, 2009)

3.5.4 The driver

There are mainly three factors increasing the risk for a driver to be in, or initiate an accident. These factors are tiredness, age and alcoholic consumption. The younger the driver is, the more likely it is that s/he will try to ignore the signs of tiredness. Heikki & Timo (1994) did a

comparison between trucks and cars. The study showed that the alcoholic related accidents were fewer for trucks than cars.

3.5.5 Routing orders

A routing order is a document that gives the supplier the right to book the freight directly with the buyer's forwarder on the buyer's account (www.tnt.it). The supplier does not need to contact the buyer before the booking of the transport. The buyer's forwarder has one set of these documents at their site to know which suppliers the buyer has accepted to be booked on the supplier's initiative.

On the routing order it is written which supplier is confirmed by the buyer to book directly with the forwarder. The supplier's address, contact information and other relevant information about the pick-up. It is also written who the forwarder is and the contact information to them. Finally this paper is signed by the forwarder and the buyer of the goods and transportation. The routing order is sent to the supplier, the buyer and to the forwarder, who have one copy each.

3.6 Weighted Linear Model

A model called the weighted linear model will be used for evaluating the responses on the request for quotation in order to decide which of the forwarders that is the best. The weighted linear model is used when a lot of factors influence each other in a complex network with more than one dimension. Each sub-dimension is given a value that influences the total score of the head-dimension (Rao & Steckel, 1991; Tamer, 1997).

The performer can choose what values the different factors are worth. The values of the factors are weighted between one another depending on the importance of them. The most important factor can for example be worth double of the second most important factor. In the end all these values are summarized and the possible alternatives will be ranked with the best alternative having the highest value etc.

In a complex system it is favorable to have a computer to do the calculation. It is a high risk for typing and calculating mistakes if doing it by hand. The simplest way is to use linear programming system. (Talluri, 2001) In this thesis the model will be used without any linear programming system.

Empirics

This chapter is divided into three parts presenting the present state at SportAlot. The first part presents the problems the logistic department faces in the cooperation with their present forwarder. The second part presents the demands that the logistics department sees as an opportunity for improvement. The third part present the present statistics about the shipments performed during 2010. All of these parts are important as a base for the request for quotation. The first two parts are important for SportAlot to know which qualities to search for, and the third part is important for the forwarders as their prices are building upon that statistics.

4.1 Present problems

In order to accomplish a change it is important to know what the present looks like. After conducting a research among the employees at SportAlot's logistics department it is clear that more or less all of the employees face the same problems with the forwarder. The answers from the interviews are presented in the following text with a summary in table 1.

The first respondent says that the forwarder is unreliable due to that it is hard to know when they actually deliver the goods. An example given from the first respondent is: when making the booking the respondent asks for delivery on a Wednesday, but the forwarder asks if they can deliver on Monday instead and the respondent agrees. On a Monday the logistics department is informed by the warehouse that the forwarder has not show up at the warehouse. The respondent calls the forwarder who needs to investigate it. When the forwarder calls back after a while the forwarder says that they can only deliver on Tuesday. In the end it is a lot of extra work for the warehouse, SportAlot and the forwarder and it does not bring any good out of it. It makes the relationship with the forwarder tense and unreliable.

Respondent number two gives a similar example where the forwarder agrees at a delivery on a Thursday and then shows up on Wednesday. When the respondent tells the forwarder that the trucks needs to wait until the next day or if the driver cannot wait, the forwarder needs to take the goods to their distribution central and store it, the forwarder gets irritated. The respondent thinks that it lowers the confidence towards the forwarder and creates bad-will when they do not pay attention to the customer and the customer's needs and demands. The respondent also says that: often there would not be a problem to change arrival day for the goods if SportAlot just would get the information in time. Of course it causes irritation when the goods do not show up and the customer needs to ask for it. Preferable would be to have a forwarder that worked preventable and gave the customer the information in time when delivery time changes.

Respondent number three works more with the invoices, but not that much with the shipments. A big problem with the invoices is that they lack the order numbers. For well over a year SportAlot have requested the forwarder to put SportAlot's order number on the invoices. If the invoices can have order numbers it will simplify the process of paying them because SportAlot's integrated invoice system can be used. The forwarder said that they sure can set up the invoices to have that. They will connect all the shipments on the invoice to the shipments order number. SportAlot reminds them every time they get an invoice without the required information, but the forwarder has still not succeeded in doing. That causes irritation and a lot of extra work for both SportAlot and the forwarder. SportAlot need to send the

invoice back to the forwarder and ask them to put their order number on the invoice. Some days later SportAlot receives the invoice again with the order number and they can find the positions in the system and check whether they are debited the correct amount for that shipment.

Respondent number four thinks it is a problem that it is never certain when the goods will show up at the warehouse. It makes the respondent insecure and to cover that insecurity the respondent puts extra time in controlling if the goods actually are received. It can be done by calling the warehouse or check the system for the orders status to change to delivered (the 3PL have 24 hours from arrival of the goods to receive, sort and store it). In the long run it takes a lot of time that could have been spent on other, sometimes more important tasks. It could also have released time for managing a project with the focus to avoid such things. Today this time is used as non-value-adding-time, i.e. time just thrown away. Some times it is hard to get in contact with the forwarder as they often are busy in other phone calls. Luckily there is a possibility to e-mail, but it does not give as fast answers as calling does. Another problem the respondent is facing is due to the fact that the forwarder does not have a system like track and trace or similar system. The forwarder need to get in contact with their agent or the driver in order to get the trucks position and notification of where it is. The information lead time is long.

Respondent number five has until now not worked with the transportations from Europe, so the respondent does not have any opinion about the present problems. Anyhow, the respondent will start to work with these shipments in the short future, therefore it is important to hear the respondents thoughts about what kind of demands there are. These are presented in the next chapter.

The last respondent, respondent no six, says that the poor quality of today's forwarder costs too much money, both in extra time that is needed to be spent in checking, double checking and correcting what has not been as confirmed. The pure transportation cost may also be possible to decrease, but this is something that needs to be further investigated. If the volumes of import from Europe will increase, then it is important to get a better price and a better partner to reduce waste of time.

Table 1: Summary of the present problems, presented without ranking.

Present problems
Bad delivery precision
Bad information when changes in delivery occur
Inadequate information on invoices
A lot of non-value-adding-time spend unnecessarily
Lack of trust
Long information lead times
Expensive transports (?)

4.2. Present demands

Respondent 1-4 have nearly exact identical answers to what they think about the present demands. All of them say that the possibility to correct pick up notification is an important thing as it gives them possibility to control whether the goods is loaded on the truck or not. In other words, this is a control over if the supplier has done what was agreed-on.

The second demand the respondents state that they need is the possibility to good delivery notification where the forwarder delivers on the agreed day, and not any other day. Sometimes it feels like the forwarder thinks that they do a better job if they can deliver the goods faster than what is agreed on, but one day ahead is as bad as one day after.

A common word for these two first needs may be delivery precision. Delivery precision means to keep the agreed delivery date and delivery time. If the truck comes too early from Europe it must be possible for the forwarder to hold the goods in their distribution central until the agreed time of delivery. This should be made without any extra costs for SportAlot.

A third demand identified is the numbers of departures per week from the different countries/areas where the goods are picked-up. The more frequently departures, the less is the delay if the production is not finished in time at the supplier.

The fourth demand is that the invoices should be summary invoices and need to contain SportAlot's order number to ease the handling and release non-value-adding-time to something better.

A fifth demand is compensation when the delivery is not held. That goes in both directions. If the goods are not delivered on the agreed day the forwarder should be held responsible for the missed delivery. If the forwarder comes, but needs to wait more than an agreed time before the warehouse staff starts to unload it, SportAlot should be held responsible for a punishment fee. If the goods arrive too early there could also be a kind of penalty fee, e.g. 10 % reduction of the transportation costs for that shipment. The punishment in both directions will hopefully function as a trigger for both partners to keep the agreed delivery punctuality.

Other needs identified are the wish of continuously statistics. These should be handed over from the forwarder to SportAlot on a monthly basis. Express delivery is wanted when the deliveries are very urgent. The express delivery can cost slightly more, it can still be worth the money to get the goods home. An online track and trace, a so call EDI (Electronic Data Interchange), is preferable if the forwarder cannot give up to date information per manual handling.

The last two respondents say's that service level and delivery precision are important for them. They want to have as little contact with the forwarder as possible. It sounds impolite but on the other hand it means that everything is functioning according to the plan as long as no deviations need to be announced. That is a real advantage that can save a lot of time that is now wasted as non-value adding time. In table 2 is a summary of SportAlot's demands.

Table 2: Summary of the present demands, presented without ranking.

Present demands
Better delivery precision
Invoices contain all required information
Penalties when bad performance
The more departures the better
Regular statistics
Express delivery when urgent shipments
Possibility to track goods

4.3 Present statistics

To understand the extent of the transported volume from Europe, a specification of each shipment from the different countries is presented in appendix C. A summary of this statistics is to be found in table 3. The statistics presented in this chapter is collected from previous year's invoices from the present forwarder and quotations from the same forwarder.

Last year the forwarder conducted 109 shipments from Europe to Sweden where SportAlot is responsible for the shipment and stands for the cost as well as the risk. Nearly 30 % of the shipments where made from Turkey and 93 % of these shipments where to the volume possible to load in at least a 20' (feet) container. Turkey is not only the market with the most shipments it is also the heaviest expenditure. The market stands for 40 % of the total transportation cost from Europe.

20 % of the shipments were made from Italy but it stands for more than 50 % of all pallets shipped, but only 15 % of the total transportation cost. Even though it is only 15 % of the cost, it is the second largest in number of shipments. Portugal stands for 15 % of the shipments, but for around 30 % of the total volume of comparable units shipped. Of these could 87 % have been possible to load in at least a 20' container. Portugal bears the second heaviest expenditure, over 20 % of the total cost. Maybe it is possible to ship some of the goods from Turkey and Portugal by sea to lower these costs.

10 % of the shipments were made from Germany. The German market stands for less than 4 % of the total transportation cost from Europe to Sweden. The commonly used 80/20 rule of thumb is apparently applicable in this case to. These four, 30 %, of the analyzed countries bear just under 80 % of the total number of shipments. However, it is only the top three that bear just under 80 % of the total transportation cost. Country number four in transportation cost is Slovenia, and added to the top three, they together stand for 83 %.

Austria is number five according to the amount of shipments, 10 %. Less than 5 % of the transportation costs are delivered from here. France is in sixth place together with Slovenia in numbers of shipments. Together they stand for 11 % of the total number of shipments, but Slovenia bears nearly 7 % of the costs and France not even 2 %. The reason is that the goods imported from Slovenia is much more heavy and bulky than the goods imported from France.

Netherlands, Great Britain, Slovakia, Finland and Norway have together less than 10 % of the shipments. Netherlands alone bear however 24 % of the total pallets shipped and 30 % of the load meters. It seems like it is more bulky goods, but the shipments do not stand for more than 5 % of the cost.

Table 3: Summary of volumes imported from each European country during 2010.

Country	No. of Shipments	No. of parcels (pc)/ Pallets (pl)/ parties (pt)	Weight (kg)	Volume cbm/ldm	Cost
Turkey	29	10 684 pc	124 409	1053 cbm	555 495
Italy	22	174 pl + 210 pc	46 117	39,1 ldm + 285, 37 cbm	215 918
Portugal	15	6 473 pc	98 078	695 cbm	284 270
Germany	11	39 pl + 86 pc	9 035	27 ldm	52 668
Austria	10	24 pt + 263 pc	14 648	28.52 ldm	67 850
France	6	26 pl + 14 pc	9 558	3.2 ldm + 28,78 cbm	26 292
Slovenia	6	48 pl + 353 pc	20 929	13.6 ldm + 96.77 cbm	91 847
Netherlands	5	2 pt + 46 pl	17 586	49.2 ldm	64 272
Great Britain	2	7 pl	1 870	3.3 ldm	9 356
Slovakia	1	4 pl	930	9 cbm	7 619
Finland	1	9 pl	3 500	6 ldm	8 790
Norway	1	15 pc	7 600	6 ldm	4 102
Sum	109	2 pt + 331 pl + 18 098 pc	346 660	175.92 ldm + 2 167.92 cbm	1 388 479

According to the statistics presented in appendix C, it is easy to see that the forwarder does not have control over the invoiced cost. In 18 of 109 shipments (16,5 %) they invoice the right price according to the quote SportAlot have. In the rest of the shipments it is either too high or to low price on the invoices. When summarizing all the shipments the forwarder has executed for SportAlot, it shows that SportAlot has paid a too low sum compared to what they should have paid. It can be assumed that the forwarder is not trying to fool SportAlot to pay them more money; they just do not have any control over what they do in this activity either (just as with the delivery precision).

Unfortunately the delivery precision can not be presented here. The forwarder does not measure the delivery precision and nor does SportAlot. The only fact about it is what the employees at SportAlot experience. The present problems and needs SportAlot have is clarified and also how the present delivery statistics looks like. Next step is to gather information about the forwarders. A request for quotation will be made to enable the forwarders to be comparable.

Analysis

In this chapter the theory is analyzed and discussed in relation to the gathered empirics. The base for the analysis is the relation of the problems, the organizational environment and the drivers for change, see figure 3. Therefore the first part of the chapter mainly discusses the theory and how SportAlot can use these views on changes to prepare for their own change. The second part is mainly a discussion of which drivers for change SportAlot faces and the relation within the drivers. In part three, information gathered in the request for quotation is analyzed, such as price, lead time and other criteria.

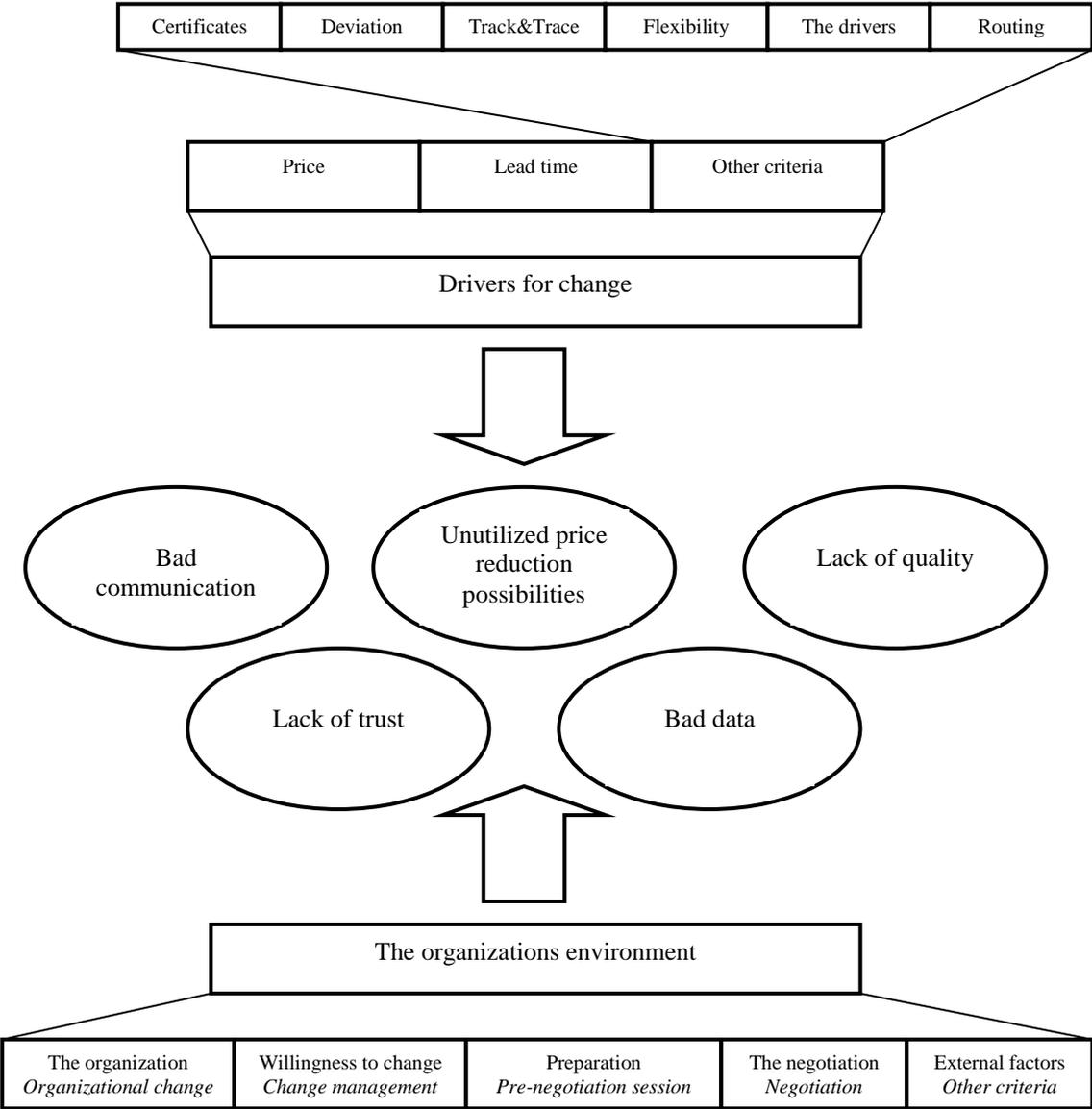


Figure 3: The base for the analysis is the relation of the background problems, the organizational environment and the drivers for change.

5.1 Management before request for quotation

5.1.1 Change styles, types and drivers for change

There are four change styles. One of them is focusing on building and developing the present strategy, system and structure. Another focuses on moving and relocating the present. Often, the latter changes are initiated by the steering committee. For SportAlot it is a combination of the two change styles. For SportAlot one part is based on the directive from the steering committee to decrease the costs for the shipments. The other, and more important in the daily work, is based on the employees feeling that the present situation with the forwarder is not good enough. The present needs to be developed and a new relationship with the forwarder must be built. A new relationship must be developed to decrease the effort and toughness in the daily communication with the forwarder.

A change can be planned or it can emerge. To connect that to the change styles above an emerging change can be the one initiated from the employees where building and developing the present is a big part. A planned change is more to the change style where moving and relocating is the bigger part. When it comes to SportAlot's logistics department, the emerging change is to improve cooperation and communication with the forwarder. According to the empirical fact, the employees at the logistics department have tried this for a long time, and nothing is improved. The final way to get attention now is to put them into competition via a request for quotation. A planned change is to decrease transportation costs. The way to the biggest decrease in transportation cost is through a request for quotation where the present forwarder is put to competition.

Drivers for change can have many different characteristics. For SportAlot there are external drivers such as economical and technological, and internal drivers such as individual actors' interests. The individual actors are the employees at the logistics department. The economical reasons are, as mentioned, the interest in decreasing the transportation cost. Technological is the employees wish to have a better follow up, tools to ensure better delivery precision and correct invoices. The actors' individual interest can be summarized by the need for improved trust and reliability in the forwarder.

After changing forwarder improved trust, reliability and communication will not follow automatically. By changing forwarder the management get incentives to make the relationship perform well, as well as the employees get new energy and a stronger wish to change themselves in order to make the relationship with the new forwarder perform better. Because of these two factors the management and the willingness to change can change and make the performance better with the new forwarder than with the old one. The change can be called psychological, but needs further research.

A closer look at the drivers for change is presented in the next chapter in the present problems and needs, but first a discussion about resistance to change, request for quotations and negotiations context.

5.1.2 Resistance to change

In a group there are as many possible resistant's to change as there are persons. The resistance can have different genesis. It can be due to misinterpretation of information, threat of losing the job, or as easy as it is just outside the comfort zone and may lead to that a person need to change its way to behave, tasks or other personal things. What can be seen at SportAlot's logistics department is that all of the employees are positive to forwarder change. One of the

employees is more afraid than the others that a change will come together with more work and trouble. From the observations it seems that this person wants to have control over every part in the deliveries. The person is therefore reluctant to use routing orders with an attitude of “it will not work anyway”. However, the other employees are sympathetic.

5.1.3 Public/restricted negotiation

As both SportAlot and the forwarder functions in the same environment they do not have any limits that forces SportAlot to do a restricted negotiation. SportAlot can have a public negotiation too. The forwarders that SportAlot could think of were nearly 30 companies. In a large market, it requires a lot of money to gather all the facts necessary to compare all current prospects. Because of the restricted budget for this project a restricted negotiation is to recommend. 17 forwarders answered the request for quotation. SportAlot shall among these pick those who they think offer the best prices on the markets, together with service in accordance with the required quality.

5.1.4 Context of negotiations

The transportation negotiation shall for SportAlot not be a way to promote the company in any other way than to be a possible co-operator and successful sporting company. SportAlot shall be aware of that their behaviour, situational strategies and skills do affect the counterparts' behaviour, strategies and skills.

5.2 Drivers for change

5.2.1 Present problems and demands

After a closer look at the present problems and the present demands that the employees at SportAlot's logistics department have, a list is made to clear what the forwarder can have, what the forwarder should have and what is a must for the forwarder to have. There is no ranking between the subgroups. These problems are the drivers for change and are thus basis for the negotiation agenda and what factors that the suppliers should be evaluated on. A summary of these factors is to be found in table 4.

A good supplier should have the availability to support SportAlot with statistics per month. The statistics shall consist of delivery precision, volume, bulky, packages, and weights, country of departure and zip code as well as the supplier's name. A good supplier should also have the possibility to arrange express alternative when the shipment is urgent.

A supplier for SportAlot must have the possibility to give an exact delivery date. This date must be announced the week before the delivery in order for SportAlot to give the information to their third part logisticians at their warehouse in time. If this delivery date is changed, the change must be approved by SportAlot who will inform the warehouse about the change. If the forwarder delivers the goods on any other date than agreed the managers at the warehouse have the right to decline the delivery. The forwarder must then come back on a new, pre-announced, date, but the supplier does also need to compensate SportAlot for the missed arrival time.

The supplier must send an alert to SportAlot when there is a deviation in number between the pre-announced numbers of packages that are to be picked up and the actual number of packages. The supplier must also send an alert to SportAlot if the goods are damaged at the pick-up point or if any damage occurs during the transport, or if packages are lost during the

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transport. If the delivery date is changed due to obstacles on the road, the forwarder must inform SportAlot of the new arrival date.

These alerts must be sent to SportAlot within 12 hours from the deviation, the theft or the obstacle was acknowledged. Within 24 hours from the incident an action plan should be present for SportAlot. The supplier must send the invoices to SportAlot with SportAlot's order number included. The invoices should be sent per email. No paper copies are needed.

The supplier must present lower transportation costs compared with today's quotes. Not only do the supplier have to present a better price, but they do also need to work in such a way that it can free time from the employees at SportAlot by ease they work load. The supplier must have an easier way of cooperating compared to the forwarder today. An easier way to work will release time for other projects. It is a must for the supplier to have the possibility to work with routing orders.

Table 4: Summary of the forces that are the drivers for change at SportAlot.

Issue	Can	Should	Must
Exact delivery date	X	X	X
Changes in delivery approved	X	X	X
Alert in deviation of:			
Lost cargo	X	X	X
Damage goods	X	X	X
Missing boxes at pick-up	X	X	X
Changed delivery date/time	X	X	X
Alert sent within 12 hours	X	X	X
Action plan presented within 24 hours	X	X	X
Summary invoices with order numbers	X	X	X
Lower transportation costs compared with today	X	X	X
Ease tasks to release time for projects	X	X	X
Develop together	X	X	
Operations Manual	X	X	
Help to contact supplier when missing bookings	X	X	
One contact person	X	X	
Summary invoices per month	X	X	
Operation meetings minimum twice/year	X	X	
No price changes the first year	X	X	
Announce price changes minimum one month ahead	X	X	
2 hours free unload time	X	X	
Compensation for damage goods	X	X	
Free storage one week at forwarder's warehouse	X	X	
Decrease environmental effects by using sea alternative	X	X	
Statistics per month of:			
Delivery precision	X		
Volume	X		
Bulky	X		
Packages	X		
Weight	X		
Country of departure, zip code	X		
Supplier's name	X		
Express alternative	X		

The forwarder and SportAlot should have a common operations manual with all activities set and regulated to avoid misunderstanding. The supplier should help contact suppliers when they have not booked the shipment. The forwarder should assist with one contact person for all matters regarding the transports. The forwarder should have the possibility to send summary invoices per month and should not change the price the first year. Price changes should be announced and approved by SportAlot one month before they takes effect.

The forwarder and SportAlot should have operations meetings continuously. The operations meetings should be every month the first four months, thereafter more seldom. Minimum is to have operations meetings twice a year. The forwarder should give SportAlot two hours of free unloading time at the warehouse. Any damage goods that occur during unloading at the warehouse that had not been announced to SportAlot on beforehand SportAlot should be compensated for by the forwarder. In exceptional cases, free storage one week at the forwarder's warehouse should be possible. The forwarder should work for an improved environment with decreased environmental damages.

5.3 Response on request for quotation

5.3.1 Request for quotation

The request for quotation is sent out to around 20 forwarding companies located in Sweden. The forwarding companies can either be operating in many countries within Europe, in one single or in all of the countries. At this point the only preference SportAlot has is that with the present forwarder it is hard to keep good control over the deliveries and therefore they prefer to have one dedicated contact person. However, if the performance of the forwarder increases or another forwarder has better control, higher delivery precision and service level, it will not be a problem to work with more than one forwarder.

Table 5: Forwarders that the request for quotation (RFQ) was sent to and whom answered the request.

Forwarders the request was sent to	Forwarders answering the RFQ
Schenker	X
DHL	X
Bring Logistics	X
MTS	X
Karlsson Spedition	X
Transfargo	X
ItalCargo	X
Freja	X
Ahola	X
NH Logistics	X
Leman	X
Kuhne+Nagel	X
Ewals	X
Itella	X
DSV	X
Globex	
Green Carrier	
HCS	
Gödecke	
Intertranspedia	
Börjes Logistik	
Stjärnströms	
Combitrans	
Bertling	
Unitrans	
Mattssons Åkeri	

The information letter is to be found in Appendix B and was sent to the forwarders in table 5. In the same table the suppliers who answered the request for quotation are marked with an X.

5.3.2 Incoming quotations: price

As shown in table 5 above, many forwarders answered the request for quotation. Not all of them had comparable prices and not all of them had fixed lead times as well as fixed delivery days. As it is an unwritten law that the present forwarder should be called for a negotiation round it leaves SportAlot with three alternatives; to keep the present forwarder, to change to another forwarder for the whole European market or to use two or more forwarders to decrease costs and take advantage of their local market knowledge.

The following text consists of a discussion, which aim is to sort out which of these three alternatives that is to be recommended. In table 6 and table 7 the results from the incoming quotations are presented. Table 6 shows the truck alternatives. Table 7 shows the sea alternatives.

Ahola and MTS seems to have a good opportunity to be chosen for further investigations as they have the best or the second best price in every market they compete in. Forwarders that are not in the game at all when it comes to the price are: Ital Cargo, Trans Fargo, Leman, Ewals, K&N, Bring, Schenker and OnTime. Forwards that have a middle good price are then DSV, NH Logistics, Karlsson Transport, Freja and DHL. Further information about the top seven is presented in the following text:

Ahola is competitive in four markets which are middle size and small. They presented the best price in every market they compete in. Freja competes in three more markets than Ahola, and presents the best price from Portugal and the second best price in Netherlands.

MTS is competitive in three markets, but one of them is SportAlot's biggest market, Turkey. On the Turkish market MTS have a competitive price for road, but when it comes to the sea alternative they are not in the game at all. In this market they need to decrease their price by more than 160 000 SEK on a yearly basis to get close to DSV who has the best price.

DSV do only have the best price at the Turkish and Norwegian market, and for five other markets they do have the second best price. On the whole they do have the best or the second best price in more markets than any of the other forwarder. Moreover, they are also offering a very good price in terms of sea shipment from both Turkey as well as Portugal. It is not justified to bring the smaller shipments from Portugal the sea way as it actually is an increase in transportation costs. If there are shipments big as 40' containers, then it is feasible and economically justified to ship it by sea. This procedure requires the forwarder to easily shift between road and sea shipment. Thus, it can not be different forwarders for the two modes.

NH Logistics has the best or second best price in 4/6 markets. In the rest they still have a very competitive price. Except from Turkey, they have traffic on the five markets where SportAlot has the most shipments from.

Karlsson Transport has the very best price from Italy which is the second most trafficked market and third in terms of money. DHL did present the best or the second best price in two out of 12 markets. These markets are small with limited shipments each year. They do not affect the total transportation costs much.

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Table 6: Summary of the incoming quotations using the road alternative. The price is calculated on year 2010 volumes to make the cost comparable. The best price is marked with fat letters and an underscore. The second best price is marked with only an underscore.

Country	Ital Cargo	Trans Fargo	Leman	Ewals	Itella	K&N	Freja	Ahola	NH Logistics	MTS	Bring	DSV	Karlsson Transport	Schenker	DHL	On-Time	Best decrease %
Turkey		744 388	888 647		699 914	785 893	971 194			<u>616 599</u>	835 985	597 548		1 120 739	812 681		-10,5
Italy	276 690	280 318	276 522	318 678	249 897	262 160			231 080		334 307	238 858	213 796	289 453	254 197	276 409	-10,0
Portugal		375 120	399 583		<u>332 849</u>	410 454	324 573		339 941		495 777	347 010			334 921		+0,04
Germany		58 092	57 667	74 467	52 668	54 680		39 950	<u>45 845</u>		57 962	51 678		59 787	50 344		-24,1
Austria		77 041	74 039		67 848	63 997	70 752		61 885		70 594	<u>62 784</u>		81 325	69 439		-8,8
France		26 881	27 999	49 410	25 635	31 144	60 627		<u>21 706</u>		36 991	24 410		35 342	21 569		-18,0
Slovenia		72 578			97 470	79 546				70 945	94 209	<u>71 783</u>		91 066	74 022		-29,8
Netherlands		78 701	68 597	66 769	65 616	59 008	<u>55 183</u>	54 757	59 947		85 048	69 735		84 417	66 874		-15,1
Great Britain		<u>8 017</u>	8 123	10 723	9 356	9 677					10 752	8 345		8 859	6 219		-33,5
Slovakia		6 870			6 451	5 173		4 847		<u>4 853</u>	6 738	5 579		7 051	5 585		-36,4
Finland		7 886			8 566	9 883	8 898	5 390			8 587	<u>5 707</u>		5 952	6 688		-38,7
Norway		4 223		7 006	4 083	5 475	6 999				6 573	3 104		5 243	<u>3 811</u>		-24,3

Table 7: Summary of the incoming quotations using the sea alternative. The price is calculated on year 2010 volumes to make the cost comparable. The best price is marked with fat letters and an underscore. The second best price is marked with only an underscore.

Country	Trans Fargo	Leman	Itella	MTS	DSV	Best decrease %
Turkey	<u>424 872</u>	490 174	459 051	572 710	409 016	-39
Portugal (20' only)			366 971		401 719	Increase
Portugal (40' only)			231 468		<u>242 938</u>	-26

Table 8: Summary of the incoming quotations for lead times. The lead time is calculated in days and the numbers within brackets is the lead time for sea alternative, the rest are for road alternatives.

Country	Ital Cargo	Trans Fargo	Leman	Itella	K&N	Freja	Ahola	NH Logistics	MTS	Bring	DSV	Karlsson Transport	DHL
Turkey		7-10		5-7 (16-17)	7-9	7-9			7	8	7-8 (16)		11
Italy	3-5	3-5	5	3-5	4-5			3-4		6	3-6	4	4-6
Portugal		4-6	6	5-6 (26)	5-7	6-8		5-6		9	6-7 (8)		8
Germany		3-5	5	2-3	3-4	3-4	3-5	2-3		3-5	2-4		3-4
Austria		3-5	5	3-4	4-5	4-5		3-4		5	3-5		4-5
France		3-5	6	4-5	4-5			3-4		6	3-5		4
Slovenia		3-5		4-6	4-5				5	6	6-7		6
Netherlands		3-5	5	2-3	3-4	3-4	3-5	2-3		5	2-4		3
Great Britain		3-5	5	2-4	4-5					4-5	3-4		4
Slovakia		3-5		4-6	4-5		5-7		5	6	6-7		6
Finland		1-2		1-3	2-4	3-5	2-3			?	1-3		3
Norway		1-2		1-3	2-4	2-3				?	2-4		3

5.3.3 Incoming quotations: lead time

The price is not the only variable that is important for SportAlot. To have exact lead times is important as well. The reason why, is that the more control the forwarder has over the shipment, the less extra work needs to be done by SportAlot due to changes in arrival days and rescheduling in the delivery at the warehouse. Less extra work means more efficient work and saved cost, i.e. a higher productivity. Most companies answered the request with a presentation of their lead times, see table 8.

From the perspective of SportAlot's demands to have high delivery precision the table tells that it is favourable to chose Leman, MTS and Karlsson as they present exact delivery days from each market they compete in. Second best are DHL and Bring as they have exact delivery days from more or less all of their markets. The rest of the forwarders do have deviations in the lead time presented. After telephone calls with some of the forwarders the reason for the deviation in the lead time is due to if it is a full truck or partial shipment as well as from where in the country the hub⁵ is located compared to where the pick-up address is.

Turkey is the biggest market both in shipments and in monetary measurements, and (except from MTS and Bring) DSV has the most favourable lead time as they just have a deviation of 2 days where the other has three. DSV does also have a better precision in lead time for the sea shipment. From Italy Leman, Bring and Karlsson Transport presented an exact lead time and NH Logistics was the second best with only two days deviation. The rest had a deviation bigger than that.

From Portugal Leman, Bring and DHL had fixed lead times. The second best was Itella, NH Logistics and DSV with two days deviation. However, DSV present much shorter lead times for the sea shipment than Itella does. From Germany does only Leman have a fixed lead time, and Leman and Bring have it from Austria. The second best in both these markets are Itella and NH Logistics as they present two days deviation and the over all shortest lead time.

From France Leman, Bring and DHL have fixed lead time, and NH Logistics is the second best with a deviation of two days which also is shorter than the others. From Slovenia do MTS, Bring and DHL have fixed lead times and K&N is the second best with a deviation of two days that is also shorter than the others.

From Netherlands do MTS, Bring and DHL have fixed lead times and Itella and NH Logistics have a deviation of 2 days and have shorter lead times than the rest.

The last four markets are small in monetary measurements and did only have a few shipments last year. Most favourable forwarder on these markets is DHL with fixed lead times. Others are Bring, K&N and DSV for Slovakia and Great Britain as they have the lowest deviation in those markets and DHL or Transfargo from Norway and Finland as they present the lowest deviation in those markets.

⁵ Consolidation terminal

5.4 Other criteria that may affect the negotiation

A summary of the other criteria, other than price and lead time, the forwarders answered in the request for quotation is published in table 9. This chapter discusses these criteria more into detail.

5.4.1 Certificates

Two thirds of the forwarders use the ISO standard as a quality and environmental assurance. It means that all of the forwarders that have ISO certificate have a plan to develop policies and identify environmental issues as well as implement programs to reach the companies goals in accordance with this. Normally this means that they are in the front row when it comes to development together with their customers. To come up with common ideas how both business' can develop in the right direction. To have a common goal between the buyer and the seller so that both parties put effort and are willing to push the relation forward.

If a company lacks these certificates, it may show that they do not have everything under control in their own business. It might mean that they do not use manuals that guide them in their way to work. It can mean that it is hard for a substitute to back-up other persons within the organization as they do not know how their colleagues work. They have all developed their own way in doing the same thing. If so, there can be a possible problem in the relation between SportAlot and the forwarder.

To have an AEO certificate means that the company has control over the processes conducted within the company and routines to support the processes. A company with an AEO certificate has easier processes with the customs clearance and can gain advantages compared to the competitors lacking the certificate. It can be advantages both in the control and in the security of how things should be done, and the speed customs clearance matters are handled, as well as reputation of the cooperating company. SportAlot does not have AEO certificate, but they are planning to develop processes and routines to have the possibility to apply for this certificate. It does help if the cooperating organizations are certified as well.

Just above one third of the forwarders answering the request for quotation uses NSAB. NSAB is the regulatory framework for reclamation and responsibility during transport and storage. Many of the forwarders using NSAB do also have additional paragraphs that are in favor for the customer. NSAB is so to say the basic limit where issues below that line are caught by the regulations in NSAB, but the forwarders own policies may be one level above NSAB. It means that some companies not using NSAB may have better contract terms than the forwarders using NSAB. The good thing with forwarders using NSAB is that it is a commonly used regulatory framework and many persons and companies are familiar in working with it. There are no surprises. They get what they expect in terms of delivery and storage standard, claim reporting and compensation. On the import from Europe to Sweden, SportAlot does not work close with NSAB. Therefore it is even more important for SportAlot to read through these rules well before a negotiation as the request for quotation answers shows that many forwarders are active users of this framework.

Both ISO certificates and NSAB is that commonly used that it is important for SportAlot to be well-known with these terms and their content. If SportAlot is not well prepared in these matter it can undermine their respect and authority in other issues discussed at the negotiation session.

Preparation for Transportation Negotiation - *Analysis*

Table 9: Summary of the incoming quotations for certificates, complaints handling and contract terms.

Company	Certificates	Environment	Quality	Others	Complaint Handling	Deviation report	Track goods	Terms of payment	Invoice reports	Contract term	Contact person	Invoice reports	Contract term	Contact person
Schenker		ISO140001	ISO9001	AEO	NSAB	Automatically		30 days	Monthly	12 month	One	Monthly	12 month	One
Bring Logistics	Yes				NSAB	Report per mail		30 days	Monthly	12 month	One	Monthly	12 month	One
MTS														
Karlsson Spedition	No	Own certif.	Own certif...		NSAB	Report per mail	GPS	30 days	Monthly	12 month	One	Monthly	12 month	One
Transfargo		ISO140001	ISO9001	AEO	NSAB	Custom		30 days	Monthly	12 month	One	Monthly	12 month	One
ItalCargo		ISO140001	ISO9001		Claim report	Report per mail	Manually	30 days	Weekly	12 month	One	Weekly	12 month	One
Freja		ISO140001	ISO9001	Soon AEO	Claim report	Manually	Track&Trace	30 days	Weekly	12 month	One	Weekly	12 month	One
Ahola		ISO140001	ISO9001		NSAB	Automatically	Manually	30 days	Monthly	12 month	One	Monthly	12 month	One
NH Logistics		ISO140001	ISO9001		NSAB	Automatically	EDI/Internet	30 days	Weekly	12 month	One	Weekly	12 month	One
Leman	Yes	Own policy	Own policy		Claim report	Manually	Depends on market	30 days	As agreed	12 month	One	As agreed	12 month	One
DHL		ISO140001	ISO9001		Claim report		EDI/Fax	30 days	Monthly	12 month	One	Monthly	12 month	One
Kuhne+Nagel		ISO140001	ISO9001	AEO, OHSAS	Claim report	Automatically	Track&Trace	30 days	Monthly	12 month	One/country	Monthly	12 month	One/country
Ewals		ISO140001	ISO9001		Claim report	Automatically	Track&Trace	30 days	Monthly	12 month	One	Monthly	12 month	One
Itella		ISO140001	ISO9001		Via KAM	Automatically	EDI/Internet	30 days	Monthly	12 month	One	Monthly	12 month	One
DSV		ISO140001	ISO9001		Claim report	Automatically	EDI/Internet	30 days	Monthly	12 month	One	Monthly	12 month	One

5.4.2 Deviation

For SportAlot it is important that they do have exact delivery date/time and any deviation in that must be announced to the logistics department as soon as possible. Just above 2/5 of the forwarders send automatically deviation reports to the customer when a deviation is to be announced. These forwarders must have a developed ERP, that support information sharing. Compared to the forwarders that have to manually send information to the customer when a delay occurs, the forwarders with automatically system frees time that can be use on better things. For examples, they can use the time to develop the relation with the customer, improve areas that are in need for development, be more productive and by that decrease their costs and their prices.

Information channels are shorter when they are performed automatically; however they are not good at all when the computer systems are out of order. Manual handling may also make the relationship closer to the customer as the contact might be more frequent. Manual handling may be an indicator that the forwarder does have such a good quality that the deviations are seldom. For these forwarders it is not worth to invest in computer systems supporting the deviations.

5.4.3 Track and Trace

It is possible that companies with automatically initiated deviation reports have better possibilities to follow the goods during the shipment. In the answers from the request for quotation four forwarders has automatically initiated reports for tracking the goods, EDI. These companies: NH Logistics, DHL, Itella and DSV, may have better control once something goes wrong with the transport. Three other forwarders, Freja, Kuehne+Nagel and Ewals, have track and trace possibilities. Weather these are possible to reach for SportAlot for example thru an online service or not, are not specified by the forwarders. Most likely these track and trace systems are for the forwarder and the buyer must contact the forwarder to get to know more about the last check point the goods passed.

One of the forwarders uses GPS, Karlsson Spedition, which means that the forwarder can have total control over the driver and where the cargo is at every new second. If RFID is to be implemented at SportAlot it involves the whole supply chain, thus the whole company and their suppliers, forwarders, central warehouse and stores. It is a big change to be made, but it is outside the scope of this thesis.

Three other forwarders use manually tracing of the goods. That can mean that they are physically calling the driver to ask where he is. That is a risk for the driver who loos focus on the road and on the traffic. It is also possible that the driver do not know exactly where he is, but just somewhere between two milestones.

The final four forwarders did not present any possibility to trace the goods. Weather this is a mistake or not, can not be judged. In this investigation it seems like they are not tracing their goods. The goods will arrive when it arrives.

None of the forwarders uses RFID. If RFID is to be implemented at SportAlot it involves the whole supply chain, thus the whole company and their suppliers, forwarders, central warehouse and stores. It is a big change to be made, but that project is outside the scope of this thesis.

5.4.4 Flexibility

One other factor that may be interesting to discuss during a negotiation is the forwarder's possibility to be flexible. Flexibility can be in the mean of volume and number of shipments from different markets and changes in these over time. It can also be in the mean of using slot-times when unloading the cargo as well as having the potential of express deliveries. SportAlot has in the request for quotation a prognosis of how the volumes will change the coming year. The forwarders are thus already aware of some coming changes and can take these into account when planning for the cooperation and the prices offered.

SportAlot can at the negotiation ask for references: what other companies are the forwarders cooperating with? How long have they cooperated? How does the delivery look like for these customers? Asking these questions may give an unspoken answer to how the forwarder can be lean and agile with SportAlot.

By asking about references can also tell about the forwarders acceptance in speaking with employees at different hierarchical levels at the customers company. For SportAlot it is a must for the logistics department that the forwarder accepts them who work at the operational level. The logistics manager is not involved in the daily tasks and can therefore not take action to improve the operational way of cooperate with the forwarder. These issues must be solved by the employees at the logistics department together with the forwarder.

5.4.5 The drivers

Of course a driver's language will effect how easy the communication is at loading and unloading the cargo. As the communication shall be handled via the forwarder and the logistics department at SportAlot, this will play a minor role. If an issue occurs when unloading the goods, the driver must contact the forwarder, which in turn contacts SportAlot. Worst case scenario is that SportAlot has spent non-value-adding time on the wrong thing.

What does affect the delivery of the goods is if the driver drinks alcohol or take other drugs. That may off course influence the mind of the driver and puts a lot of people into danger. If an accident takes place, it does also delay the delivery of the goods or the goods may not arrive at all, or it can be damaged.

Another factor that may be just as dangerous as drugs and alcoholic is the lack of sleep. Tiredness affects the possibility to pay attention and the reaction time. Because of these issues it is wise to ask if the forwarder have any policies for their drivers.

5.4.6 Routing orders

It was not asked in the request for quotation if the companies have the possibility to work with routing orders. Most of the forwarders do work with them and they are used to the process where the supplier contact the forwarders and make bookings on the buyer's account. For SportAlot, such a way of handling the bookings of transportations would free time that can be used on other things, for example evaluate the forwarder and the supplier in terms of delivery precision and reliability.

5.4.7 Others

There are some other criteria that did not come up for discussion during the interviews that are important for the relationship itself to be as successful as possible. These are factors like the personality of the contact persons at the forwarder company. The contact person can be good in communication and in what s/he does, but that person's personality may not marry

with the buyer's personality. Another factor which is dependent on the personality is the relationship. The relationship between the buyer and the seller must have potential, but it must be good from the beginning. If the relation is not good from the beginning the forwarder is not sorted out for the first round of negotiation at all.

Both the personally and the relation has its base in communication. It is important for the contact person to be communicative and to drive the communication in the beginning. If the forwarder is not driving part in the start of the relation, it is most likely that they will fail in getting a superior relation with the buyer. The only reason for the buyer to drive the communication and relation is in case of the forwarder offering something specific that the buyer really needs and might not get if they do not show their interest.

5.5 Weighted Linear Model

Once SportAlot has prepared all the previous steps with management, decide upon the present and what they want for the future they are internally ready for the negotiation. In order to get to a negotiation they need to send out the request for quotation. The answer must be analyzed. In this case the analysis is performed by using the weighted linear model. The result from the weighted linear model is present in table 10. To the left in the table are the factors that are weighted, in the third column is the weight, and after that follows the forwarders and their scores.

The countries have different weights as they are of different importance to SportAlot based on the transport cost they drive. As all forwarders can have a competitive price, however not the best price, the scale of weights where set from 1 up till the weighted number in turn i.e. 1-12 for Turkey. It will give the second best performer a change to collect points as well, and so on.

The result from the weighted linear model is presented in figure 4. The forwarder with the most points is Karlsson Spedition. Karlsson Spedition can only service SportAlot's transports from one country. That is a too specialized player for SportAlot's demands. Second best in class is Itella. Itella is the present forwarder and even if they are ranked as number two with the weighted linear model, they are not an option for SportAlot. As Itella did get that good rank, it must mean that there are some factors missing in the weighted linear model.

After Itella come DSV and NH Logistics in the ranking list. DSV compete in every market, while NH Logistics is more specialized, but not as much as Karlsson Spedition. It is recommended to call these two players for a first negotiation round.

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Table 10: Weighted points for price, lead time and other factors per forwarder. In the bottom line (next page) is a summary of the points.

Price		Weight	Ital Cargo	Trans Fargo	Leman	Ewals	Itella	K&N	Freja	Ahola	NH Logistics	MTS	Bring	DSV	Karlsson Transport	Schenker	DHL	On-Time
	Turkey	1-12		9	5		10	7	4			11	6	12		3	7	
	Portugal	1-11		6	5		10	4	11		8		3	7			9	
	Italy	1-10	2	1	3	0	7	5			9		0	8	10	0	6	4
	Slovenia	1-9		7			2	5				9	3	8		4	6	
	Austria	1-8		0	1		5	6	2				3	7		0	4	
	Netherlands	1-7		0	0	2	3	5	6	7			0	0		0	1	
	Germany	1-6		0	0	0	2	1		6			0	3		0	4	
	France	1-5		1	0	0	2	0	0				0	3		0	5	
	Great Britain	1-4		3	2	0	0	0					0	1		0	4	
	Finland	1-3					0	0	0	3			0	2		1	0	
	Slovakia	1-2					0	0		2		1	0	0		0	0	
Norway	1-1					0	0	0	0			0	1		0	0		
Summary		2/1=2	27/9=3	16/8=2	2/5=0.4	41/12=3.4	33/12=2.8	23/7=3.3	18/5=3.6	38/6=6.3	21/3=7	15/12=1.3	52/12=4.3	10/1=10	8/11=0.7	46/12=3.8	4/1=4	
Shortest lead time weight 1 Small deviation weight 2 Fixed lead time weight 3	Turkey	1/2/3		0	0	1	0	0				3	3	2			3	
	Portugal	1/2/3		1	3	2	0	0			2		3	2			3	
	Italy	1/2/3	1	1	3	1	2				2+1		3	1	3		0	
	Slovenia	1/2/3		1		0	2					3	3	2			3	
	Austria	1/2/3		1	3	2+1	2	2			2+1		3	1			2	
	Netherlands	1/2/3		0	3	2+1	2	2	0		2+1		3	0			3	
	Germany	1/2/3		0	3	2+1	2	2	0		2+1		0	1			2	
	France	1/2/3		1	3	2	2	2			2+1		3	1			3	
	Great Britain	1/2/3		0	3	2	2						2	2			3	
	Finland	1/2/3		2+1		1	0			2			0	1			3	
	Slovakia	1/2/3		1		0	2			0		3	3	2			3	
	Norway	1/2/3		2+1		1	0		2				0	0			3	
Summary			1/1=1	12/12=1	21/8=2.6	0	19/12=1.6	16/12=1.3	10/7=1.4	2/4=0.5	17/6=2.8	9/3=3	26/12=2.2	15/12=1.3	3/1=3	0	31/12=2.6	0
Sea alternative	Turkey	1		1	1		1					1		1				
	Portugal	1					1							1				
Certificates	ISO 14000	1	1	1		1	1	1	1	1	1			1		1	1	
	ISO 90000	1	1	1		1	1	1	1	1	1			1		1	1	
	AEO	1		1				1	1							1		
Complaint handling	NSAB	2		2						2	2		2		2	2		
	Claim report	1	1		1	1	1	1	1					1			1	
Deviation report	Automatically	3				3	3	3		3	3			3		3		
	Manually	2	2	2	2				2				2		2			
Terms of Payment	30 days	3	3	3	3	3	3	3	3	3	3		3	3	3	3	3	
	Monthly	2		2	2	2	2	2		2			2	2	2	2	2	
Contract	12 months	3	3	3	3	3	3	3	3	3	3		2	3	3	3	3	
Contact person	Only one Contact	1	1	1	1	1	1	1	1	1	1		1	1	1	1	1	

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	Summary		12	17	13	15	17	15	13	16	14	1	12	17	13	17	12	0
TOTAL			15	21	17.6	15.4	25	19.1	17.7	20.1	23.1	11	15.5	22.6	26	17.7	18.4	4

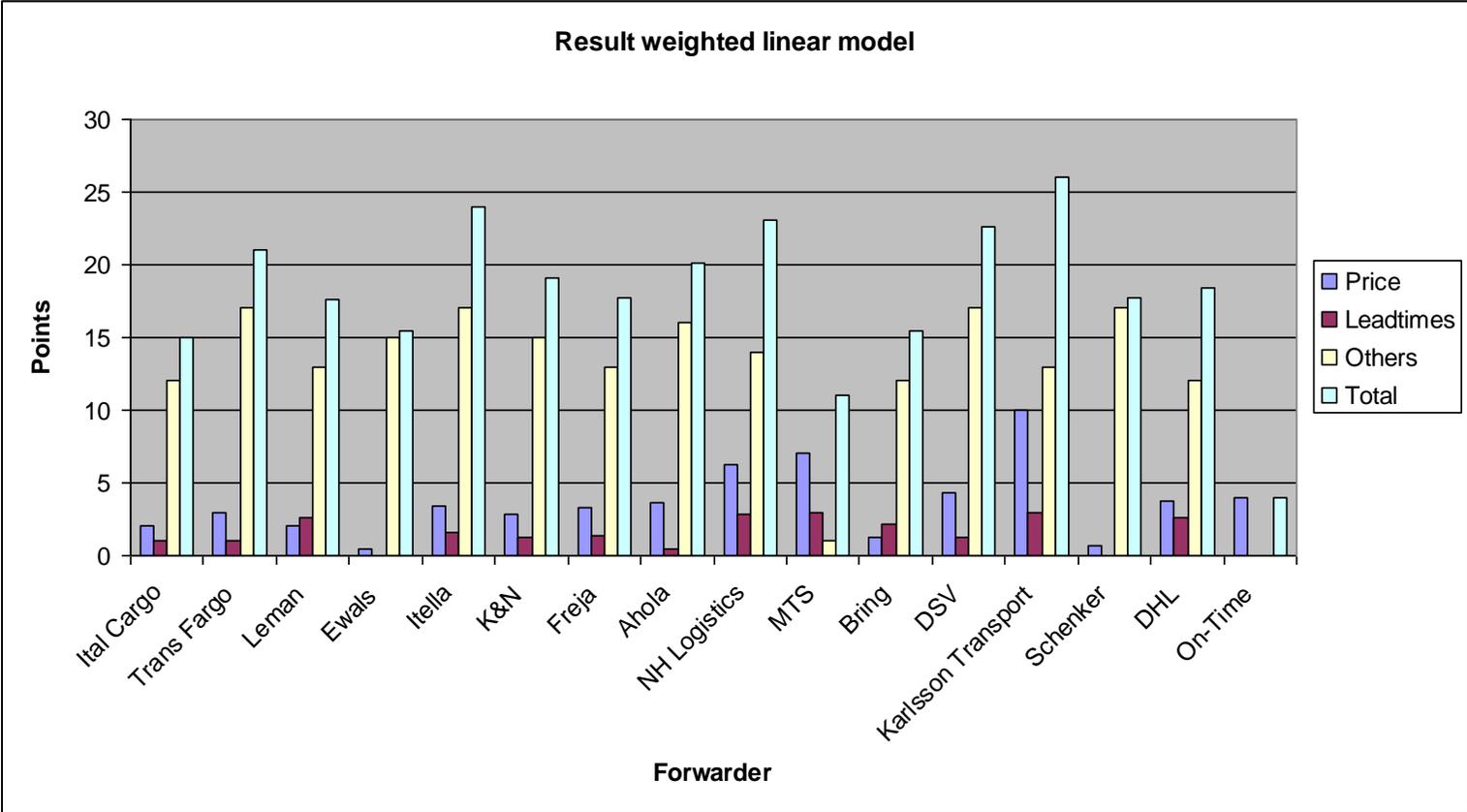


Figure 4: Result of weighted linear model, where the bars are the scores collected in the investigated fields.

Result

In this chapter the results from the analysis is present. The results connect the theory with the empirics and the analysis and answer the research question: How can a retail company prepare for transport negotiations? The chapter is divided into four parts following the structure of previous chapters in the thesis. First, the result of the management issues before request for quotation is presented. Second, the result of the analysis of drivers for change is presented. Third, the result from the responses on the request for quotations is summarized. Finally, in part four is the result from the other criteria that may affect the negotiation and thus the final outcome of the preparation.

6.1 Management before request for quotation

A retail company with a similar import cost from Europe to Sweden as SportAlot can prepare for transportation negotiation through the management before the negotiation. If it is a big change that is initiated by higher hierarchies the manager must present this change in a good way to get the department enthusiastic to the idea/change. What characterizes a “good way” depends on the intrinsic properties of the employees at the department.

If the change has emerged and is initiated by the employees at the department the manager must encourage the members in the department, support them on their way and not blame them if it turns out to be a failure. Instead the manager must support them to try again, but to be there and discuss what went wrong and how to avoid it in the future.

In SportAlot’s cooperation with the present forwarder, there are some attributes that have not worked: the cooperation and the communication, lacking trust and reliability. It turns out that many of these issues have to do with management also at the forwarder’s side. A lack of good management can make the customer feel forgotten and that is no good base for a good and flourishing relationship.

If there are employees at the department that is not as willing to change, or totally reluctant to the change, the manager must talk to this person and solve the issue. Even if the other employees at the department can live with the other person’s reluctance, it does affect the department with a bitter mood. The manager has to explain what the change means and how it will affect the bitter employee.

SportAlot’s import from Europe to Sweden has the expense of less than 2 million SEK. Compared to the total turn over it is not a very big expenditure and it is not worth to invest a lot of money into the project of evaluation of the present forwarder and to conduct a transportation negotiation. Due to the financial part a public negotiation is too extensive and a restrict tender is to recommend.

6.2 Drivers for change

A retail company with a similar situation as SportAlot has in its cooperation with its present forwarder can prepare for transportation negotiation through listing the things they lack in today’s cooperation and the things they like about today’s cooperation. From that a table can be developed to consist of things that the forwarder can have, should have, and must have to be competitive in the eyes of the investigative company.

For SportAlot the must's can be summarized by service level. SportAlot requires delivery precision, fast and correct information if any deviations from the first agreement occurs, lower transportation costs, to put fewer hours in checking the transports and to have order numbers on the invoices' are of cooperative manner. SportAlot think that the forwarder should want to develop together, ease communication, announce changes in price etc. in good time and want to decrease environmental effects. The can's are basic information gathering. SportAlot thinks that the forwarder should be able to gather statistics such as delivery precision, volume and weight.

6.3 Response on request for quotation

A retail company with a similar situation as SportAlot can assume to get answers on their request for quotation from approximately 60 % of the forwarders that the request was sent to.

The answers of the request for quotation based on the price says that SportAlot should choose DSV if they want only one forwarder to take care of all the deliveries. If SportAlot is prepared to have more than one it is favorable to use Ahola as they present the best price in all their markets. NH logistics present best price in two other markets than Ahola. With their best prices, these two forwarders cover six of the twelve markets and more forwarders are needed to cover the entire markets.

SportAlot is not familiar with working with different forwarders on the import from Europe to Sweden; therefore this is a big step for them to work with more than one forwarder. A suggestion is that they start with two different forwarders. SportAlot shall choose one forwarder that is more focused and specialized in fewer markets and one forwarder that has the potential to perform in the right quality on the other markets. According to the price SportAlot shall choose Karlsson Spedition and MTS, but these do not cover the whole market. Therefore are Karlsson Spedition and DSV the companies that SportAlot should alternate between according to the price according the weighted linear model.

As SportAlot is clear in their demand to know exactly which day the goods arrives, they demand exact lead times. According to the answers of the request for quotation, Karlsson Spedition and MTS have exact lead times and the best score for lead times in the weighted linear model. Karlsson Spedition and MTS do however not cover all markets and DSV is the forwarder with the best scores that covers the entire markets.

According to the discussions in the previous chapter, DSV and NH logistics are the two forwarders with the best potential at SportAlot, collecting the best scores during the circumstances.

6.4 Other criteria that affects the negotiation

These criteria may affect the negotiation and is thus something that needs to be prepared for in the preparation for the negotiation. A retail company with a similar involvement in the shipments as SportAlot needs to know about the concepts ISO standards, AEO certificate and NSAB. These can be considered to be qualitative standards and are important in order to understand the discussions at the negotiations. Not knowing what these standards are will most likely affect the forwarders expectations of your knowledge negatively and they will try to use your lack of knowledge to create power relations.

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If a retail company is developing their business and is putting effort into get one, or several of these certificates/standards, it is more likely to happen if they cooperate with forwarders that already have these. It can be a strategy to surround oneself with certified companies.

At the negotiation, ask the forwarder how they handle information. If a lot of things are done manually, they will probably make your handling of the information manually as well. Most favorable is to do as little manually work as possible as it steals time from other, more value-adding, things. SportAlot is trying to decrease the manually work and to shorten information channels. That will improve efficiency. Deviation reporting made manually increases the risk for typing mistakes, as well as it takes longer time for the information to reach the customer.

Flexibility is also a factor that is about information sharing. The better prepared the retail company is, the better base the forwarder has to make an honest quote reply. To be honest from the beginning encourage information sharing and gives a good base for the coming cooperation as both parties cooperate in the change.

To increase the flexibility and increase efficiency routing orders are to be recommended to move handling time from the retail company to the supplier. Not only does the time for handling the bookings move from the retailer to the supplier, it does also free time as less laying on of hands are needed. Total handling time is decreased.

Drivers can also affect the relationship between the retail company and the forwarder. SportAlot cooperates with a third part that managed their warehouse. Therefore does not SportAlot have direct contact with the drivers, but indirectly are they affected if the driver is not cooperative, if the driver does not understand the language or if the driver is unreliable and uncooperative in any other sense. A forwarder that has good driver policies does have strict rules when it comes to hours of work/sleep and breaks, but also alcoholic controls etc. Ask the forwarder about these matters as well to get information about how much they care in the transportation and the safety of your goods.

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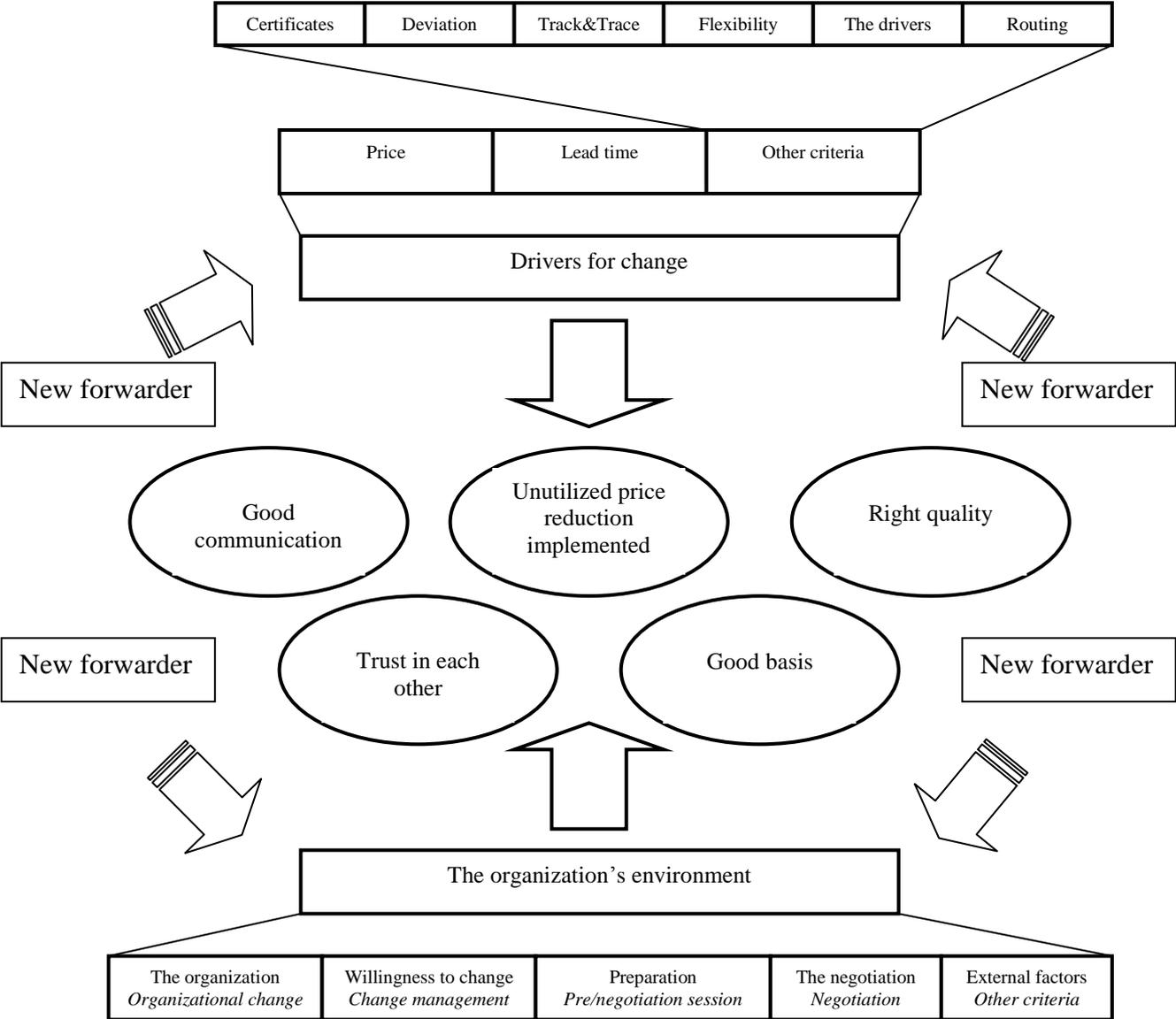


Figure 5: Context of how an organization’s problems can turn into benefits when a new forwarder influences the drivers for change and the organization’s environment.

one, or maybe two, forwarders to alternate between, gives the recommendations to call NH Logistics and DSV for a first negotiation round.

Figure 5 shows how these new forwarders can impact on SportAlot. By cooperating with a new forwarder that lives up to the promises that has been given, the price, lead time and other criteria can be affected in a positive way. Along with that change, the members at the logistics department can feel that they have succeeded in this project, have a good leader and a good relationship within the department. The logistics department is a good “organization” with a willingness to change. It is all thanks to good preparation for the negotiation and knowledge about the coming negotiation, but also thanks to the knowledge of other factors that might be brought up for discussion during the negotiation. The organizational environment has been changed and so has the drivers for change. The drivers for change have become drivers for success and the previous problems between these are gone. Instead the problems has turned into possibilities for good communication, a price reduction is implemented, right quality in

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the everyday tasks, trust in each other and good basis for development and improvement at both companies.

Conclusion and recommendations

In this chapter are the conclusions presented. The conclusions summarize the analysis from the research and present the result. Further research for students and researches as well as an action plan for the company is suggested.

7.1 Conclusion

This thesis goal is to answer the question of how a retail company can prepare for transportation negotiations. The answer to that question will follow after the answer of the sub-question. The sub-question is which the drivers for change in transportation at a retail company are. The answer is to decrease price, improve lead time, improve delivery precision, improve communication, improve trust and set a good base for the relationship. The company should choose a forwarder that gives them the right quality for their demand. Once a goal is set for these factors, the retail company can prepare in the following way:

The preparation for transportation negotiation starts with good management. Lack of good management permeates the organization and can create reactionaries instead of progressive employees. The management must be in such good condition that it is allowed for the employees to take action without reluctance from the members in the own department. By changing forwarder the management get incentives in terms of better economy and the employees get incentives in terms of a believe that something good will come from the change and it is more likely that the employees are willing to change their behavior to get a new start from the new cooperation.

Once the management has a favorable and ambitious direction the members in the department, or they who shall build the team responsible for this project, must learn about the different possibilities there are within the transportation business. Transportation possibilities are such as transportation modes and intermodal arrangements, terms of purchase and terms of shipment, but also different ways of booking the transportation, for example with a routing order. Except from this the team must have knowledge of other denominators that are used within the field of transportation. These are for example ISO standards, NSAB and AEO certificates.

Once these are under control the group shall figure out how the situation looks like today: what is good, what is bad, what needs to be changed, what is good if it is changed? The next thing is to create a picture of how the employees want tomorrow to look like. The preparation for the negotiation is to find those things that can carry the department from where it is today, to where it wants to be tomorrow. If the result from the final negotiation is like the goal picture, then the project group has succeeded.

For SportAlot communication, trust, price reduction, right quality and a good basis are the biggest problems. These factors include a number of sub-factors, which SportAlot needs to ask possible new forwarders about their stand point to. But before that, SportAlot need to provide the forwarders with required shipment information that the forwarders can build their quote reply on. The statistics should take into account coming ups and downs at the different markets and to be adjusted to the trends. Do not only ask about the price picture, but specify what other factors that you want to know more about from the forwarder (certificates, reclamation reporting etc.).

When the forwarders have responded to the request for quotation it is time for gathering the answers. A weighted linear model is easy to use and gives a straight answer to which forwarders that performed best in class accordingly to the conditions and weights that are set on beforehand.

For SportAlot the old forwarder was recommended as one of the forwarders best in class. Some factors are missing in the model in this thesis; otherwise that former forwarder should not have had the possibility to be ranked so high. Probably it is the factor of communicativeness, relation building and personal match. These are factors that are hard to measure and are very subjective and vary from person to person.

The forwarders recommended for a first negotiation is NH Logistics and DSV. In the first meeting with them it is important to read about the company and the areas they compete in. It is also important to be well informed about their price picture and the other factors they have reported in the request for quotation. From this point it is also important to know how the behavior in a negotiation affects the outcome of the negotiation.

What can be a problem that might have bias the thesis is that the student also is employed by SportAlot. However, the result with the weighted linear model would have turned out in the same way with the available information. But, the information would not have been as good as it is now if the student where not an employee with excess to information and statistics that are not open for public.

7.2 Further research

What needs to be concluded here as well is that these outcomes are due to the choice of research method. If the research method would have been another it may affect the results. What would improve the reliability of this research is to do the same research at other companies in the same business. Then there is a base for comparison and to find common denominators. If this would have been done the usefulness of the thesis would have been more secure.

Another possibility would have been to make a quantitative research with a questioner that tries to figure out what driving forces for change does other companies in the same business have when they prepare for transportation negotiations. That is a good ground for a wider research at other case companies. However, this thesis is a case study with its aim to focus deep on just one company, but a quantitative research within the fields is an idea for further research.

Behavior and strategies during a negotiation has not been a part in this thesis but I recommend making further research in this field and how it may affect the preparation. A big part of the negotiation is psychological and therefore further research within the psychological field is needed as well. The psychological factor is a part within change management and willingness to change among the employees as well and is also a possible field for further research.

What might not affect the preparation for transport negotiations, but affects the need for a transport negotiation is how the terms of shipments are decided upon and how they are used together with the possible forwarders. This issue includes the purchasers' involvement and has the potential of further research.

Another issue that might be interesting for further investigation is whether the warehouse as a third part logisticians' are affected by the change of forwarder, and in which way are they affected? How does that strike back to the retail company? What are the effects?

In the introduction of this paper it is realized that purchasers not always have a very good understanding for terms of payment and terms of shipment. It would be interesting to see one report about how much the purchaser influence these terms and how much they are pushing the seller to get the terms they want during a negotiation.

7.3 Actions for the company

From this point in the preparation for transport negotiation when the request for quotation is already collected and compiled I recommend SportAlot to take a closer look at the quotation responses and call NH Logistics and DSV for separate meetings. In those meetings give the forwarders the possibility to explain how they work, structure of their company etc. to get to know them. Pay attention to if the forwarder is interesting in SportAlot, or if they are more interesting in promoting themselves.

If it feels like these forwarders are right for SportAlot and the chemistry feels right, SportAlot should ask them to produce an operations manual which SportAlot shall sign together with the quotations. Be careful and have many meetings and phone calls in the beginning of the cooperation. Do not let anything slip thru that SportAlot is not satisfied with. It is in the beginning of the relationship SportAlot has the potential to shape the forwarders in a way that fits SportAlot.

If the implementations with the new forwarders are done in a proper way it will give SportAlot a total price reduction of more than -20 % on a yearly basis. The change will make it possible with a delivery precision at 98 %, from today when it is not even measured. A feeling is that the delivery precision with the present forwarder is not even 50 %. If the personalities are right then the communication will be better and the trust will grow between SportAlot and the forwarders

These factors altogether give SportAlot the right quality they demand in their forwarders and they have a good basis for further cooperation with the new forwarders. Most important is that this change of forwarder will ease the burden that the logistics department has been carrying, it will free time and it will improve efficiency. It will make it possible for the employees at the logistics department to use their time on more important things than correcting another company's mistakes and carelessness.

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Preparation for Transportation Negotiation
Appendix A: Guide to informal interviews

Introduction: The task, goal, limitations, time plan and responsibilities etc. are decided upon.

Problem formulation: Why? What are the side effects? Summarize the problems and ask whether all can agree on them.

Produce ideas: Find solutions to eliminate the causes, delimit the effects and summarize the solution ideas. Do not put in any value or show criticism to any of the ideas.

Idea evaluation: What resources are needed, advantages and disadvantages, are any new problems created with the suggested solution? The goal/purpose should be reached with the ideas. Summarise the evaluation.

Take action: Decide upon a preliminary position, and finally a decision which everyone can agree on. Was the goal reached? Decide about the implementation: Who, what, when and how?

Offertförfrågan Import Utrikestransporter

SPORTALOT -kedjan har levererat sport sedan 1962 och omfattar idag 153 butiker med en omsättning på 4,1 miljarder kronor (juni 2010).

SPORTALOT Sverige AB ägs av de köpmän som driver butiker i kedjan. Fredrik Johanson är vd för SPORTALOT Sverige AB där även dotterbolagen SPORTALOT Ekonomiservice AB och SPORTALOT Klubb & företag AB ingår.

Idén till SPORTALOT föddes 1961. En inköpsgruppering, "Sport-tian" i Stockholm, kallade sportfackhandlare till ett möte för att diskutera hur man skulle klara konkurrensen från varuhusen som vid den tiden öppnades på flera håll. Resultatet blev Sportsam Ekonomisk Förening som bildades 1962.

1974 bildades bolaget SPORTALOT Sverige AB och året efter flyttade företaget från Stockholm till Jönköping och SPORTALOT Centrum invigdes.

SPORTALOT Sverige ingår i SPORTALOT International Corporation, SIC. SIC grundades 1968 då tio självständiga europeiska inköpsorganisationer gick samman. Idag har SPORTALOT över 4900 butiker i 32 länder. SPORTALOT finns förutom i Europa - inklusive Ryssland - också i Kanada och Förenade Arabemiraten och den totala omsättningen är 9,2 miljarder Euro. Därmed är SPORTALOT världens största sportkedja.

Vi ber er att med bifogad uppdragsbeskrivning som grund, inkomma med offert på aktuella relationer. För att vi skall kunna göra en fullständig utvärdering av inkomna offerter är det viktigt att ni kommenterar samtliga punkter i uppdragsspecifikationen.

Offertområden

Import Styckegods Europa

England
Österrike
Holland
Belgien
Tyskland
Slovakien
Slovenien
Italien
Turkiet
Frankrike
Finland
Norge
Portugal

Sändningsstrukturer för aktuella offertområden erhålles via e-post.

Sofia Sahlin är kontaktperson hos SportAlot. Hon nås på mail sofia.sahlin@SportAlot.se (031-7278875).

Preparation for Transportation Negotiation

Appendix B: Request for quotation: Swedish version sent to the forwarders

Kritiska tidpunkter

Var vänligen bekräfta snarast via e-post att ni mottagit offertförfrågan samt om ni avser att besvara denna och vem som är er kontaktperson.

- Vi vill ha ert offertsvar oss tillhanda senast 2011-01-24
- Återkoppling kan förväntas omkring den 2011-02-02
- Vi planerar att hålla möten med potentiella transportörer 2011-02-24

Sekretess

Mottagaren av denna Offertförfrågan förbinder sig att behandla erhållen information från SportAlot AB konfidentiellt. Mottagaren bekräftar detta antingen genom att Offertsvar inskickas till SportAlot AB eller att mottagaren begär mer information.

Offertsvaren skickas till:

SportAlot AB
Att: Sofia Sahlin
Box 113
431 22 Mölndal

Med vänlig hälsning
SportAlot AB

Sofia Sahlin
Logistik

Request for Quotation Import Foreign Transports

SPORTALOT –chain has delivered sport since 1962 and includes today 153 stores in Sweden with a turnover of 4,1 billion SEK (June 2010).

SPORTALOT Sverige AB is owned by the salesmen that operate the stores within the chain. Fredrik Johansson is CEO of SPORTALOT Sverige AB. Included in this is also the subsidiaries SPORTALOT Economic service AB and SPORTALOT Club & Company AB.

The idea to SPORTALOT was founded in 1961. A purchase group "Sport-tian" in Stockholm, called sport traders to a meeting to discuss how one could coop with the competition from the department stores. At that time department stores were opened in several places. The result was Sportsam Economic Association, founded in 1962.

1974 the company SPORTALOT Sverige AB was founded and the year after if moved from Stockholm to Jönköping and SPORTALOT Centrum opened.

SPORTALOT Sverige AB is included in SPORTALOT International Corporation, SIC. SIC was founded in 1968 when ten independent European purchase organizations started cooperate. Today SPORTALOT has over 4 900 stores in 32 countries. SPORTALOT is except from Europé, also located in Russia, Canada and the United Arab Emirates. The total turnover is 9,2 billion Euro. Thus, SPORTALOT is the worlds biggest sport chain.

We ask you to with attached mission statement as a base; send your quote reply in current relations. For that we shall have the possibility to make an entire evaluation of the incoming quote replies is it important that you comment on all fields in the terms of reference.

Quote areas

Import partial loads Europe

Great Britain
Austria
The Netherlands
Germany
Slovakia
Slovenia
Italy
France
Finland
Norway
Portugal
Turkey

Transmission structures for current markets are obtained via e-mail.

Sofia Sahlin is the contact person at SportAlot. You can reach her on mail sofia.sahlin@SportAlot.se (031-7278875).

Critical dates

Please, confirm as soon as possible via e-mail that you have received the request for quotation and if you intend to answer it and whom will be the contact person.

- We want your quote reply received the latest by 2011-01-24
- Feedback can be expected around the 2011-02-02
- We plan to have meetings with the potential forwarders around 2011-02-24

Preparation for Transportation Negotiation

Appendix B: Request for quotation: English version not sent to the forwarders

Confidentiality

The receiver of this request for quotation commits to treat the received information from SPORALOT AB as confidential. The receiver confirms this by sending the quote reply to SPORALOT AB or by asking about further information.

Send the quote reply to:

SportAlot AB
Att: Sofia Sahlin
Box 113
431 22 Mölndal

Kind regards
SportAlot AB

Sofia Sahlin
Logistics department

Statistics of shipments made during 2010

Table 11: Information about the shipments last year from Turkey.

Shipment no.	No. of Parcels	Weight (kg)	Volume (cbm)	Invoiced Freight cost	Invoiced Additional charges		Invoiced Sum	Real Freight cost	Real Additional charges		Real Sum	Deviation Invoiced and real sum (%)
					Customs	Road/fuel			Customs	Road/fuel		
1	26	305	3.49	2457	450	65	2972	2457	450	0	2907	-2.2
2	52	898	3.96	2684	450	71	3205	2684	450	0	3134	-2.2
3	117	1838	13.68	8099	450	102	8651	8099	450	0	8549	-1.2
4	126	1501	14.09	8341	450	105	8896	8341	450	0	8791	-1.2
5	126	1721	16.36	9227	450		9677	9227	450	0	8677	+ 0
6	202	3785	19.36	10919	450		11369	10919	450	0	11369	+ 0
7	174	2237	19.85	10700	450		11150	10700	450	0	11150	+ 0
8	243	2649	20.30	10860	450		11310	10861	450	0	11311	+ 0
9	174	1200	23.00	12305	450	90	12845	12305	450	0	12755	-0.7
10	507	3166	24.30	13001	450	346	13796	13001	450	0	13452	-2.5
11	231	2252	25.67	13733	450	100	14284	13733	450	0	14183	-0.7
12	384	1852	29.50	15783	450	420	16652	15783	450	0	16233	-2.5
13	274	3153	30.06	16082	450		16532	16082	450	0	16532	+ 0
14	290	4518	31.50	16853	450	212	17515	16853	450	0	17303	-1.2
15	293	3272	32.46	17366	450	311	18127	17366	450	0	17816	-1.7
16	443	4000	34.78	18607	450	234	19292	18607	450	0	19057	-1.2
17	326	4340	34.86	18650	450		19100	18650	450	0	19100	+ 0
18	330	4761	35.85	19180	450		19630	19180	450	0	19630	+ 0
19	482	5958	46.20	23423	450	419	24293	23423	450	0	23873	-1.7
20	459	6054	48.06	24366	450	436	25253	24366	450	0	24816	-1.7
21	507	5996	52.21	26470	450	474	27394	26470	450	0	26920	-1.7
22	447	6326	53.00	26871	450	481	27802	26871	450	0	27321	-1.7
23	773	7473	55.60	28189	450	-68	28572	28189	450	0	28639	0.2
24	529	7391	58.39	29340	450	370	30160	29340	450	0	29790	-1.2
25	568	7676	59.60	29340	450		29790	29340	450	0	29790	+ 0
26	553	6603	59.80	29340	450	370	30160	29340	450	0	29790	-1.2
27	662	8596	68.93	33707	450	425	34581	33707	450	0	34157	-1.2
28	717	6489	69.00	33741	450		34191	33741	450	0	34191	+ 0
29	669	8399	69.14	33809	450	-135	34124	33809	450	0	34259	0.4

Preparation for Transportation Negotiation
Appendix C: Statistics of shipments made during 2010

Table 2: Information about the shipments last year from Italy.

Shipment no.	No. of Pallets (parcels)	Weight (kg)	Volume		Invoiced Freight cost	Invoiced Additional charges			Invoiced Sum	Real Freight cost	Real Additional charges			Real Sum	Deviation Invoiced and real sum (%)
			Cbm	ldm		Ferry	MAUT	Road/fuel			Ferry	MAUT	Road/fuel		
1	7	825		2.8	5952		526	132	6610	5952	192	526	-244	6426	-2.8
2	8	1631		3.2	6696	222	706	-129	7395	6696	222	706	-275	7250	-2.0
3	20	3064		8.0	15345		1418	89	16852	15345	548	1418	-629	16681	-1.0
4	23	3616	51.11	9.2	19166	633	1578	-222	21155	19166	633	1578	-786	20591	-2.7
5	(33)	4790	75.00		28125	750	2004	-253	30626	28125	925	2004	-1153	29901	-2.4
6	1	149	2.0		1354	26	77	-26	1431	1354	26	77	-56	1401	-2.1
7	1	144	1.92	0.4	1554	30	88	-30	1642	1554	30	88	-64	1608	-2.1
8	(70)	594	6.0		3024		213	30	3267	3024	74	213	-124	3187	-2.4
9	4	1926	12.91		6261	159	442	-219	6644	6261	159	442	-257	6606	-0.6
10	28	14844			21217	551	1427	-740	22455	21217	551	1427	-870	22326	-0.6
11	(13)	187	3.07		2054	41	117	-39	2172	2054	41	117	-84	2127	-2.1
12	2	713	5.62		1824		202	27	2053	3563	70	202	-146	3689	79.7
13	5	691	8.81		4273	111	308	-82	4610	4273	111	308	-175	4517	-2.0
14	5	691		2.0	5292	137	380	52	5862	5292	137	380	-217	5592	-4.6
15	6	985	15.23		5528	189	516	-228	6005	5528	189	516	-227	6006	+ - 0
16	8	1324	15.81		5739	196	536	-68	6403	5739	196	536	-235	6236	-2.6
17	8	1324	15.81	13.60	21945				21945	21945	932	2548	-900	24525	11.8
18	9	1650		4.5	7750		820	-40	8530	7750	311	820	-318	8563	0.4
19	10	1484		5.0	8680	344	908	-168	9764	8680	344	908	-356	9576	-1.9
20	29	4500	64.0	13.6	21824	750	2004	-899	23679	21824	932	2004	-895	23866	0.8
21	(22)	236	1.58		1409	22	66	-17	1480	1409	22	66	-58	1440	-2.7
22	(72)	749	6.5		3308	81	234	33	3656	3308	81	234	-149	3804	4.0

Preparation for Transportation Negotiation
Appendix C: Statistics of shipments made during 2010

Table 3: Information about the shipments last year from Portugal.

Shipment no.	No. of Parcels	Weight (kg)	Volume (Cbm)	Invoiced Freight cost	Invoiced Additional charges			Invoiced Sum	Real Freight cost	Real Additional charges			Real Sum	Deviation Invoiced and real sum (%)
					Ferry	MAUT	Road/fuel			Ferry	MAUT	Road/fuel		
1	119	1600	11.5	4758		224		4982	4446	144	224	0	4815	-3.4
2	284	298	3.5	1464		71	37	1572	1368	44	71	0	1484	-5.6
3	196	3000	23.0	3660	285	415		4360	8778	285	415	0	9478	117.4
4	210	3000	24.0	9760	296	431	104	10591	9120	296	431	0	9847	-7.0
5	330	5280	36.0	4392		625	22	5039	13680	444	625	0	14749	192.7
6	360	5760	39.0	14820		677	173	15671	14820	481	677	0	15978	2.0
7	350	5000	40.0	15276		698	83	16057	15276	496	698	0	16470	2.6
8	378	7500	45.0	17100	555	755		18410	17100	555	755	0	18410	0.0
9	476	8000	52.0	19836	644	875		21355	19836	644	875	0	21355	0.0
10	476	5000	55.0	20976		926		21902	20976	681	926	0	22582	3.1
11	462	7400	55.0	20976	681	926		22582	20976	681	926	0	22582	0.0
12	690	11040	76.0	28956		1087	339	30382	28956	940	1087	0	30983	2.0
13	700	11200	78.0	29640		1087	347	31074	29640	962	1087	0	31689	2.0
14	721	12000	78.5	29868		1087		30955	29868	969	1087	0	31924	3.1
15	721	12000	78.5	29868		1087	203	31158	29868	969	1087	0	31924	2.5

Table 4: Information about the shipments last year from Germany

Shipment no.	No. of Paletts (parcels)	Weight (kg)	Volume (ldm)	Invoiced Freight cost	Invoiced Additional charges			Invoiced Sum	Real Freight cost	Real Additional charges			Real Sum	Deviation Invoiced and real sum (%)
					Ferry	MAUT	Road/fuel			Ferry	MAUT	Road/fuel		
1	2	300	0.8	3075	56	201	-59	3272	3075	56	201	-108	3224	-1.5
2	2	440	0.8	3075	56	195	-107	3218	3075	56	195	-108	3218	0.0
3	2	407	1.0	3300	70	247	-30	3588	3300	70	247	-116	3502	-2.4
4	3	455	1.4	3432	96	270	-66	3733	3432	96	270	-120	3678	-1.5
5	1	105	0.4	1848	30	140	-22	1996	1848	30	140	-65	1953	-2.1
6	5	961	2.0	4100	137	414	-37	4614	4600	137	414	-161	4990	8.1
7	10	1253	5.0	8600	344	752	85	9782	7700	344	752	-270	8527	-12.8
8	4	1520	1.6	4620		432	69	5121	4620	111	432	-162	5001	-2.3
9	8	1674	4.8	8544		926	-44	9426	8544	329	926	-299	9500	0.8
10	2	224	0.8	3075		255	30	3360	3075	56	255	-108	3278	-2.5
11	(86)	1696	2.4	5200	167	612	51	6030	5200	167	612	-182	5797	-3.9

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Table 5: Information about the shipments last year from Austria

Shipment no.	No. of Paletts (parcels)	Weight (kg)	Volume (ldm)	Invoiced Freight cost	Invoiced Additional charges			Invoiced Sum	Real Freight cost	Real Additional charges			Real Sum	Deviation Invoiced and real sum (%)
					Ferry	MAUT	Road/fuel			Ferry	MAUT	Road/fuel		
1	1	227	0.4	2016	30	81	22	2148	2016	30	81	-38	2089	-2.8
2	1	77	0.4	2016	30	81	-50	2077	2016	30	81	-38	2089	0.6
3	(263)	3373	7.0	11830		1170	-52	12948	11830	481	1170	-225	13256	2.4
4	4	1583	1.6	4530		290	114	4934	4530	111	290	-86	4845	-1.8
5	8	2808	4.4	8200	303	751	-158	9097	8200	303	751	-156	9099	0.0
6	1	320	0.4	2272	30	81	24	2407	2272	30	81	-43	2340	-2.8
7	2	612	0.8	3630		150	91	3871	3630	56	150	-69	3767	-2.7
8	3	806	1.2	4225		230	-19	4436	4225	85	230	-80	4460	0.5
9	3	4493	13.6	17143		1653	-75	18721	21368	932	1883	-406	23777	27.0
10	1	349	0.4	2056	30	81	22	2189	2056	30	81	-39	2128	-2.8

Table 6: Information about the shipments last year from France

Shipment no.	No. of Paletts (parcels)	Weight (kg)	Volume		Invoiced Freight cost	Invoiced Additional charges			Invoiced Sum	Real Freight cost	Real Additional charges			Real Sum	Deviation Invoiced and real sum (%)
			Cbm	ldm		Ferry	MAUT	Road/fuel			Ferry	MAUT	Road/fuel		
1	(1)	45	1.0		1168		40	26	1233	1168	15	40	-22	1200	-2.7
2	(13)	122	1.6		2366		58	35	2459	1869	22	58	-36	1914	-22.2
3	1	386		0.4	2420		78	24	2522	2528	30	78	-48	2587	2.6
4	1	396	2.5		2630		87	-13	2704	2630	33	87	-50	2701	-0.1
5	7	2500		2.8	7152		467	-36	7582	6968	192	467	-132	7495	-1.2
6	17	6109	23.68		9589	292	695	-184	10392	9590	292	695	-182	10395	0.0

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Table 7: Information about the shipments last year from Slovenia

Shipment no.	No. of Paletts (parcels)	Weight (kg)	Volume		Invoiced Freight cost	Invoiced Additional charges		Invoiced Sum	Real Freight cost	Real Additional charges		Real Sum	Deviation Invoiced and real sum (%)
			Cbm	ldm		MAUT	Road/fuel			MAUT	Road/fuel		
1	(72)	1200	12.0		13620			13620	13620	279	0	13899	2.0
2	(281)	4600	40.0		20205	78		20283	20205	864	0	21069	3.9
3	1	160	2.16		4715	25	184	4920	4715	54	0	4769	-3.1
4	1	90	2.61		5370		101	5471	5370	67	0	5437	-0.6
5	17	6541	40.0		20205			20205	20205	864	0	21069	4.3
6	29	8338		13.60	24313			24313	24313	1291	0	25604	5.3

Table 8: Information about the shipments last year from Netherlands

Shipment no.	No. of Paletts (parties)	Weight (kg)	Volume (ldm)	Invoiced Freight cost	Invoiced Additional charges			Invoiced Sum	Real Freight cost	Real Additional charges			Real Sum	Deviation Invoiced and real sum (%)
					Ferry	MAUT	Road/fuel			Ferry	MAUT	Road/fuel		
1	(1)	1928	13.6	13647	750	1087	-123	15361	14329	932	1087	-215	16133	5.0
2	(1)	2238	13.6	13647	750	1087	-123	15362	14329	932	1087	-215	16133	5.0
3	15	1870	6.0	9546	411	578	-183	10352	9546	411	578	-143	10392	0.4
4	6	2550	2.4	3767	167	259	-44	4149	3767	167	259	-57	4136	-0.3
5	24	9000	13.6	13647		1087	203	14937	15694	931	1087	-235	17478	17.0

Table 9: Information about the shipments last year from Great Britain

Shipment no.	No. of Paletts	Weight (kg)	Volume (ldm)	Invoiced Freight cost	Invoiced Additional charges		Invoiced Sum	Real Freight cost	Real Additional charges		Real Sum	Deviation Invoiced and real sum (%)
					Port fee	Road/fuel			Port fee	Road/fuel		
1	5	1250	2.5	5595		0	5595	5595	18	0	5613	0.3
2	2	620	0.8	3725	18	0	3422	3725	18	0	3743	9.4

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Table 120: Information about the shipments last year from Slovakia

Shipment no.	No. of Paletts	Weight (kg)	Volume (cbm)	Invoiced Freight cost	Invoiced Additional charges		Invoiced Sum	Real Freight cost	Real Additional charges		Real Sum	Deviation Invoiced and real sum (%)
									MAUT			
1	4	930	9.0	11889	0		11889	7410	209		7619	35.9

Table 131: Information about the shipments last year from Finland

Shipment no.	No. of Paletts	Weight (kg)	Volume (ldm)	Invoiced Freight cost	Invoiced Additional charges		Invoiced Sum	Real Freight cost	Real Additional charges		Real Sum	Deviation Invoiced and real sum (%)
					Port fee	Road/fuel			Port fee	Road/fuel		
1	9	3500	6.0	8352	232	206	8790	8352	232	206	8790	0.0

Table 2: Information about the shipments last year from Norway

Shipment no.	No. of Parcels	Weight (kg)	Volume (ldm)	Invoiced Freight cost	Invoiced Additional charges		Invoiced Sum	Real Freight cost	Real Additional charges		Real Sum	Deviation Invoiced and real sum (%)
					Road/fuel				Road/fuel			
1	15	7600	6.0	3852	250		4102	3852	250		4102	0.0