Drivers and challenges for growing hauliers
- What services can Scania offer to contribute to haulier growth?

EMIL CARLSTRÖM
JESPER NORDQVIST

Master of Science Thesis
Stockholm, Sweden 2012
Drivers and challenges for growing hauliers
- What services can Scania offer to contribute to haulier growth?

Emil Carlström
Jesper Nordqvist

Master of Science Thesis INDEK 2012:82
KTH Industrial Engineering and Management
Industrial Management
SE-100 44 STOCKHOLM
Abstract

Scania is a leading European developer and manufacturer of trucks, buses and engines, based in Södertälje in Sweden. From traditionally having been focused on offering their customer high quality products, Scania is now moving towards becoming a solution provider. This requires a combination of products and services and a deeper understanding of their customers’ business.

Hauliers are one of Scania’s most important customer segments. In order to improve its solution offer, Scania wants to gain a deeper understanding about how hauliers develop. Recent studies at Scania have shown deficiencies in knowledge about haulier development. To fill this gap, this master’s thesis was initiated with the purpose of “gaining insight into haulier development and listing implications for Scania’s business and service development”. The aim of the study was to identify drivers, challenges and other important factors for growing hauliers. This result was then used to understand how Scania can contribute to its haulier customers’ growth by offering services.

Seven hauliers were selected based on a number of criteria and studied closely. The results showed a gap between the services offered by Scania today and the services suggested after analyses. Particularly, it indicated that non vehicle related services could help hauliers make crucial steps in their development. Scania is advised to further deepen its understanding about haulier development. By doing this, Scania would take an important step into becoming the solution provider it aims to be.

Keywords: Scania, small business development, haulier growth, service development, road haulage
Acknowledgements

This master’s thesis would not have been possible without the support from many persons, both in terms of information and feedback, but also for motivation and energy. Therefore, we would like to send special thanks to all the persons that we have been in contact with during this study.

Especially, we would like to thank both of our supervisors for their valuable support and energy. Markus Eriksson, our supervisor at Scania, has shown great enthusiasm and a burning interest for our study. His guiding, continuous feedback and ideas have been very valuable us. The support from Martin Vendel, our supervisor at the Royal Institute of Technology, has also been much appreciated. By giving valuable feedback and raising interesting discussions, he has contributed to the quality of this study.

Next, we would like to show our appreciation to the professional and knowledgeable people at Scania for their support during this study by saying thanks to Peter Larsson, for his help with establishing contact with customers, Anders Gustavsson, for introducing us to Scania Transport Laboratory, Björn Fahlström and Karin Rådström, for sharing their time and knowledge with us, And finally, Lars-Göran Ljung and Rickard Seijbold, for reviewing and discussing the study’s results with us.

Further, we would like to thank all the experts at Scania for your valuable input during the workshops: Markus Eriksson, Håkan Schidt, Fredrik Callenryd, Mats Axelson, Fredrik Goetzinger, Claes Åkerlund, Gabriella Rosén and Tobias Olsson.

We would also like to thank The Swedish Association of Road Transport Companies and especially Ulric Långberg for meeting with us in the beginning of the study. This meeting pushed us in the right direction direct from the start. Also, we want to thank Monica Ivarsson for showing great interest in the study and the invitation to “Den Stora Åkeridagen”.

Meetings with one local freight forwarder and one truck cooperative increased our understanding of the road transport industry and how they work. Therefore, we would like to thank both of them for their contribution and valuable time.

Last but not least, we would like to send many thanks to the seven hauliers in this study for sharing their story with us. Without their participation, this work has not been possible.

Södertälje, June 2012

Emil Carlström & Jesper Nordqvist
## List of contents

1 **Introduction** ............................................................................................................. 1  
   1.1 Background ............................................................................................................ 1  
   1.2 Problem formulation .............................................................................................. 1  
   1.3 Purpose .................................................................................................................. 2  
   1.4 Research questions ............................................................................................... 3  
   1.5 Delimitations .......................................................................................................... 3  
   1.6 Report structure ..................................................................................................... 3  

2 **Frame of reference** .................................................................................................. 5  
   2.1 Definitions ............................................................................................................. 5  
   2.2 The transport industry ........................................................................................... 6  
      2.2.1 The goods transport segments ...................................................................... 6  
      2.2.2 The road transport industry ....................................................................... 6  
   2.3 Theoretical framework .......................................................................................... 14  
      2.3.1 Organisational development ...................................................................... 14  
      2.3.2 Small business development .................................................................... 17  
   2.4 Haulier development framework ......................................................................... 24  
      2.4.1 Entrepreneur ............................................................................................... 25  
      2.4.2 Environment ............................................................................................... 26  
      2.4.3 Strategy ...................................................................................................... 28  

3 **Methodology** .......................................................................................................... 31  
   3.1 Research plan ....................................................................................................... 31  
   3.2 Initial understanding of the transport industry .................................................... 32  
      3.2.1 Internal sources ......................................................................................... 32  
      3.2.2 External sources ....................................................................................... 33  
   3.3 Problem formulation ............................................................................................ 33  
   3.4 Literature study .................................................................................................... 33  
      3.4.1 Search terms ............................................................................................... 34  
      3.4.2 The haulier development framework ......................................................... 34  
   3.5 Empirical study .................................................................................................... 35  
      3.5.1 Motivation for case studies ....................................................................... 35  
      3.5.2 Process overview ....................................................................................... 36  
      3.5.3 Sample ....................................................................................................... 37  
      3.5.4 Interview preparations .............................................................................. 39  
      3.5.5 Interview executions .................................................................................. 40  
      3.5.6 Analysis ...................................................................................................... 41  
      3.5.7 Limitations .................................................................................................. 42  
   3.6 Workshops ............................................................................................................ 43  
      3.6.1 Sample ....................................................................................................... 43  
      3.6.2 Setup .......................................................................................................... 43  
      3.6.3 Output ........................................................................................................ 44
Appendix – Scania’s portfolio ................................................................. A-1
A.1 Trucks ......................................................................................... A-1
A.2 Buses ......................................................................................... A-1
A.3 Engines ...................................................................................... A-1
A.4 Services ..................................................................................... A-2

Appendix – Interview summarises .......................................................... B-1
B.1 Haulier A .................................................................................. B-1
   B.1.1 History .................................................................................. B-3
   B.1.2 Today ...................................................................................... B-4
   B.1.3 About the business and other reflections ................................ B-4
   B.1.4 Follow up questions ............................................................... B-5
B.2 Haulier B .................................................................................. B-6
   B.2.1 Today ...................................................................................... B-8
   B.2.2 History .................................................................................... B-8
   B.2.3 About the business and other reflections ................................. B-10
   B.2.4 Follow up questions ............................................................... B-12
B.3 Haulier C .................................................................................. B-13
   B.3.1 History .................................................................................... B-15
   B.3.2 About the business and other reflections ................................. B-16
   B.3.3 Follow up questions ............................................................... B-18
B.4 Haulier D .................................................................................. B-19
   B.4.1 Today ...................................................................................... B-21
   B.4.2 History .................................................................................... B-21
   B.4.3 About the business and other reflections ................................. B-23
B.5 Haulier E .................................................................................. B-24
   B.5.1 Today ...................................................................................... B-26
   B.5.2 History .................................................................................... B-26
   B.5.3 About the business and other reflections ................................. B-28
   B.5.4 Follow up questions ............................................................... B-30
B.6 Haulier F .................................................................................. B-31
   B.6.1 History .................................................................................... B-33
   B.6.2 About the business and other reflections ................................. B-34
   B.6.3 Follow up questions ............................................................... B-36
B.7 Haulier G .................................................................................. B-37
   B.7.1 Today ...................................................................................... B-39
   B.7.2 History .................................................................................... B-39
   B.7.3 About the business and other reflections ................................. B-41
   B.7.4 Follow up questions ............................................................... B-43
List of tables

Table 1: Definitions of important concepts.................................................................................................................5
Table 2: Commonalities between Storey, Wiklund and Rask.................................................................................................24
Table 3: List of used search in online databases.................................................................................................................34
Table 4: List of interviewees in the empirical study..............................................................................................................41
Table 5: Haulier A's historical growth inducements and obstacles .......................................................................................46
Table 6: Haulier B's historical growth inducements and obstacles .......................................................................................50
Table 7: Haulier C's historical growth inducements and obstacles .......................................................................................54
Table 8: Haulier D's historical growth inducements and obstacles .......................................................................................58
Table 9: Haulier E's historical growth inducements and obstacles .......................................................................................62
Table 10: Haulier F’s historical growth inducements and obstacles .....................................................................................66
Table 11: Haulier G's historical growth inducements and obstacles ....................................................................................70
List of figures

Figure 1: Revenue and employment in the Swedish transport industry (Trafikanalys, 2011)............................6
Figure 2: Percentage of hauliers by the number of trucks in Sweden from 1960 – 2009 (The Swedish Association of Road Transport Companies, 2009; Rask, 1984) ..........................................................7
Figure 3: Number of hauliers by the number of trucks in Sweden from 1960 - 2009. (The Swedish Association of Road Transport Companies, 2009; Rask, 1984) .............................................................................8
Figure 4: Number of trucks in each haulier size group in Sweden from 1960 - 2009 (The Swedish Association of Road Transport Companies, 2009; Rask, 1984) ..................................................8
Figure 5: The average Swedish haulier in 2009 compared to 1990 in number of trucks and employees (The Swedish Association of Road Transport Companies, 2009) ........................................................................9
Figure 6: Cost structure comparison between Swedish and European Long Hauliers (Scania AB, 2011; The Swedish Association of Road Transport Companies, 2009) ..........................................................10
Figure 7: Number of truck cooperatives in Sweden from 1970 - 2009. (The Swedish Association of Road Transport Companies, 2009) ........................................................................12
Figure 8: Categorisation of factors influencing growth (Penrose, 1959)..........................................................16
Figure 9: Storey’s model of components influencing growth in small firms (Storey, 1994) .................................19
Figure 10: Growth & Performance model (Wiklund, 1998) .........................................................................20
Figure 11: The resource based perspective (Wiklund, 1998) .......................................................................20
Figure 12: Strategy adoption perspective (Wiklund, 1998) .......................................................................21
Figure 13: Motivational perspective (Wiklund, 1998) ...............................................................................21
Figure 14: The motivation sequence (Locke, 1991) ................................................................................22
Figure 15: Rask’s model of haulier business development (Rask, 1984) .........................................................23
Figure 16: Haulier development framework ...............................................................................................24
Figure 17: Overview of the complete research process ...............................................................................31
Figure 18: Sources of information for the initial understanding of the transport industry ..........................32
Figure 19: Overview of the theoretical framework ..................................................................................33
Figure 20: Process overview of the empirical study ................................................................................36
Figure 21: Sample ..................................................................................................................................37
Figure 22: Haulier size distribution per 2005 and 2010 by revenue in MSEK ..................................................38
Figure 23: Interview preparations ............................................................................................................39
Figure 24: Data sources for the interview preparations ...........................................................................39
Figure 25: Example timeline for Haulier X ..............................................................................................40
Figure 26: Interview execution ...............................................................................................................40
Figure 27: Analysis ..................................................................................................................................42
Figure 28: Development map with swim lanes ........................................................................................44
Figure 29: Haulier A’s Timeline .............................................................................................................45
Figure 30: Haulier B’s Timeline .............................................................................................................49
Figure 31: Haulier D’s Timeline ..............................................................................................................57
Figure 32: Haulier E’s Timeline ............................................................................................................61
Figure 33: Haulier F’s Timeline ............................................................................................................65
Figure 34: Haulier G’s Timeline ............................................................................................................69
Figure 35: Overview of identified services and swim lanes .......................................................................81
Figure 36: Comparison between the truck focus (left) and the haulier focus (right) .................................87
Figure 37: Scania’s service offer today ..................................................................................................A-2
Figure 38: Haulier A’s revenue .............................................................................................................B-1
Figure 39: Haulier A’s assets ..................................................................................................................B-1
Figure 40: Haulier A’s employees .........................................................................................................B-2
Figure 42: Haulier A's profit after net financial items .................................................... B-2
Figure 43: Haulier B's revenue ................................................................................. B-6
Figure 44: Haulier B's assets ................................................................................. B-6
Figure 45: Haulier B's employees ........................................................................ B-7
Figure 46: Haulier B's profit after net financial items .......................................... B-7
Figure 47: Haulier C's revenue ................................................................................. B-13
Figure 48: Haulier C's assets ................................................................................. B-13
Figure 49: Haulier C's employees ........................................................................ B-14
Figure 50: Haulier C's profit after net financial items .......................................... B-14
Figure 51: Haulier D's revenue ................................................................................. B-19
Figure 52: Haulier D's assets ................................................................................. B-19
Figure 53: Haulier D's employees ........................................................................ B-20
Figure 54: Haulier D's profit after net financial items .......................................... B-20
Figure 55: Haulier E's revenue ................................................................................. B-24
Figure 56: Haulier E's assets ................................................................................. B-24
Figure 57: Haulier E's employees ........................................................................ B-25
Figure 58: Haulier E's profit after net financial items .......................................... B-25
Figure 59: Haulier F's revenue ................................................................................. B-31
Figure 60: Haulier F's assets ................................................................................. B-31
Figure 61: Haulier F's employees ........................................................................ B-32
Figure 62: Haulier F's profit after net financial items .......................................... B-32
Figure 63: Haulier G's revenue ................................................................................. B-37
Figure 64: Haulier G's assets ................................................................................. B-37
Figure 65: Haulier G's employees ........................................................................ B-38
Figure 66: Haulier G's profit after net financial items .......................................... B-38
## List of abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research &amp; Development</td>
</tr>
<tr>
<td>SARTC</td>
<td>The Swedish Association of Road Transport Companies</td>
</tr>
<tr>
<td>3PL</td>
<td>Third Party Logistics</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>STL</td>
<td>Scania Transport Laboratory</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium sized Enterprises</td>
</tr>
<tr>
<td>EBIT</td>
<td>Earnings Before Interests and Taxes</td>
</tr>
<tr>
<td>SCRO</td>
<td>The Swedish Company Registration Office</td>
</tr>
<tr>
<td>KSEK</td>
<td>Thousand SEK</td>
</tr>
<tr>
<td>MSEK</td>
<td>Million SEK</td>
</tr>
<tr>
<td>BSEK</td>
<td>Billion SEK</td>
</tr>
</tbody>
</table>
1 Introduction

This chapter will give the reader an introduction to this master’s thesis. The first subsections will cover the background, and the problem formulation. This will be followed by the purposes and the chosen research questions. The chapter ends with the thesis’ delimitations and overview of the report’s structure.

1.1 Background

Scania is a leading European manufacturer and developer of trucks, buses and engines. Its financial year 2011 was one best ever: the company achieved record sales and deliveries of vehicles and earnings per share were all time high. In all, the revenue reached 87 BSEK and over 80,000 trucks and buses were delivered. (Scania AB, 2011)

Scania’s business has traditionally been focused on the product. However, the strategy has shifted and the company is moving towards becoming a solution provider. The CEO, Leif Östling, summarises the overall strategy as “to strengthen the customer’s profitability through optimised transport solutions” (Scania AB, 2011, p. 8). Martin Lundstedt, Executive Vice President for Franchise and Factory Sales at Scania, explains this further and says that “Scania should stand for more than a good vehicle – Scania should deliver profitable transport solutions. We do this by becoming more involved in the customer’s business. We deliver not only a vehicle, but a comprehensive solution including services that strongly contribute to customer profitability.” (Scania AB, 2011, p. 9) As Martin Lundstedt argues, Scania must increase its understanding about the customers’ businesses in order to become a solution provider. This is also emphasised by Christian Levin, Executive Vice President for Sales and Services Management, who argues that Scania has “to offer more services based on customer needs. This presupposes broader expertise and greater knowledge of customers’ business and operations in our sales and service organisation.” (Scania AB, 2011, p. 9)

The truck segment is the biggest constituting over half of the revenue. (Scania AB, 2011) Therefore, hauliers belong to Scania’s most important customers, since their business is about executing transports. To maximise their profitability, hauliers need trucks and services adapted for their individual needs enabling them to live up to their own customers’ expectations.

As a part of its strategy, Scania is aiming to deepen its understanding about the business of the single haulier. Especially, there is little structured knowledge of what drives and prevents haulier growth. Previous market studies performed by Scania have shown that hauliers seem to gather around certain sizes, i.e. there is some indication of critical stages during the haulier development. (Eriksson, 2011)

In order to fulfil the strategy, Scania’s engineers at R&D in Södertälje are working on developing services that support the haulier customers’ operations. After having seen the indication of critical haulier sizes, they now wish to look deeper into what characterises those stages, what drives and prevents growth to the next stage. To create structured knowledge about this phenomenon and connect it to the service development, this master’s thesis project with two students from Industrial Engineering and Management at the Royal Institute of Technology in Stockholm was initiated.

1.2 Problem formulation

The Swedish road haulier industry is facing tough challenges. Competition from other European hauliers with lower cost structure puts Swedish hauliers under pressure (Jepsson, Lindgren, & Lindström, 2011), increasing fuel prices continue to eat from an already low margin (SVD Näringsliv, 2012), and harder driver time regulations and controls make efficient operations more difficult (Freight forwarder, 2012).
The industry is characterised by small firms, and has been so for a very long time (Rask, 1984; The Swedish Association of Road Transport Companies, 2009). Today about 50 % of all hauliers operate with only one truck, and about 85 % with five trucks or less (The Swedish Association of Road Transport Companies, 2009). The overall majority outsource their transport sales function, and hence there is a lack of market contact. In 2009, there were roughly 600 transport sales points but over 10,000 hauliers (The Swedish Association of Road Transport Companies, 2009).

Previous research has shown that hauliers seem to develop their businesses and strategies in very conform way. The isolation from the market, typical for the road haulier industry, increases the risk of falling into a structural poverty. In this state, hauliers struggle to develop competitive strategies, have low margins, and fail to see how their own actions affect the outcome. (Rask, 1984)

More recent research has shown the presence of much waste in the road haulier industry (Sternberg, 2011). A report from U.S. Department of Transportation in 2007 showed that inefficiency in “time loading and unloading” cost road hauliers over $ 3 billion annually (U.S. Department of Tranportation, 2009). Other research has found that much of this waste derives from the absence of information sharing between the different parties of the logistics chain and therefore, the introduction of communication technology is crucial to increase efficiency (Sternberg, 2011). Lean has been suggested as a suitable method to identify and reduce waste in road haulier operations (Brehmer, 1999). Recent studies have provided tools for identifying such waste (Larsson & Westerberg, 2009) and has developed a framework for implementing lean on haulier operations (Allenström & Linger, 2010).

Despite prevailing inefficiencies and low margins, there are still road hauliers that outperform the overall majority and show high growth rates. A review of the latest list of Swedish Gazelles by Dagens Industri shows a large number of hauliers achieving a 100 % in revenue growth or more over a three year period (Dagens Industri, 2011; Dagens Industri, 2010). However, little attention has been given to the drivers and obstacles for road haulier growth. Although low margins can be said to be one reason for lack of growth, research on small firm growth show that it is the result of a complex interplay between many kinds of factors (Rask, 1984; Wiklund, 1998; Smallbone, Leigh, & North, 1995; Wiklund & Shepherd, 2003; Storey, 1994). Examples of such factors are the entrepreneur’s motivation (Wiklund & Shepherd, 2003), perceived environment (Rask, 1984), objective environment (Wiklund, 1998) and strategy (Storey, 1994).

This master’s thesis aims to fill the observed gap by studying the drivers and obstacles of haulier growth and provide implications for Scania’s service development.

1.3 Purpose

The purpose of this master’s thesis is to gain insight into haulier development and list implications for Scania’s business and service development.

---

1 Dagens Industri’s Swedish Gazelles is an annual list consisting of Swedish high-growth companies. Criteria for the nomination are revenue growth of 100 % over a three-year period, positive EBIT and organic growth, just to mention a few. For more detailed information, visit: http://www.dagensindustri.se/gasell.
1.4 Research questions
Concerning the background, the research problem, and the purpose, the following research questions were chosen:

RQ1: What are the drivers for haulier growth?
RQ2: What challenges have growing hauliers overcome?
RQ3: What other factors have been important for growing hauliers’ development?
RQ4: Based on this, what services can Scania offer to contribute to haulier growth?

1.5 Delimitations
This report does not try to provide any generic answers or model for haulier development. Instead, a few selected hauliers were studied closely with the aim of getting detailed answers about actions and the purpose of those actions.

Growth and development will be studied using many different dimensions, e.g. employees or number of trucks. However, the main focus will be on revenue growth.

All kinds of hauliers will not be considered. Firstly, only Swedish hauliers, i.e. hauliers that are established and registered in Sweden, will be considered. And secondly, only those hauliers whose core business is long haulage will be included. This means that all other segments, e.g. construction and distribution, are excluded.

Finally, this report will not evaluate how offering growth supporting services will generate direct revenue to Scania. The assumption will be that by supporting its haulier customers’ growth, Scania will benefit from it in other ways, such as increased truck sales.

1.6 Report structure
The structure of this report will be as follows:

- **Frame of reference**
  Introduction to the transport industry, road haulier industry, the theoretical framework and the framework designed for data collection.

- **Methodology**
  Presentation and motivation of the research process.

- **Empirical study**
  Individual analyses of all seven case studies and a comparative analysis.

- **Workshop**
  Connects the results from the empirical study to Scania’s service development.

- **Discussion and conclusions**
  Connects to the introduction. It summarises, discusses and critically reviews the results. It also containing discussions about knowledge contribution, limitation along with implications for Scania and suggestions for future work.
2 Frame of reference

This chapter covers the used frame of reference. The chapter starts with definitions of important concepts and an introduction to the transport industry covering today’s situation and some history. This is followed by a theoretical framework on organisational development and a review of previous models used to study small business development. The chapter is concluded with a description of the framework used when interviewing and analysing haulier development later on in this thesis.

2.1 Definitions

The important definitions in this master’s thesis are covered below in Table 1.

<table>
<thead>
<tr>
<th>Concepts</th>
<th>Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long haulage</td>
<td>Refers to long distance transports</td>
</tr>
<tr>
<td>General cargo</td>
<td>Refers to the kind loads, which do not require any particular type of trailer, e.g. pallets, boxes, packages or barrels.</td>
</tr>
<tr>
<td>Special transports</td>
<td>The opposite of transports with general cargo, i.e. the transportation of goods that require a special kind of trailer. Examples are temperature sensitive goods and fuel.</td>
</tr>
<tr>
<td>Logistics</td>
<td>Logistics is defined as the management of the flow of goods. The actual transport is a part of the flow.</td>
</tr>
<tr>
<td>Haulier</td>
<td>A company whose core business is the execution of transports.</td>
</tr>
<tr>
<td>Truck cooperative</td>
<td>A truck cooperative is owned by a number of hauliers and is responsible for selling transport services. The transports are executed by the hauliers who pay the truck cooperative a commission.</td>
</tr>
<tr>
<td>Freight forwarder</td>
<td>A company that is responsible for their customers’ complete transport needs. The forwarder plans and controls the transport, which is usually executed by a haulier and not the freight forwarder.</td>
</tr>
<tr>
<td>Third party logistics (3PL)</td>
<td>A logistics company that covers their customers’ storage needs and is responsible for the transports to and from that storage.</td>
</tr>
</tbody>
</table>
2.2 The transport industry

The transport industry is a vital part of the modern society. It covers everything from air, road and sea transports to rail road, taxi and public transports. In 2009, the industry's overall turnover was over 230 BSEK, i.e. 7.5% of Sweden's GDP, and the total industry employment was 130,000 people. The industry doubled its turnover between 1997 and 2009 and the employment increased by 30,000 people (see Figure 1). (Trafikanalys, 2011)

![Revenue and employment in the Swedish transport industry](image)

**Figure 1: Revenue and employment in the Swedish transport industry (Trafikanalys, 2011)**

2.2.1 The goods transport segments

Out of all transport industry segments road transports is by far the biggest. Its turnover and employment in 2008 were 96 BSEK and 65,000 people respectively (The Swedish Association of Road Transport Companies, 2009). Road transports also dominate among goods transportation segments, i.e. sea, air and road transports. Out of the 417 million tonnes transported in 2009, trucks transports covered 360 million tonnes, i.e. 86%. If both weight and transported distance are accounted for, i.e. tonne kilometre is used as a measure, road transports accounts for 60% of the market (The Swedish Association of Road Transport Companies, 2009). One can conclude that no matter how the size of the goods transport segments is quantified, road transports always emerge as the biggest one.

2.2.2 The road transport industry

The road transport segment, as categorised in Sweden, consists of hauliers, truck cooperatives, and logistics companies. The latter two are considered to be transport agencies, whose core business is not the execution of transports, whereas hauliers supply these companies with transports. (SIKA Statistics, 2009; The Swedish Association of Road Transport Companies, 2009) Other important actors are freight forwarders, whose core business is to sell transports and forward them to hauliers. (Freight forwarder, 2012)
2.2.2.1 Road hauliers

Hauliers are transport companies that execute transports. They have a truck fleet and drivers. Most hauliers do not sell their own transports. According to statistics from The Swedish Association of Road Transport Companies (SARTC), only 3 out 50 hauliers had an own sales function in 2009. (The Swedish Association of Road Transport Companies, 2009) Hauliers solve this by hiring a third party to sell their transports, which they pay by commission, usually around 7% (Truck cooperative, 2012). Therefore, most hauliers do not interact with the actual transport buyer. One can therefore state that the haulier business is characterised by the focus on executing efficient road transports and by the lack of market contact. (Rask, 1984)

The road haulier industry

In 2011, there were over 14,000 haulier companies registered in Sweden (Statistics Sweden, 2011). However, not all of them have trucks. According to SARTC, such companies should be counted as inactive hauliers. If this is accounted for, about 10,000 hauliers were active in 2009.

The road haulier is characterised by small businesses. As seen in Figure 2 below, above 80 % of all active hauliers today have less than six trucks and near 50 % one operate with just one vehicle (The Swedish Association of Road Transport Companies, 2009). This has been the situation for a very long time (Rask, 1984)

![Percentage of hauliers by the number of trucks in Sweden](image)

Figure 2: Percentage of hauliers by the number of trucks in Sweden from 1960 – 2009 (The Swedish Association of Road Transport Companies, 2009; Rask, 1984)

The data shows a trend that bigger companies are expanding on the expense of smaller ones. As seen in Figure 3, the overall number of hauliers has decreased rapidly since the peak in 1980. This decrease is mainly due to a diminishing number of one truck hauliers. The other segments have changed, but not as dramatically.
Although over 80% of all Swedish hauliers operate with less than five trucks, those hauliers only account for just under half of all trucks in the road transport industry. In fact, the number of hauliers with more than 11 trucks has increased by 45% since 1980 whereas it has decreased by 65% in the one truck group over the same period (see Figure 4).
It can be concluded that small companies dominate the business in one sense, namely by number of companies. However, if the number of trucks is the deciding factor, bigger companies are clearly in a dominate position. Nevertheless, the obvious trend is that the average haulier is becoming bigger and bigger, both in the number of trucks and employees (see Figure 5). This is a result of fewer small hauliers (see Figure 3), and an increased number of trucks in the bigger companies (see Figure 4).

![Figure 5: The average Swedish haulier in 2009 compared to 1990 in number of trucks and employees (The Swedish Association of Road Transport Companies, 2009)](image)

**Today’s industry situation**

A review of debate articles published on the road hauler industry situation reveals that one the most frequently referred to issues on today’s agenda is the increased competition from other European hauliers (Jeppsson, Lindgren, & Lindström, 2011). The problems relate to illegal cabotage traffic, which forces Swedish hauliers to compete with foreign hauliers in a greater extent than allowed. Regulations allow road hauliers to execute a limited number of domestic transports in other EU-countries than where it is established for a limit period (Swedish Transport Agency, 2012). This competition is hard for Swedish hauliers to face since their cost structure is different from other European hauliers’ (see Figure 6) and especially because Swedish drivers are more expensive on average, particularly compared to Eastern European hauliers (Vilhelmsson & Persson, 2012). However, the road haulier industry does not feel that controls are sufficient and that the competition forces hauliers into bankruptcy (Vilhelmsson & Persson, 2012; Jeppsson, Lindgren, & Lindström, 2011). Other issues debated are taxes (Lindström & Ljungberg, 2011), criminality (Vilhelmsson & Persson, 2012) and the employment of foreign drivers (Jeppsson, Lindgren, & Lindström, 2011). It can be concluded that much of the information communicated about the Swedish road haulage industry in some extent relate profitability and that many urge politicians to change to prevailing market conditions.
Figure 6: Cost structure comparison between Swedish and European Long Hauliers (Scania AB, 2011; The Swedish Association of Road Transport Companies, 2009)
The haulier trade association

The Swedish road haulier association is called “Swedish Association of Road Transport Companies” (SARTC). Their vision is “Proud and profitable hauliers on a sound and attractive market” and they actively represent their members’ interests by surveying external developments that affect the industry, support the formation of opinion and perform lobbying activities. Around 80% of Sweden’s hauliers, i.e. approximately 9,000, are members of SARTC. (The Swedish Association of Road Transport Companies, 2009)

2.2.2.2 Truck cooperatives

Truck cooperatives are transport service companies owned by a number of hauliers. The truck cooperative does not own the trucks and its business is to sell transports to the transport buyer for their owners, i.e. the hauliers who own the trucks. For the service, the hauliers pay a commission based on their revenue. As an example, a truck cooperative southern of Stockholm charges 7.5% of their hauliers’ revenues. (Truck cooperative, 2012)

The history of the truck cooperative

The history of the truck cooperatives goes back to end of the 1920s. Even though the first truck cooperative in Sweden was founded in 1927, most hauliers were not connected to a truck cooperative until the Second World War. (Rask, 1984) One of the major reasons for introducing the truck cooperative was the booming economy in the 1930s, which increased the need for transports. However, since a majority of the hauliers had less than three trucks there were simply too many transport sales points. This prevented efficient transport solutions. (Lindström L., 1986)

The road haulier industry began to be put under pressure. Politicians demanded that the hauliers must organise in order to decrease the number of sales points. The road haulier industry would thereby become more rational and financially stronger. But, most hauliers were reluctant to this change. They were independent entrepreneurs and did not want to give away their freedom and join a collective. Despite this, the hauliers finally agreed to this change in 1938. (Lindström L., 1986)

The foundation of truck cooperatives came to a halt when the Second World War began. In order to ensure that need for transports during the war would be served, the Swedish government legislated that hauliers must join a truck cooperative in order to keep their license. This led to a quick change in the road haulier industry and when the law was pulled back in 1948 many believed that the truck cooperatives would die out. However, hauliers had begun to see the benefits of uniting themselves: together they could accomplish what they could not do alone. (Lindström L., 1986)

Today, truck cooperatives are still important for the Swedish road haulier industry. According to statistics from SARTC, more than half of all hauliers are members of a truck cooperative. The number of truck cooperative is however decreasing, as seen in Figure 7, but this is mainly due to mergers. (The Swedish Association of Road Transport Companies, 2009)
The structural problems and politics

One of the most important characteristics of the truck cooperative is the double role of the haulier. They are simultaneously the suppliers to and the owners of the truck cooperative. This complex structure explains the presence of the political process at a truck cooperative (Rask, 1984). Each haulier sees itself as an individual and wants to maximize its own pay off. As owners, it is also in each haulier’s interest that the truck cooperative remains profitable. However, these two might be contradictive since what is good for the individual haulier is not always good for the truck cooperative. The truck cooperative, on the other hand, earns it money from the commission of the hauliers’ revenues, not their profits. In that sense, it is not in the truck cooperative’s interest to maximise the hauliers’ profitability. (Truck cooperative, 2012).

Another issue relates to the business development. Since a truck cooperative usually has many different haulier groups as owners, e.g. from long haulage and distribution to construction, it is problematic for the truck cooperative management to develop the business. They must develop business areas that are beneficial for the truck cooperative and convince their hauliers approve it, even though the change might be bad for some haulier groups’ businesses. (Truck cooperative, 2012)
2.2.2.3 Freight forwarders

Freight forwarders are similar to truck cooperatives in the aspect that haulier supply them with transports. That is, these companies sell the haulier transports to the transport buyer. The freight forwarders plan and control the transport, creates freight documents and some also arrange storage for the goods. (Swedish Public Employment Service, 2011) There are also freight forwarders that have a fleet of their own with hired drivers to execute parts of transports for their customers. (Freight forwarder, 2012)

2.2.2.4 Logistics companies and third party logistics

Logistics companies are for the complete transport service just as freight forwarders do. The difference is that the goods flow is not limited to road transports for logistics companies. The goods might be transported with railroad, air and water transports as well. (Brehmer, 1999)

The definition of third party logistics (3PL) is not fixed. One can say that 3PL is when a company takes charge over their client’s logistics. The third party is then responsible for the flow of goods from the client to its customers. This includes transports, storage, planning and traffic control. 3PL companies can also handle and pick orders from its clients’ customers without interacting with the client. (Fredholm, 2006)

The market size for 3PL (depending on its definition) was estimated to be 4 BSEK in 2006 and growing strongly. (Fredholm, 2006) Some examples of large Swedish logistics companies that are active within the 3PL segment are Schenker, DHL and DSV.
2.3 Theoretical framework

The section consists of a review of previous research concerning organisational development in general and small organisations development in particular.

2.3.1 Organisational development

In this part, previous research on organisation development and change processes are reviewed. As a part of organisational development, theories regarding factors influencing growth and how those could be categorised are covered.

2.3.1.1 Models of organisational development

There has been attempts to create a generic model of organisational development since Alfred D. Chandler published his book “Strategy and structure: Chapters in the History of the American Industrial Enterprise” in 1962. (Phelps, Adams, & Bessant, 2007; Chandler, 1962)

Phelps, Adams & Bessant (2007) reviewed a number of suggested models of life-cycle stages published between 1965 and 2005. They found that models of organisational development predominantly often are described as sequential processes with biological metaphors, which pictures organisations as organisms. Nevertheless, these theories have met criticism, especially the idea of comparing organisations with organisms. According to Phelps et al, critics argue that organisations’ development is not that predictable and homogenous. In line with them, Gibb & Davies (1990) concluded that there is hard to predict organisations development route in advance since organisations does not develop incrementally. However, an identification of factors influencing organisational development might be possible, but a comprehensive model with capability to predict future development seems unlikely (Smallbone, Leigh, & North, 1995).

Phelps et al contributed to this field of theory by developing an alternative concept of theoretical framework for organisational development. Instead of focusing on stages in a linear development model, they suggested that one should focus on challenging areas for further development instead. The idea of hinders for further development is inspired by Greiner’s (1997) theory of unavoidable revolutions in evolution. Phelps et al meant that there is no general linear sequence of problem stages for organisational development but there are common areas of challenges that developing organisations face sooner or later. They also meant that the key to further development lies in how well organisations: (1) navigate through, and (2) gain knowledge within these areas. Instead of a sequential linear development model they suggested a multidimensional model based on maturity in challenging areas.
2.3.1.2 Processes of organisational change

Earlier models of organisational development tend to describe life-cycles and stages (Greiner, 1997; Phelps, Adams, & Bessant, 2007) and thus not focus on the drivers behind organisational change. However, DiMaggio & Powell (1983) argued, in line with Weber (1968), that forces shaping organisations into becoming more similar exist, but, unlike Weber, they meant that change is less driven by the need for creating efficient organisations. “It is important to note that each of the institutional isomorphic processes can be expected to proceed in the absence of evidence that they increase internal organisational efficiency” (DiMaggio & Powell, 1983, p. 153)

Organisational isomorphism

DiMaggio & Powell identified and defined three kinds of isomorphic processes through which organisations change: (1) coercive isomorphism, e.g. regulations or persuasions, (2) mimic isomorphism, e.g. imitation of successful behaviour, and (3) normative isomorphism, e.g. adaptation to industry standards. Further they argued that organisations struggle to rationally handle uncertainty and constraints within the context of their organisational field, defined as a set of “key suppliers, resource and product consumers, regulatory agencies, and other organisations that produce similar services or products” (DiMaggio & Powell, 1983, p. 148), results in the homogenisation process reducing the variety of organisational forms. According to DiMaggio & Powell, this process does not necessarily lead to more efficient organisational forms – instead it may lead to less efficient forms. Like Lawrence & Lorsch (1967) and Woodward (1966) they argued that organisational forms rational to organisation A might not be so to organisation B in the same organisational field. Nevertheless, it might be adopted by organisation B due to the isomorphic processes in the organisational field.

DiMaggio & Powell predicted isomorphism to be more present where (1) participation of organisational managers in professional associations is greater, (2) organisations are very dependent on a single source of vital resources, (3) state agency transaction is frequent, and where (4) organisations have fewer number of visible alternative organisational forms.

2.3.1.3 Growth approaches

Previous research had indicated that different kinds of growth need to be separated. Penrose (1959) distinguished growth through mergers and acquisitions from internal growth. A study by Lockett et al (2011) concluded that organic and acquisitive growths are qualitatively different phenomena that have different effects on the future organisational growth.
2.3.1.4 Categorisation of growth factors

Regardless of growth approach, there exist factors that influence growth and future development. Penrose (1959) choose to categorise factors that influence growth of an organisation as internal or external factors. Further, she stressed the importance of dividing the factors into obstacles and inducements.

_"We should note in passing that it is important to discuss separately the nature of the inducements and obstacles to expansion instead of simply ‘net inducements to expand’, because different kinds of inducements and difficulties influence differently both the direction and the method of expansion chosen."_ (Penrose, 1959, p. 66)

According to Penrose (1959), both type of factors (internal or external) and the nature of them (inducement or obstacle) influence the business development (see Figure 8). To exemplify, Penrose present four factors influencing growth: (1) External inducements, e.g. increasing demands from existing market and customers or opportunities to grow beyond existing market and customers. (2) External obstacles, e.g. decreasing demand from existing markets and customers or high entry barriers to new markets. (3) Internal inducements, e.g. unused internal resources, knowledge and competencies. And (4) internal obstacles, e.g. lack of resources, competencies, management and structure.

![Figure 8: Categorisation of factors influencing growth (Penrose, 1959)](image)

In addition, Penrose (1959) includes a perspective that combines internal and external factors. She discusses the influence of uncertainties and risks with organisational growth caused by the inability to predict the future. Thus, organisational development is based upon expectations and estimations, which contain more or less uncertainty. In this sense, risk refers to the outcome of an action. Uncertainty, on the other hand, is coupled to the entrepreneur’s confidence about expectations and estimations of the future. Hence, it is up to the entrepreneur to weigh these against each other when making development decisions.
2.3.2 Small business development

Small business development is a theoretical field that differs from business development in general. There are good reasons for doing this, even though both small and larger firms are said to have the same function, i.e. creating value in some way. The major reason for this separation is that small firms have characteristics that make them very different from larger ones. Penrose (1959) argued that the difference between small and larger firms is so big that it is necessary for different ways of studying them. More recent research has argued that those differences relate to uncertainty, innovation, and firm evolution (Wynarczyk, Watson, Storey, Short, & Keasey, 1993). That is, in comparison with larger firms, small firms experience a bigger uncertainty of the environment, are better at providing the market with innovative products and are more likely to change their organisational structure as they grow (Storey, 1994).

Due to these differences, it is necessary to focus on different aspects when studying small business development (Storey, 1994), which in turn creates the need for other theories, models and frameworks. As road haulier industry is characterised by small firms (see section 2.2.2.1), it is a sensible choice to use small business development theory.

2.3.2.1 Measuring small business development

Researchers have used several different ways of measuring development. One common way is using growth (Wiklund, 1998; Storey, 1994). However, measuring growth is not as trivial as it might seem. Penrose (1959) argued that the term “growth” has two meanings. It can either relate a change in amount, e.g. in sales or employees, or to the result of a development process, which changes the size and characteristics of the object. Hence, several studies about growth can refer to different types of it.

According to Davidsson, Achtenhagen & Naldi (2010), most small business research has focused on growth in the sense of change in amount. There are, however, researchers that advocate more focus on the other aspect of growth. McKelvie & Wiklund (2010) suggest that future research should study modes of growth, i.e. organically, by acquisition and hybrid, rather than the outcome of growth. Another example is Rask (1984), who did not define the firms in his study as growing or not growing. Instead he defined four states describing their strategic development. Other researchers advocate the introduction of new development measurements, such as survival (Storey, 1994), stability (Röjdalen, 2004) or ability to change (Brunäker, 1993).

A reason for this, as concluded by Wynarczyk et al. (1993), is the higher diversity in the owners’ objectives for running the business. It is a common assumption that managers want maximise growth (Wiklund, 1998). However, publicly traded companies have owners that want a maximised return on their investment, thereby putting pressure on the company to grow and increase profits. Owner-managers of small business might have completely different goals with their business. Research has over and over again found evidence that many owner-managers have no intention of growing (Poutziouris, 2003; Penrose, 1959; Storey, 1994). In his study of Norwegian entrepreneurs, Kolvereid (2002) found that as many as 40% did not want to grow. He concluded that this phenomenon seems to be much higher in the Scandinavian region than elsewhere, which suggests that it might be culturally related.

It can be concluded that research has studied development in different ways. The growth approach is a common way of studying development. However, researchers are not unanimous about what measurements are more suitable for such studies.
2.3.2.2 Small business development models and frameworks

Research has proposed different kinds of models and frameworks specially designed to describe small business development. There are those similar to Chandler’s and Greiner’s stage models (Steinmetz, 1969; Scott & Bruce, 1987), process models (Wiklund, 1998; Rask, 1984), and frameworks highlighting components of interest for small business development (Smallbone & Wyer, 2006; Storey, 1994). The different types will be described in more detail in the following subsections.

Stage models

One of the older models was developed by Steinmetz (1969). He identified four stages which he called (1) Direct Supervision, (2) Supervised Supervisor, (3) Indirect Control and (4) Divisional Organisation with three critical phases at the transitions between them. As seen by the names of the stages, this model highlights the change in organisational and manager structure. Much attention is given to the challenges that the owner-manager face during the development. Initially, he or she must stop being an “owner-worker” and become an owner-manager, i.e. stop working in production and start with administrative tasks. It is further concluded that the firm will never settle at one stage, even though it can remain there for a while. For the firm to move on and survive, the owner-manager will always face new challenges.

Scott & Bruce’s (1987) model has one more stage then Steinmetz (1969). They define them as (1) Inception, (2) Survival, (3) Growth, (4) Expansion and (5) Maturity. Like Steinmetz (1969) and Greiner (1997), Scott & Bruce also identify crises at the transitions between the stages. In addition, they define eleven characteristics that change as the small firm develops. Like Steinmetz’s (1969) model, one dimension relates to the management style. The other dimensions relate to product and market, innovation, sources of finance, organisational structure, key issues, systems of control and the state of the industry. For a firm to reach the survival stage, an owner-manager must start focusing on profitability, change the management style to adapt to increasing business activity and start delegating to use his or her time more efficiently. To move on from the survival stage to growth stage, the firm must grow in a pace that it can handle and avoid overtrading, broaden the customer base, handle price competition and implement control system to handle the increased complexity.

Storey’s framework

In line with Penrose (1959), Storey (1994) suggests that models or frameworks explaining organisational growth need to consider the extensive changes that come when small organisations grow larger. Even though stage models, e.g. Scott & Bruce (1987) take that in to account, Storey points out other limitations: (1) not all firms develop in the same way, i.e. they do not go through the same stages, (2) management and organisation structure does not develop in parallel, i.e. are always on the same stage, (3) organisations can continue to exist without advancing in the stage model, and (4) movements might not exclusively be triggered by points of crisis, as assumed by Scott & Bruce (1987) and Churchill & Lewis (1983).

Storey had difficulties identify an obvious value by using stage models, which are of a descriptive kind. Instead, he saw more merit in considering small growing firms by combining three components or areas:

- The resources of the entrepreneur(s)
- The firm
- Strategy

Storey mean that each component provides a distinctive contribution to the understanding of small business growth, but that to become rapidly growing all three components needs to be combined in an
appropriate way. The appropriate combination of components is illustrated by the shaded area where all three circles intersect (see Figure 9).

![Venn diagram showing the intersection of three circles labeled 'The entrepreneur', 'The firm', and 'Strategy']

**Figure 9: Storey's model of components influencing growth in small firms (Storey, 1994)**

Each of the three components consists of a set of separate elements. The *entrepreneur* component consists of elements referring to characteristics of the individual(s) running the small business or thought of starting up one. Further, all of these elements can in principle be identified prior to a start-up and they relate exclusively to the entrepreneur and his/her access to resources and not to the firm’s. The characteristics of the business are instead coupled to the *firm* component. Elements in this component formulate the foundation of the business, e.g. legal form, age, size, sector, location and ownership. Common characteristics for those elements are that they remain relatively stable in comparison with the elements coupled to the *strategy* component. In a large extent, these strategic elements answers the question what managerial actions are likely to be associated with growth, given the entrepreneur and firm components. It typically includes competence development, market positioning, portfolio strategy, competition handling and financial strategy.
**Wiklund’s model**

Wiklund (1998) set out to study the non-trivial question about why some small firms grow while others do not. By combining three theoretical perspectives on what causes small firm growth (resource based, strategic adaptation & motivation) he developed a model to study small firm growth in Sweden (see Figure 10). Wiklund argues that research has shown that motivation, availability of resources and the environment have an effect on growth and performance. However, motivation alone does not lead to growth, and neither does the other two. Hence they need to interplay for the small firm to grow. He concludes that “How [they] affect growth is often something of a black box” (Wiklund, 1998, p. 21).

![Figure 10: Growth & Performance model (Wiklund, 1998)](image)

The resource based perspective

The resource perspective focuses on the firm internal resources. The connection between a firm’s resources and growth and performance is shown below (see Figure 11).

![Figure 11: The resource based perspective (Wiklund, 1998)](image)

The underlying logic of this process is that a firm’s performance is highly dependent on what kind and how many resources it has. An organisation can possess different kind of resources. As suggested by Barney (1991), those can be sorted into three categories: (1) physical capital resources, e.g. plant and equipment, (2) human capital resources, e.g. workers and managers, and (3) organisational capital resources, e.g. organisational structure and the organisation’s relations to its environment. Capabilities, on the other hand, are defined as what the company can do using its resources. In order for the company to use its resources and capabilities in an efficient way, the management must develop a competitive strategy. How well the company performs will depend on how good the strategy utilises the resources and capabilities.
The strategy adaption perspective
The strategy adaption perspective includes how the environment affects the company’s performance. According to definitions of the term "entrepreneurship", it is about “taking advantage of opportunity by novel combinations of resources in ways which may have impact on the market” (Wiklund, 1998, p. 2). Since opportunities often derive from the environment, an entrepreneur must interact with it and formulate a strategy in order to pursue such opportunities (see Figure 12). Thus, environment has an important impact on the small firm.

Reviewing the results of previous research, Wiklund concludes that “in order for the firms to achieve high performance, they need to adapt to their environment” (Wiklund, 1998, p. 34).

![Figure 12: Strategy adaption perspective (Wiklund, 1998)]

The motivation perspective
The motivation perspective on organisational growth and performance comes from psychological theory. Research has showed that the motivation to grow among owner-managers should not be taken for granted (Kolvereid, 2002; Penrose, 1959) and that growth aspirations shows correlation with achieved growth (Wiklund & Shepherd, 2003). Therefore, motivational theory provide tools necessary to help understand the actions taken by owner-managers and in turn why some small firms grow while others do not. Wiklund included this perspective in his model (see Figure 13).

![Figure 13: Motivational perspective (Wiklund, 1998)]
A more exhaustive model of the motivational perspective was designed by Locke (1991) (see Figure 14). The model shows key motivational concepts sorted in a chronological order. The sequence is initiated by needs, in its biological sense, i.e. something unconscious required for an organism’s survival and well-being. Our needs in turn create values and motives, which are “what people want or consider to be beneficial to their welfare” (Locke, 1991, p. 4). In contrast to needs, values and motivation exist in people’s consciousness, i.e. people are aware of them. People are no different up to this point in the sequence since all have the same fundamental needs. Hence, Locke (1991) referred to this as the motivation core, where needs are transformed into value and motives. The motivation hub is defined as the place where goals and intentions and confidence about achieving those goals (self-efficacy & expectancy) lead to an action. After taking an action, a person can experience rewards or punishment. Here values will affect what an individual finds rewarding, as Locke stresses. As he puts it, “money will not be experienced as rewarding to someone who does not value money” (Locke, 1991, p. 10). Finally, the person will experience satisfaction, e.g. from achieving goals, or dissatisfaction, e.g. failure to reach goals.

Figure 14: The motivation sequence (Locke, 1991)
**Rask’s model**

Rask (1984) set out to study hauliers’ business development. Among others, he asked the question: “Why do hauliers act in an especially conformal and passive way when developing their businesses?” (Rask, 1984, p. 13). According to Rask, there are obvious haulier business development problems. He highlights that in 1984 only one out of every 50 hauliers had their own transport selling function. Rask concluded “...in general, the single haulier does not strive maintaining market contact.” (Rask, 1984, p. 70) With profits and margin close to zero, little effort seemed to be made to increase margins by developing the business. (Rask, 1984)

With inspiration from Simon (1945) and other theories of cognition, Rask developed a model showing how hauliers’ business structure, perceived reality and strategic action relate to each other (see Figure 15).

![Figure 15: Rask's model of haulier business development (Rask, 1984)](image)

Rask argues that hauliers receive external information through their business structure which they in turn interpret using their perceived reality. At some point, this leads to a strategic action, which shapes the business structure. This means that the perceived reality are highly relevant to study in order to understand why hauliers act the way they do.
2.4 Haulier development framework

A review of the models and frameworks by Storey, Wiklund and Rask leads to the identification of common areas. A structure showing the commonalities is seen in Table 2 below.

Table 2: Commonalities between Storey, Wiklund and Rask

<table>
<thead>
<tr>
<th></th>
<th>Storey</th>
<th>Wiklund</th>
<th>Rask</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The entrepreneur</strong></td>
<td>• The resources of the entrepreneur</td>
<td>• Resources and capabilities (partially)</td>
<td>• (Not covered)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Attitudes</td>
<td></td>
</tr>
<tr>
<td><strong>Environment</strong></td>
<td>• The firm (partially)</td>
<td>• Industry</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Strategy (partially)</td>
<td>• Perceived task environment</td>
<td></td>
</tr>
<tr>
<td><strong>Strategy</strong></td>
<td>• Strategy</td>
<td>• Strategy</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Business structure</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Strategic action</td>
<td></td>
</tr>
</tbody>
</table>

First and foremost, it can be concluded that all models list internal, e.g. motivation and resources, and external factors, e.g. the environment, as important for small business development. The commonalities can be sorted into the components *Entrepreneur*, *Environment* and *Strategy*. The compounded framework can be seen below in Figure 16, which shows how these factors interplay.

This is not a model to neither test nor validate. Instead, it will be used as a framework to focus the study on specific components that research has found to be of importance in small business development. The next section will cover relevant empirical findings and definitions of the three components, so as to define and motivate them.

![Figure 16: Haulier development framework](image-url)
2.4.1 Entrepreneur

Storey (1994) and Wiklund (1998) use the term entrepreneur in a similar manner. Wiklund refers to the entrepreneur as a small business manager in his study. In Storey’s study, the entrepreneur(s) is the individual(s) who provide the prime managerial resource to the firm. That is, the entrepreneur is a manager of the small firm, but does not necessarily need to be the founder of it.

Instead of trying to define what an entrepreneur actually is, Storey (1994) and Wiklund (1998) focused on what characterises them, since they argued that to be more important when studying small business growth. The characteristics studied can be categorised as follows:

- Social demographics
- Experience and education
- Network
- Attitude (motivation, goals, favoured work tasks, etc.)

The following subsections will give the reader a review of previous empirical findings of small business manager characteristics that influences growth.

2.4.1.1 Social demographics

It is argued that the entrepreneurs' socio demographic characteristics affect their ability to lead growing businesses. Reviewing previous research, Wiklund (1998) concluded that such characteristics can provide the entrepreneur with abilities that facilitates small firm growth. However, Storey’s (1994) review did not show any strong evidence for the correlation between the entrepreneur's age, gender or ethnicity and growth. As Davidsson et al. (2010) points out, it can be difficult to show a direct connection between such factors and growth. For example, even though some studies have showed that businesses owned by women grow less than other business, others argue that such findings such are related the specific industry or to motivation.

Overall, it can be concluded that empirical findings about those characteristics mentioned are mixed.

2.4.1.2 Experience and education

The connection between an entrepreneur’s education and experience has been studied in research. Wiklund & Shepherd (2003) concluded that education in combination with motivation leads to higher growth rates. Smallbone et al (1995) and Littunen & Niittykangas (2010) found that previous experience of managerial work actually increases the potential for growth in small business. However, Wiklund (1998) could not find any strong relationship between rapid growers’ managers and other firms’. On the other hand, Storey (1994), reviewing previous research, concluded that some experiences, e.g. prior sector experience and prior business failure, are not associated with growth. However, he further concluded that prior management experience and education show correlation with growth.

It can be concluded that research has shown mixed results about the relationship between small business managers’ experience and education and growth. However, research has provided enough results to show that those factors are relevant when studying small business growth.

2.4.1.3 Network

Davidsson et al. (2010) concluded that the role of the network in small businesses has been studied for a long time. Reviewing previous research, they argued that there exist empirical results relating networking to growth. In his research on Australian SMEs, Watson (2007) found networking and creating alliances to
be positively related to growth and survival. Chell and Baines (2000) and Littunen & Niittykangas (2010) both showed that the entrepreneur(s) in well performing small firms often use their network to gain competitive advantages e.g. gathering information and recruit labour. Hence it can be concluded that networking can have a positive effect on growth, which is also concluded by Davidsson et al.

2.4.1.4 Attitude

Empirical research has found that the motivation and commitment of the company leader highly influences growth (Hendry, Jones, & Arthur, 1991; Marshall, Alderman, Wong, & Thwaites, 1995; Storey, 1994; Smallbone, Leigh, & North, 1995). Andersson (2003) found that leaders good at motivating and convincing others to believe in growth are more likely to fulfil their growth goals. Concerning goals, Wiklund (1998) found that managers of rapid growing small firms in a greater extent strive for sales growth. He also found that small business managers who prefer working with strategic over operative work tasks are much more likely to lead a rapid growing business.

Summarising the results of previous research, Davidsson et al. (2010) concluded that there are”…compelling evidence that the owner–manager’s growth motivation, communicated vision and goals have direct effects on the firm’s growth” (Davidsson, Achtenhagen, & Naldi, 2010, p. 98). Therefore, it can be said that the attitude aspects are of great importance.

2.4.2 Environment

Wiklund (1998) shows that smaller businesses more likely goes out of business in case of tough external circumstances, e.g. recession. Thus, he on the one hand, argued that “small size implies vulnerability to environmental influences” (Wiklund, 1998, pp. 37-38). But on the other hand he mean that “environment is not only a threat but can also provide the small firm with opportunities” (Wiklund, 1998, p. 38). However, from this one can conclude that environment play a big role in the development of small businesses.

Storey (1994), Wiklund (1998) and Rask (1984) provide two different main approaches when discussing environment. On the one hand, Storey and Wiklund choose to describe environment with traditional concepts, e.g. sector, competition, suppliers and customers. According to Wiklund, these concepts are based on hard facts that can be seen as objective data used to describe a particular market situation. On the other hand, Wiklund makes a distinction between the objective perspective of the market and the company’s perceived market situation. Wiklund’s idea of distinction between reality and perception is also present in Rask’s model. Both Wiklund and Rask share the opinion that the perception is the base for strategic formulation and that inaccuracy towards reality will lead to poor strategies and business structure. This may lead to what Rask referred to as structural poverty. In the following subsections these two main approaches will be explained more thoroughly.

2.4.2.1 Traditional concepts

The traditional concepts of environment refer to what can be seen as the objective market situation. Commonly used hard facts, e.g. sector, competition, suppliers and customers, are typical concepts used to describe external conditions in an industry.

**Sector**

Davidsson et al (2010) concluded that “many firms grow simply because the growth of their industry allows them to grow” (Davidsson, Achtenhagen, & Naldi, 2010, p. 105). In addition, eight out of twelve studies reviewed by Storey (1994), identified that small companies growth are related to the general growth within the sector or industry, in which the companies operate. However, these findings are not intended to prove why firms grow. Rather to show that growing firms are influenced by the environment they operate in.
Growing industries leads to that the environment constantly changes and researchers argue that small fast growing firms enjoy operating within changing dynamic environments. Wiklund (1998) realised that growing firms often are found within industries that are dynamic. Even in stagnant sectors researchers could observe that growing companies gather together in more dynamic niches, as Davidsson et al puts it: “Growth firms in industries that are stagnant overall are often found in dynamic growth niches within these industries” (Davidsson, Achtenhagen, & Naldi, 2010, p. 105). In addition, Penrose (1959) argued that growing firms are better at identifying and taking advantage of external opportunities to grow than others.

**Competition**

Even though the dimension of dynamism seems to be positive related to small growing firms, other dimensions, e.g. competition, have impact on growth as well. Storey (1994) concluded that competition indeed influence firms’ development. However, he emphasise that it might be hard to show empirically in which extent, due to the existence of different types of competition. He argue that competition, as concept, is not linear related to number of competitors, rather a subjective estimation from case to case. Instead, Storey suggested, that small firms should try to eliminate competition by smart market positioning. Through previous research, Storey & Johnson (1987) had shown that low growth firms had the poorest understanding of their competition with others.

Wiklund (1998) described environmental threats with the concept hostility, i.e. increased rivalry among actors or decreasing demand for products or services. In line with Storey (1994), he argued that diversification into new less competitive fields may be suitable to avoid hostility. In his study, Wiklund only observed a weak negative effect on small firms’ growth from environmental hostility. However, he saw a relationship between competition and growth that might be interesting for other studies on small firm growth.

**Suppliers and customers**

Suppliers and customers are the interface towards companies both upstream and downstream in the supply chain of an industry, i.e. those who directly affect the operations flow through the organisation. Kangasharju (2000) argues that major growth driver for small businesses are the customer demand. He also mentions the supply of products and services to the small business as another important factor.

Further, Smallbone et al. (1995) showed that small, fast growing, companies tended to be (1) more active in developing their offer to existing customers, (2) more active in developing new markets, (3) had customer and market driven product development and (4) had a lower dependence on their top three customers.

The last observation by Smallbone et al., i.e. low dependency on large customers, goes well in hand with Storey (1994), who concluded that being dependent on few customers is unified with high risk taking. But on the other hand he also argued that supplying high growth customers, regardless if those are few or not, may lead to high growth for small businesses as well. Further, Storey observed that small firm tend to have greater customer dependency compared to larger firms. Thus single customers have more impact on small firm growth. Hence, there are research supporting the relevance in considering customers and suppliers when studying small growing companies.

**2.4.2.2 Objective and perceived environment**

Both Wiklund (1998) and Rask (1984) concluded that there exists a difference between the objective and perceived environment. According to Wiklund, research has found that managers cannot observe and interpret reality in an accurate way. Instead their pictures of reality are subjective perceptions. Rask meant that how close to reality these perceptions are depends on the information exchange between environment and companies.
Both Wiklund and Rask argue that firms’ perceptions of environment are the base from which they build strategic actions. It is generally argued that strategies and environment needs to fit well to lead to high performance. But with this approach another dimension arise, which is the need for fit between the objective and perceived environment. According to both Wiklund and Rask, poor perceptions of reality will indirect lead to poor performance via unfitted strategies. This is what Rask referred to as *structural poverty*. The opposite, when companies can perceive the environment more accurate and from that formulate competitive strategies, is what he referred to as *structural richness*.

Wiklund argue for the importance of awareness about the difference between reality and perception, when studying small growing firms, since it can provide understanding regarding both behaviour (Rask, 1984) and performance (Wiklund, 1998).

### 2.4.3 Strategy

In the studies behind the two models and the framework reviewed above, the term strategy is used in different ways. In Storey’s (1994) study, strategy is referred to as those managerial actions that have an impact on growth. Rask (1984) defines strategy in a slightly different manner by defining it as a set of means aimed to gain or maintain a strategic position, i.e. relative to the environment and the available resources. Wiklund (1998) used “strategy” in an entrepreneurial sense coupled to the definition of entrepreneurship as “taking advantage of opportunity by novel combinations of resources in ways which may have impact on the market” (Wiklund, 1998, p. 2). Reviewing these definitions, it can be concluded that they all express strategy as actions aimed to achieve some impact or reach a goal, where action typically refers to the combination of resources.

#### 2.4.3.1 Empirical findings

There is much research on how the small business’ strategy is associated with growth. One of the most thorough studies based on Storey’s framework is Smallbone, Leigh & North’s (1995) study on high-growth SMEs. Focusing specifically on the strategy component they set out to study how strategies within products and markets, production processes, employment and the use of labour, changes in ownership, and organisation and management changes are associated with growth. Results from previous research will be presented using their categorisation.

**Product and markets**

There are many findings that indicate the importance of small firms’ product and market strategy. Smallbone et al. (1995) found that high-growth firms had much more active strategies about those areas. Specifically, those firms that were developing new products and services for existing customers, developing new markets and aimed to create a broader customer base, showed higher growth rates than other firms. Davidsson et al. (2010) also identified research results that indicate a relationship between products innovation and growth in employment. In his review of twelve studies on small firms’ strategy, Storey (1994) also concluded that strategies concerning products and markets indeed are positively related to growth. Among others, having an active market positioning strategy is associated with growth. This result is also found by Wiklund (1998), who concluded that firms expanding to growing market niches grew more than those that tried to beat competition in existing ones. Levie (1997) found that small firms developing their product portfolio with products related or unrelated to their existing products, i.e. pursuing related or unrelated diversification grew more than other firms. In line with Levie, Smallbone et al. also saw that high-growth firms typically develop from a strong core activity into a more complex business, adding related value adding products and services to their customer offer. Interestingly, they also found the dependency on the top three customers to be greater among low-growth than high-growth firms.
**Production processes**
This category has not received as much attention in the reviewed literature as products and markets has. However, Smallbone et al. (1995) findings suggest that high-growth firms work to adapt their production processes to support their product and markets strategy. The process development at such firms was found to be driven by market and customer needs. Also, high-growth firms had twice as big capital investments per employee compared to other firms.

**Employment and the use of labour**
Again, the reviewed literature has not paid much attention to this aspect either. Smallbone et al. (1995) found high-growth firms to be more successful in implementing improvements that increased productivity. A way to achieve increase in productivity is workforce training. However, in Storey’s (1994) review, it was concluded that workforce training has not shown correlations with growth. He claims that workforce training is more related to the size of the firm than to its growth.

**Changes in ownership**
Smallbone et al. (1995) could not find any significant results when studying the ownership of small firms and growth. However, they did see a tendency that high-growth firms in greater extent grew by acquiring other businesses. Storey (1994) concluded that research has shown results indicating that small firms bringing in external equity are more likely to grow than others. However, as Storey argues, this might be that investors chose to invest in firms with growth potential or have exhibited growth in the past.

**Organisation and management changes**
This category has received some more attention than the previous ones. Research has shown that business structure, and the extent to which it enables information exchange with the environment, is important if a small firm is to develop a competitive strategy (Rask, 1984). It argued that an organisation that brings in external advisors, e.g. accountants, business or advertising consultants, have better chances of being successful (Rask, 1984), which previous research indeed has indicated (Storey, 1994).

Research has also found empirical evidence showing the importance of having an organisational structure that allows the business leader to spend less time on operative and more on strategic work tasks (Smallbone, Leigh, & North, 1995). More specifically, it is important to allow the business leader to delegate responsibility (Storey, 1994). Wiklund (1998) found that the size of the management team also show correlations with growth. Rask (1984) argued that having a management team is beneficial for the strategy development process since it allows the entrepreneur to get feedback on his/her ideas. Without it, the single haulier struggles to develop a competitive strategy.
3 Methodology

This chapter gives comprehensive description of the methodology. This includes a presentation of the research process and motivations for chosen methods and sample criteria. The chapter is concluded with discussions about the empirical study’s limitations, a description of the workshops undertaken and their limitations.

3.1 Research plan

The following steps were included in the research process (see Figure 17):

- **Initial understanding of the transport industry**
  The research began with a period of reading relevant literature and meetings with key persons in order to get a grasp of the transport industry. This phase created the base for the frame of reference.

- **Problem formulation**
  The initial problem, stated by Scania, was adapted and reformulated to fit within the frame of this master’s thesis work. The final research questions were formulated during this phase as well.

- **Literature study**
  After getting involved and familiar with the research problem, an extensive literature study began. The purpose was to find and review empirical results and theory from previous research in order to create a framework for analysing haulier development.

- **Empirical study**
  In this phase, seven long hauliers were studied. The method chosen was exploratory case studies and the collected data was both qualitative and quantitative. The main sources of data were financial reports and interviews. The phase was concluded with analyses of each case and comparative analysis. These results were used to answer research question 1-3.

- **Workshops**
  The outcome from the empirical study was used in internal workshops with experts at Scania. The purpose was mainly to generate ideas for new services that Scania can develop to offer as support to their customers’ businesses. It was also done in order to increase the research’s validity by comparing the results with the experience at Scania. The outcome of the workshops was used to answer research question 4.

![Figure 17: Overview of the complete research process](image-url)
3.2 Initial understanding of the transport industry

To get an overview of the transport industry, the research began with gathering information from several sources of relevant data. The focus was on creating an overall picture and on understanding the road haulier industry in particular. Both internal sources at Scania and external sources of information were used during this phase (see Figure 18).

![Figure 18: Sources of information for the initial understanding of the transport industry](image)

### 3.2.1 Internal sources

The internal Scania report “The business of the transport company” (Eriksson, 2011) contributed to the initial understanding. Its purpose is to create a better understanding about Scania’s customers, what they do and what market circumstances they operate in.

Early meetings with Scania’s Franchise and Factory Sales division² increased the understanding about what Scania’s current truck and service solutions. To reach out and see beyond Scania’s organisation, contacts with employees working closer to the customers were established early as well.

The first contacts gave an opportunity to meet with the managing director of Scania’s internal haulier, Scania Transport Laboratory (STL). Their main task is to test new products and services by operating as a regular long haulier company. This provides Scania with valuable information about their customers’ needs and reality. Simultaneously, STL is used to test new and existing products to see how they work in real world setting. This meeting gave insights in the internal processes of a haulier business and general problems that long hauliers faces today.

---

² Franchise and Factory Sales is a market division that provides and develops franchise standards for the international sales and service networks. Among others, it is responsible for Scania’s product portfolio, including product pricing, marketing and branding.
3.2.2 External sources

In addition to sources at Scania, the Swedish Association of Road Transport Companies (SARTC) was also a source for information about today's overall industry conditions. Their published reports and articles were used to gain understanding about the road haulier market and its historical development.

Furthermore, official statistics from Statistics Sweden were used to get an overview of the different actors within the road haulier industry and how they are distributed, regarding the number of companies and fleet sizes.

In order to understand how different actors interact within the transport industry, meetings with a truck cooperative and a freight forwarder were arranged. These gave more qualitative data on the industry from an actor’s perspective and insights in the reasoning, behaviour and interests of different actors.

The overall picture was also clarified in discussions with experts in the field of the transport industry. A logistics expert talked about the need of communication among the actors within the road transport industry. Another expert in transport economy gave his view on the tough conditions that small hauliers face on the market today.

3.3 Problem formulation

The initial problem was formulated by Scania before this research had begun. After the initial understanding phase, the problem was narrowed down, adapted and reformulated to better fit within the frame of a master’s thesis work. However, the main problem was still covered in this research, regarding depth. The delimitations were rather coupled to the width of the problem. Due to time constraints the authors needed to focus on a narrow market segment instead of having a more comprehensive view. The research questions were formulated with regard to two things. Firstly, they needed to reflect the problem that Scania wanted to have studied. And secondly, they needed to be feasible within the limits of this master's thesis.

3.4 Literature study

After getting more familiar with the transport industry and having narrowed down the initial problem, the search for relevant literature began. The purpose was to build a theoretical framework of previous theory around organisations and their development in general and customise it to fit hauliers in particular. An overview of the main categories in the theoretical framework is shown below in Figure 19.

Figure 19: Overview of the theoretical framework
3.4.1 Search terms

While searching for literature, the following search terms were used in different combinations in online databases (see Table 3) to find relevant articles. The search terms were also used at the Royal Institute of Technology and Stockholm University libraries to find related books and doctoral dissertations.

Table 3: List of used search in online databases

<table>
<thead>
<tr>
<th>Search term</th>
<th>Online database</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organisation</strong></td>
<td></td>
</tr>
<tr>
<td>Organisation</td>
<td>ScienceDirect, JSTOR, Emerald, Elsevier</td>
</tr>
<tr>
<td>Enterprise</td>
<td>ScienceDirect, JSTOR, Emerald, Elsevier</td>
</tr>
<tr>
<td>Business</td>
<td>ScienceDirect, JSTOR, Emerald, Elsevier</td>
</tr>
<tr>
<td>Firm</td>
<td>ScienceDirect, JSTOR, Emerald, Elsevier</td>
</tr>
<tr>
<td>Company</td>
<td>ScienceDirect, JSTOR, Emerald, Elsevier</td>
</tr>
<tr>
<td>SME</td>
<td>ScienceDirect, JSTOR, Emerald, Elsevier</td>
</tr>
<tr>
<td>Micro</td>
<td>ScienceDirect, JSTOR, Emerald, Elsevier</td>
</tr>
<tr>
<td><strong>Hauliers</strong></td>
<td></td>
</tr>
<tr>
<td>Haulier</td>
<td>ScienceDirect, JSTOR, Emerald, Elsevier</td>
</tr>
<tr>
<td>Hauler</td>
<td>ScienceDirect, JSTOR, Emerald, Elsevier</td>
</tr>
<tr>
<td>Haulage</td>
<td>ScienceDirect, JSTOR, Emerald, Elsevier</td>
</tr>
<tr>
<td>Road</td>
<td>ScienceDirect, JSTOR, Emerald, Elsevier</td>
</tr>
<tr>
<td>Transport</td>
<td>ScienceDirect, JSTOR, Emerald, Elsevier</td>
</tr>
<tr>
<td>Carrier</td>
<td>ScienceDirect, JSTOR, Emerald, Elsevier</td>
</tr>
<tr>
<td><strong>Organisation development</strong></td>
<td></td>
</tr>
<tr>
<td>Strategy</td>
<td>ScienceDirect, JSTOR, Emerald, Elsevier</td>
</tr>
<tr>
<td>Development</td>
<td>ScienceDirect, JSTOR, Emerald, Elsevier</td>
</tr>
<tr>
<td>Entrepreneurship</td>
<td>ScienceDirect, JSTOR, Emerald, Elsevier</td>
</tr>
<tr>
<td>Success</td>
<td>ScienceDirect, JSTOR, Emerald, Elsevier</td>
</tr>
<tr>
<td>Growth</td>
<td>ScienceDirect, JSTOR, Emerald, Elsevier</td>
</tr>
<tr>
<td>Profitability</td>
<td>ScienceDirect, JSTOR, Emerald, Elsevier</td>
</tr>
<tr>
<td>Life cycle</td>
<td>ScienceDirect, JSTOR, Emerald, Elsevier</td>
</tr>
</tbody>
</table>

3.4.2 The haulier development framework

By combing the information gathered from the initial understanding phase with the relevant theory found in the literature study, a compounded framework for haulier development was created. The framework was used when interviewing and analysing hauliers in order to focus on the most relevant areas. Its structure also facilitated comparisons among the individual cases which visualised behaviours and circumstances common for the hauliers’ business development.
3.5 Empirical study

The aim of the empirical study was to collect data by having semi-structured interviews with selected hauliers and answer research questions 1-3. The next sections will give motivations for the chosen research method and the sample criteria, by which the hauliers were selected. This is followed by a description of the interview setup and the methods for analysis. Finally, limitations of the empirical study are discussed.

3.5.1 Motivation for case studies

The literature study showed that previous research on haulier business development is limited. Therefore, it was not possible to formulate hypotheses, regarding haulier business development, in advance. Thus, a methodology associated with hypothesis testing was not an alternative for this particular research, e.g. surveys. Methodologies containing active participation or experiments, e.g. participative enquiry or action research were not proper either, since this research studies a historical development.

As in this case, when the previous research on the field is limited, Collis & Hussey (2009) suggest that exploratory case studies should be used. They are “used to explore a single phenomenon in a natural setting using a variety of methods to obtain in-depth knowledge” (Collis & Hussey, 2009, p. 82). Yin (2003) extends the statement and says that, beyond exploring single a phenomenon, the aim is to understand it within the particular context. That is, instead of gathering data for hypotheses testing, the data should be used to formulate observations and statements. Collis & Hussey (2009), Yin (2003) and Eisenhardt (1989) agree that the observer should use different methods to get the best possible data and that those methods might be both qualitative and quantitative in its nature.

The empirical study was therefore based upon multiple exploratory case studies of selected hauliers’ historical development and used qualitative and quantitative methods to collect data. This gave an extensive picture of each haulier’s history.
3.5.2 Process overview

The empirical study was divided into three main parts: pre study, interviews and analysis (see Figure 20). To give the reader an overview of the process, a short description of the empirical process is given before each part is presented more thoroughly.

![Figure 20: Process overview of the empirical study](image)

- **Sample**

  The sample part began with defining criteria, which combined growth and profitability along with other factors. Such hauliers that fulfilled these were referred to as successful. Based on these criteria, hauliers were chosen from three different groups. The following step was to establish contact and set dates for interviews.

- **Interview preparations and executions**

  The interview phase consisted of two parts: preparation and execution. The purpose with the preparation was to create an overview of each case and to highlight interesting historical events. The outcome from the preparation was a timeline illustrating each case’s history by relating events to financial development.

  The purpose with the interview execution was to investigate interesting parts of the timeline further, to fill in information for periods that the preparation was not able to cover and get the interviewee’s perspective on the business. The outcomes of interviews were complete timelines of each haulier’s historical development.

- **Analysis**

  The empirical study ended with an analysis part, which consisted of two steps. To begin with, analyses of each case were done. After that, a comparative analysis of the cases was executed. The purpose of the first analysis was to identify events and actions that had been crucial for each case’s success. The purpose of the second analysis was to compare events and actions to identify similarities and differences. The identified patterns were used to answer research questions 1, 2 and 3.
3.5.3 Sample

The sample part included defining criteria, selecting long hauliers and establishing contact (see Figure 21 below). The hauliers were handpicked in three different ways: from a set of criteria defining a successful haulier, from SARTC’s definition and on Scania’s recommendations of hauliers they see as successful. However, the most important requirement was that the hauliers had exhibited a strong growth. To increase validity, these criteria were checked by Scania.

Figure 21: Sample

3.5.3.1 Group 1

The first group was sorted out from a data base containing data for all haulier registered as limited liability companies at The Swedish Company Registration Office3 (SCRO), i.e. all companies classified with the SNI-code4 49410 – road transport and cargo traffic (Statistics Sweden, 2012). The database was generated using the web site Affärsdata5. The data consisted of financial data, e.g. revenue and profit, and company data, e.g. number of employees and year founded. By using filters, a group of haulier could be selected based on certain criteria. The following criteria were used to sort out the first group of hauliers:

1) Founded before 2005-01-01
2) Revenue today ≥10 MSEK
3) Revenue growth of ≥ 30% from 2007 to 2010
4) Positive profit after net financial items, from 2007 to 2010
5) Has its core business in long haulage transports

The reason for criterion (1) was that the study required companies with a long enough history in order to see patterns and make conclusions about its development.

In addition, the criterion (2) came from the need to study hauliers that had reached a certain size. Hauliers with less revenue might barely change their business at all since the start.

As to criterion (3), a revenue increase by 30% over four years might seem quite small in comparison with other industries. However, filtering proved that it was difficult to find hauliers that had performed better that, which might be a result of the low margins and high competition of the long haulage business.

Criterion (4) was chosen to be profitability. It was important that the hauliers should still be profitable, since it is the authors’ view that both profitability and growth are characteristics of successful businesses. This is ensured by requiring a positive EBIT from 2007 to 2010.

---

3 The Swedish Company Registration Office handles all company registrations in Sweden: http://bolagsverket.se
4 SNI, or Svensk Näringslivsindelning, is a system used to classify companies by activity: http://www.sni2007.scb.se/snipdf.asp
5 Affärsdata: http://www.ad.se
Finally, criterion (5) was derived from the delimitations of this study (see section 1.5).

3.5.3.2 Group 2

The second group was gathered from SARTC’s annual nominations to their “Great haulier price”. For 2012 there were six Swedish long hauliers nominated under the criteria: “To receive the Great haulier price, the companies should, beyond having a positive result, work actively within the areas: traffic safety, environment, leadership, profitability and innovations” (The Swedish Association of Road Transport Companies, 2012)

The reason for including this group of hauliers was SARTC’s experience within the transport industry, which spreads over all road haulier segments and over a long time. By studying hauliers that SARTC sees as successful adds another interesting dimension to this research. All hauliers included in this group a revenue increase of at least 20 % from 2005 to 2010.

3.5.3.3 Group 3

The last group of hauliers came from recommendations by several internal contacts at Scania. Involving Scania’s experience in the field and following their recommendations added an extra perspective. Studying hauliers that Scania sees as successful and that have grown increased the relevance of this research.

3.5.3.4 Final sample

All groups together created an initial sample of fifteen long hauliers. The hauliers were primarily contacted by phone and by e-mail in some cases. Eight of the hauliers dropped off after this first contact round. Examples of reasons for drop off were lack of interest for this particular study, lack of time for participation in an interview or no response from haulier either via e-mail or phone.

The final sample consisted of two hauliers from group 1, three hauliers from group 2 and two hauliers from group 3, making a total of seven long hauliers of different sizes, varying from 10 to 110 MSEK in revenue per 2010 (see Figure 22).

Figure 22: Haulier size distribution per 2005 and 2010 by revenue in MSEK
3.5.4 Interview preparations

When the final sample was set, the interview preparation part began in order to become more familiar with the seven cases before each interview. The preparation consisted of three parts (see Figure 23). The purpose of this was to identify points in time or certain events that were especially interesting for the research. Thereby, questions could be formulated in advance and the interviews could focus less on getting an overview of the company.

Data was collected from various sources in order to get a good picture of each individual case (see Figure 24). In line with the choice of methodology, data was both qualitative and quantitative. Annual reports, accessible through SCRO, gave quantitative data of historical development from a financial perspective. Qualitative data, e.g. operative statements, comments and notes, was also gathered from annual reports. Other sources of qualitative data were news articles, press messages, reportages and brochures.
When the data had been collected, it was summarised in a timeline (see Figure 25). This was done to visualise both quantitative and qualitative data and relate them to each other.

![Haulier X’s Timeline](image)

**Figure 25: Example timeline for Haulier X**

**3.5.5 Interview executions**

After the preparation part, in-depth interview with key person(s) at the haulier were executed (see Table 2). The purpose was to gather qualitative data to complete the timeline and to get the interviewees perspective on the hauliers development (see Figure 26).

![Interview execution](image)

**Figure 26: Interview execution**

Interviewees were selected based on the length of experience with the haulier. The intention was to interview the founders at all hauliers since they had followed the journey from the start and would presumably have had the most influence on their company’s development. The founders were interviewed in all cases but two. Those two companies were, however, founded long ago and the founders had unfortunately passed away. A complete list of the interviewees at hauliers is found below in Table 4. As one can see, the CEOs were interviewed in all cases.
Table 4: List of interviewees in the empirical study

<table>
<thead>
<tr>
<th>Haulier</th>
<th>Interviewee(s)</th>
<th>Interviewee(s) role(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Haulier A</td>
<td>Mr A</td>
<td>Founder, owner &amp; CEO (partly driver)</td>
</tr>
<tr>
<td>Haulier B</td>
<td>Mr B</td>
<td>Founder, owner &amp; CEO (extra driver)</td>
</tr>
<tr>
<td>Haulier C</td>
<td>Mr C</td>
<td>Founder, owner &amp; CEO</td>
</tr>
<tr>
<td>Haulier D</td>
<td>Mr D</td>
<td>Founder, owner &amp; CEO</td>
</tr>
<tr>
<td>Haulier E</td>
<td>Mr E</td>
<td>Owner &amp; CEO</td>
</tr>
<tr>
<td>Haulier F</td>
<td>Mr F, Mr F’s daughter</td>
<td>Owner &amp; CEO, Manager</td>
</tr>
<tr>
<td>Haulier G</td>
<td>Mr G, Mr G’s daughter</td>
<td>Founder &amp; owner (former CEO), CEO</td>
</tr>
</tbody>
</table>

3.5.5.1 Interview setup

The interviews were executed either by phone (5 cases) or live (2 cases) depending on the distance to the hauliers’ headquarters. Due to the large amounts of qualitative data (average interview length was 60 min), all interviews were tape recorded, as recommended by Collis & Hussey (2009).

The interviews started with a short reminder containing a description of this research, the purpose of it and the interviewee’s contribution. This allowed the interviewee to ask any clarifying question that he or she might have had.

The main part of the interview, i.e. the timeline part, was semi structured. The reason was mainly that there were no clear hypotheses to test by asking a predefined set of questions. Also, the interviewers wanted to deep dive into certain points in time that were discussed during the interview if they appeared to be interesting for the research. And finally, as mentioned above, some questions had been prepared in advance based on the pre study and the haulier development framework. This structure is also recommended by Collis & Hussey (2009), who argues that semi structured interviews are suitable when the interviews are used as a means to explore rather than to test.

The interviewee was asked to start talking about how the company was founded and what had led up to that. From that, the interviewee was led throughout the history of the haulier. Follow up questions were formulated based on the interviewee’s responses and the haulier development framework. After having gone through the timeline, the interviewers used the critical incident technique. This was used to make sure that no events of particular importance had been missed out by the interviewee. If such events were found, followed up questions were asked to gather more information.

The final part of the interview was unstructured. The reason was to let the haulier reflect about his or her business freely and lead the discussion around topics they saw as crucial to their success and growth.

To conclude each interview a summarising report was written. This allowed the interviewers to compare their individual interpretation of the interview and to validate what had been said. Any ambiguities were cleared by contacting interviewees again to ask follow up questions.

3.5.6 Analysis

By using the development framework (see section 2.4), factors that have influenced the hauliers’ development were visualised. Based on the observations, a thorough analysis of each case was made in order to find factors that have influenced the haulier’s development.

After each case had been analysed separately, the analysis took a greater perspective in order to see differences and similarities between them (see Figure 27).
Events and circumstances that were more recurring were compared while taking the different contexts into consideration. The outcome of this comparative analysis consisted of drivers, challenges and other factors that have been observed to influence haulier growth. This result answered research questions 1, 2 and 3. In order to answer research question 4, five statements were formulated to inspire experts in the upcoming workshops, see section 3.6.

### 3.5.7 Limitations

This subsection will cover a discussion about the empirical study. This research was more of an interpretive nature; therefore it is typical that the reliability will be low and validity high.

The first limitation was that a few cases were investigated closely and different questions were asked, which prevented methods for checking reliability in the answers. Also, the semi-structured interview setup makes replication of the study difficult. Therefore, the same methodology would most likely end up with different answers, resulting in the lower reliability. (Collis & Hussey, 2009)

Reliability might also be affected by biases. The reason was that the research collects data using interviews with one or two individuals at each case. Hence, the phenomenon under study is not observed directly, instead it is narrated from the interviewees’ perspective. Firstly, it might be hard for them to remember situations from decades back in time and important details might disappear. Secondly, their individual interpretation of situations will affect the data if they consciously or unconsciously leave important details out.

A limitation relating to the validity lies within the sample criteria. Since the purpose was to investigate the development of growing hauliers, it was necessary to define what was meant by growth. The solution was to use a number of criteria, out of which revenue growth was the most important. The compound of these criteria was referred to as success criteria. However, it is obvious that other criteria can be used for the same purpose, e.g. instead of revenue growth, employee growth could be considered as the most important one. To reduce the impact of this, Scania checked and approved the chosen criteria.

The validity will also be limited due to the lack of comparison with non-growing hauliers. The purpose of this research was not to evaluate what growing hauliers do in contrast to other hauliers. This might create difficulties in isolating specific factors that have affected growth.
3.6 Workshops
The purpose of the workshops was to create a connection between Scania’s service development and the empirical study by combining senior experts’ experience with the results from the empirical study. The aim was to generate ideas for services that could be developed to support haulier development and to answer research question 4.

3.6.1 Sample
To get a wider range of perspectives, three workshops with experts from three groups were undertaken. Group 1 is a division within the R&D organisation with cross functional responsibility. It is in charge of setting the road map for the development of connected and wireless products. The reason for having a workshop with group 1 was that their daily work focuses on developing services that matches with Scania’s strategy. Group 2 and 3 consists of different members from Scania’s service operations department. They are responsible for the complete service portfolio management and work to offer services that supports the customer during the entire vehicle life-cycle, which is why they were chosen.

3.6.2 Setup
Two workshops with group 1 and one workshop with group 2 and 3 were carried out respectively. The intention was, however, to have only two groups and do two workshops with each. This would enable participants to think through the outputs from the first workshop and bring those reflections into the second one. In addition, the authors themselves were given the time to discuss changes, e.g. in set-up or focus, to the second workshop. However, due difficulties with scheduling, the members from group 2 and 3 could not attend twice. Hence, two iterations were only made with group 1.

3.6.2.1 First workshop
Prior to each first workshop, preparatory material was sent out to all participants. This was done in order to bring all participants to the same level of previous knowledge of the aim and purpose of the thesis and workshop. Also, participants were able to reflect on how their knowledge could be useful for the workshop.

The workshops began with a more detailed, but yet short and concise, introduction about the thesis. The participants were also introduced to the haulier development framework that had been used for the interviews and the analysis.

The introduction was followed by the five statements, which were presented one by one and discussed individually. The focus during discussions was what services a haulier might find useful considering each statement. Service ideas were then written down on post-its and posted onto a development map depending on the type of haulier it was meant to support. The idea was to let participants visualise the type of haulier that the service would suit.

3.6.2.2 Second workshop
All services from the first workshop were written down and summarised. This material was sent out to participants as preparatory material for the second workshop.

After having attended the first workshop and seen its output, participants were more prepared. This allowed discussions to go deeper. Among others, reflections about the services’ value for Scania and their fit to Scania’s core business were made and taken into account.
3.6.3 Output

The result from each workshop group was summarised, merged and presented visually and in writing. The services were placed on a development map divided into a number of swim lanes (see Figure 28).

![Development map with swim lanes](image-url)

Figure 28: Development map with swim lanes
4 Empirical study

This chapter starts with individual analysis of each of the seven hauliers. The analysis will follow the framework described in section 2.4. For thorough descriptions about the hauliers’ history and development, see Appendix – Interview summarises. This is followed by a comparative analysis identifying drivers, challenges and other factors that have been important for the hauliers. The chapter is concluded by answering research questions 1, 2 and 3.

4.1 Haulier A

Haulier A was founded by Mr A in 1999. Their timeline is found in Figure 29 below. Mr A is the only owner of Haulier A, which has eight employees (all truck drivers) and five trucks today and mainly executes transports for Skogsåkarna and Schenker. To reduce the amount of unloaded kilometres and facilitate efficient planning, Haulier A also executes transports for sawmills, a couple of other truck cooperatives and small stores. The revenue and profit margin in 2010 were 10 MSEK and 6 % respectively.

![Figure 29: Haulier A's Timeline](image-url)
4.1.1 Analysis

An analysis of the haulier’s history will be covered in the following subsections. An overview of the identified external and internal obstacles and inducements are found in Table 5 below.

Table 5: Haulier A’s historical growth inducements and obstacles

<table>
<thead>
<tr>
<th>Inducements</th>
<th>Obstacles</th>
</tr>
</thead>
<tbody>
<tr>
<td>External</td>
<td></td>
</tr>
<tr>
<td>Opportunity to develop</td>
<td>Difficulty obtaining resources</td>
</tr>
<tr>
<td>Growing demand</td>
<td>Competition</td>
</tr>
<tr>
<td></td>
<td>Low profit margins</td>
</tr>
<tr>
<td>Internal</td>
<td></td>
</tr>
<tr>
<td>Motivation to grow</td>
<td>Immature organisation</td>
</tr>
<tr>
<td>Increase earnings</td>
<td>Lack of resources and capabilities</td>
</tr>
</tbody>
</table>

4.1.1.1 Entrepreneur

Since Haulier A is still a relatively small organisation, most of their actions are directly connected to Mr A. His previous contacts and network has been of great importance for Haulier A’s development.

Network

Mr A has been able to leverage his network during Haulier A’s development. By having network he got the courage to start his own business and quit working for his father’s haulier. Later on when he decided to become more independent he used his contacts to get jobs, which allowed him to grow further. In addition, he got a deal with Schenker with the help from a family member. Therefore, Mr A’s network has obviously had a big influence on Haulier A’s development.

Experience and education

It seems quite clear that Mr A has the capability to determine whether a transport is profitable or not. During the years of Haulier A, he had over and over again showed skills in how to calculate. He stressed that the most important thing for him is the profitability in his business. For example, at the truck cooperative, where he started to work, he was not satisfied with the profitability and felt that other hauliers were treated different. Therefore, he left them and began to transport chip for Skogsåkarna (a truck cooperative), which at that time was very profitable in comparison. Furthermore, when he later joined Schenker to transport rolls for the paper industry, he realised that the rolls could be more efficiently transported, which increased profitability for everyone involved.

Mr A also gained experience at his father’s business, where he worked prior to the start of his own company. There, he worked as driver, traffic planner, administrator, and as a sales person, which most likely has helped him during the start-up and further development of Haulier A.

4.1.1.2 Environment

An analysis of the Haulier A’s interactions with the environment has led to the identification of both inducements and obstacles. These two will be covered separately below.
**Inducements**

Even though a large part of Haulier A’s development might be explained by Mr A’s focus on profit, the effect of external inducements should not be underestimated. The initiatives for expansions in a number of situations came from growing demands from existing customers. Firstly, when working for the first truck cooperative they bought an extra truck and hired one person due to the increased demand. And secondly, when working for Skogsåkarna, he started to work in shifts in order to cover the higher transport demand.

In situations when Mr A had got opportunities to develop he had taken them. Contacts from the time he worked for his father gave him the opportunity to join Skogsåkarna and other contacts enabled him to join Schenker.

**Obstacles**

Mr A mentions that one external obstacle for growth is the problem finding qualified employees. This makes it hard to grow organically.

Another obstacle that Haulier A faced during the initial years of work for the truck cooperative was unfair competition, according to Mr A. He felt that orders were not distributed fairly among the truck cooperative members. Further, he realised that other hauliers did not have the same focus on profitability, which resulted in low margins. Instead of accepting the conditions, he decided to stop taking poor orders and began to use his network to receive more profitable ones. Such behaviour is an indicator of great perception of the environment and structural richness as used by Rask (1984), i.e. having the belief that one’s own actions count and the ability to develop a competitive strategy.

**4.1.1.3 Strategy**

Until today, Haulier A has never had an articulated strategy to grow to become a larger player. Instead, the focus has been on generating profits. The growth is rather a consequence of external demands.

**Product and markets**

Mr A has been active in developing Haulier A in the terms of working within profitable sectors. He also mentions that he is a lot more confident growing within sectors he knows well and where he has a lot of contacts and references. Expansion in unknown sectors requires higher security for order flow, e.g. via long term contracts, according to Mr A. Mr A has chosen to only take on transports in segments where he has had previous contacts or references he trusts.

Further, Mr A has always been conscious of the importance of his customer base. Although Skogsåkarna and Schenker stand for most of his revenue, he has other customers to serve as well. The reason behind this is, according to Mr A, to increase stability and efficiency. He means that having several customers lets him reduce the amount of empty kilometres and gives him more options to plan efficient transports. Simultaneously, he strives to minimise sensitiveness against fluctuations in order flow. Research has shown that dependencies should be handled carefully, particularly for small businesses. (Storey, 1994) And further, that low dependencies often are present in small growing businesses. Haulier A seems to have realised the importance of spreading the risk among several customers.

Mr A also strives to develop customer solutions that are hard to replace. He mentions an example of such a solution and concludes that “not everyone can come there and say that they are taking over this tomorrow because then they would have to invest in the same gear [as I have]...this makes things harder for them” (Haulier A, 2012). Clearly, Mr A has the belief that creating such solutions is a way to keep competitors away and reduce the risk of being replaced.
Employment and the use of labour
Because Mr A experiences that finding new employees is an obstacle for growth, he would prefer to expand by acquiring another haulier instead of grow organically with problems finding customers and labour. Mr A explains that “By acquire an existing haulier ... you get rid of the work including search for new customers and find qualified employees” (Haulier A, 2012)

Organisation and management changes
One of Mr A’s reflections is that there exists a need for exchanging potential ideas and experiences with others, but preferably with no other hauliers. Small businesses, including hauliers, face tough competition and will most likely not risk sharing smart ideas with each other, Mr A explains. However, he means that he might have been helped by such a forum during the years with Haulier A.

When it comes to administrative tasks, Mr A feels that he is hindered to grow further at the moment. The non-operative tasks simply take too much time for Mr A to focus on future development. Until now, he has in principle handled all non-operative tasks himself, e.g. planning, insurance, repair and maintenance of the trucks and customer contact, in parallel to driving.
4.2 Haulier B

Haulier B is a haulier founded by Mr B in 1981 and based in Gävle. Mr B is still the owner and CEO but steps in as a driver when there is a need and spends some time in their workshop. Parts of his family are also active in the company.

Since 1990, the company has been a part of the Schenker network and transports goods between Stockholm and Gävle. Haulier B also distributes goods along two distribution lines in the north of Uppland and Gästrikland. An overview of Haulier B’s historically important events can be found in Figure 30 below.

After growing considerably in size during the last decade, Haulier B’s fleet consists of 14 vehicles plus trailers and the company has 17 employees. The turnover in 2010 reached 20 MSEK, which was twice as much as eight years before, and profit margin was a 14 %.

![Figure 30: Haulier B's Timeline](image-url)
4.2.1 Analysis

An analysis of the haulier’s history will be covered in the following subsections. An overview of the identified external and internal obstacles and inducements are found in Table 6 below.

Table 6: Haulier B’s historical growth inducements and obstacles

<table>
<thead>
<tr>
<th>Inducements</th>
<th>Obstacles</th>
</tr>
</thead>
<tbody>
<tr>
<td>External</td>
<td></td>
</tr>
<tr>
<td>• Growing demand</td>
<td>• Low confidence among customers</td>
</tr>
<tr>
<td>• Opportunity to develop</td>
<td>• Dependency on other party</td>
</tr>
<tr>
<td>• Opportunity to strengthen market position</td>
<td>• Recession</td>
</tr>
<tr>
<td>Internal</td>
<td></td>
</tr>
<tr>
<td>• Motivation to grow</td>
<td>• Lack of resources and capabilities</td>
</tr>
<tr>
<td>• Increase earnings</td>
<td>• Inefficient operations</td>
</tr>
<tr>
<td>• Unused resources or capabilities</td>
<td></td>
</tr>
<tr>
<td>• Improve relations to Schenker</td>
<td></td>
</tr>
</tbody>
</table>

4.2.1.1 Entrepreneur

Mr B has a long experience from the road haulier industry. Today, the company has many employees and therefore, Mr B’s own resources are that central to the company. However, when expanding, he has had a lot of use for the experience gained during the years of working as a haulier.

Experience and education

Mr B has no higher education but he has long experience from the road haulier industry. He started working for a truck cooperative in the 1970s and joined Schenker in 1991, i.e. he had around twenty years of industry experience when he joined them. During these twenty years, he had his own company and gained some manager experience.

The business that Mr B took over when he joined Schenker was in bad shape. The previous owner had failed to make it profitable. To turn it around, Mr B started to analyse it to see what could be done smarter. He succeeded to turn it around and brought this experience with him. In recent years, he had use of these skills when improving the distribution lines he acquired.

An indication of Mr B’s skill can be seen in Haulier B’s profit margin of 14 %, which is notably high in the road haulier industry.

Networking

This was an area that did not seem to have had a big influence on Haulier B. However, as Mr B left the truck cooperative he started to work for freight forwarders. One of the freight forwarders he was doing some minor work for was Schenker, which enable him to get to know the people there. Later on, when Schenker needed a new haulier for their Gävle – Stockholm line, Mr B was invited to join them.

Attitude

Another important factor that relates to the previous one is Mr B’s motivation. When entering Schenker, he confessed that one reason was that he was curious and “wanted to see what it would be like” (Haulier B, 2012). Even though things went bad in the beginning, Mr B was convinced that the business could be turned around. Mr B admits that he has enjoyed the work of analysing and optimising. He is very fond of math and sees this analytical work as a personal challenge.
4.2.1.2 Environment

An analysis of Haulier B’s interactions with the environment has led to the identification of both inducements and obstacles. These two will be covered separately below. The most important inducements were offers from Schenker and a growing customer demand, and mentioned obstacles were the low confidence among the customers that was caused by Haulier B’s predecessors.

Inducements

The environment has given Haulier B opportunities to grow and develop the business. Most external inducements have come from Schenker. Firstly, they offered him to take over a transportation line, which required him to expand both in number of trucks and employees. Later on, they have provided him with options to acquire two distributions lines, which also meant that he had to grow. Mr B concludes that the good relation to Schenker has been important for the firm’s development. However, other sources of external inducements have existed as well. In particular their customer Petrolia, whose demand has increased ever since Haulier B started working for them. Their undertaking has expanded from one to three trucks during this time. In addition, Mr B was offered to buy a terminal from a retiring haulier, which was an opportunity to strengthen the business. This terminal provided them with enough storage to enable further expansion.

Obstacles

Concerning obstacles for growth, being dependent on the freight forwarders during the years after the truck cooperative was difficult. According to Mr B, they only think about themselves and leave little for the hauliers. Another obstacle has been low customer confidence. When taking over the transport and distribution lines, Mr B explained that it was hard work trying to convince the former customers to return. They had left Schenker since they were not satisfied with how the transports had been undertaken by the predecessors.

4.2.1.3 Strategy

During the interview, Mr B described many different aspects of the haulier’s overall strategy. The most important ones will be analysed below.

Products and markets

Since the start of the millennium, Haulier B has entered new markets with new services. In addition to long haulage transports, they have added distribution and storage to their offer, i.e. they have expanded by vertical integration. When looking at the revenue over time, it can be concluded that the high growth in recent years began after Haulier B started to expand its offer.

Another important aspect of Haulier B’s products and markets development is that Mr B does not actively pursue growth. Instead, the opportunities have shown up and Mr B was usually pushed, for example by Schenker, to pursue the opportunities although he confessed that he has enjoyed the challenge.

Production processes

Haulier B has put lots of efforts into improving their operations. They main focus has been to cut costs. Mr B says “It is about reducing the expenditures - that’s where you earn the money” (Haulier B, 2012). A good example of this is when Mr B took over the transport line between Gävle and Stockholm. To turn the acquired business around, he decided to get rid of half of the managers.

Haulier B has also worked to increase their revenue. Lots of effort was put in the design of a new pricing model, which was necessary to make their latest distribution line profitable.
**Employment and the use of labour**

Mr B works to create a good working environment for his drivers. He wants them to earn a reasonable salary and have sustainable work load. He values his staff high and does not want to create a more efficient business on their expense. In addition, Haulier B recruits drivers from the transport high school. The students come to the company for internships where they can gather experience. Haulier B thereby gets the opportunity to train and get to know them. If they a student performs well, they will offer him/her an employment. Mr B sees this as good way to recruit new drivers.

**Organisation and management structure**

As the firm has grown, it has been necessary to change both the management and organisation structure. The first example is when he fired half of the managers in the newly acquired company, since they were redundant. The second example is when Mr B started to feel that he was overloaded. At that time, he was constantly on the phone guiding his drivers had did not have enough time for other task. To solve this it was necessary to expand the administration with another employee. Comfortably enough, his nephew was an educated traffic controller who could fill that role perfectly.
4.3 Haulier C

Haulier C is based in Stockholm. An overview of the firm’s historically important events is found below in Figure 31. Today, the company executes cooled transports for ICA with its three trucks and six employees. However, until just recently Haulier C was almost twice as big. This was during the time when they were transporting meat products between a butchery in Skövde and the slaughterhouse area in Stockholm. However, due to price competition they lost the line in December 2011.

The founder, Mr C, is the CEO of Haulier C. In addition, he is the chairman of the board at “Gula Transporterna” - an organisation, which organises the ICA hauliers. Haulier C has been doing really well during the last years. The turnover doubled from 2003-2010 and the company has high profitability during the last years. For the period 2008-2009, the profit margin was even above 17%.

![Figure 31: Haulier C's Timeline](image-url)
4.3.1 Analysis

An analysis of the haulier's history will be covered in the following subsections. An overview of the identified external and internal obstacles and inducements are found in Table 7 below.

Table 7: Haulier C's historical growth inducements and obstacles

<table>
<thead>
<tr>
<th>Inducements</th>
<th>Obstacles</th>
</tr>
</thead>
<tbody>
<tr>
<td>External</td>
<td>Internal</td>
</tr>
<tr>
<td>• Opportunity to develop</td>
<td>• Low profit margins</td>
</tr>
<tr>
<td>• Growing demand</td>
<td>• Competition</td>
</tr>
<tr>
<td>Internal</td>
<td>• Motivation to grow</td>
</tr>
<tr>
<td>• Motivation to grow</td>
<td>• Lack of resources or capabilities</td>
</tr>
<tr>
<td>• Personal challenge</td>
<td></td>
</tr>
</tbody>
</table>

4.3.1.1 Entrepreneur

Mr C had been in the road haulier industry for a long time before starting to grow remarkably. Individual analysis of the most interesting areas for this growth will be covered below.

Experience and education

From the case study, it becomes obvious that Mr C has learned to calculate accurate prices for his services. The most important example comes from price negotiations for the Stockholm-Skövde line. From the beginning, Mr C knew what a reasonable price for his services would be, considering the demand from the customer that Haulier C must not work for anyone else than them. Therefore, he could negotiate a good price for the transports. The second example is when the same customer wanted to push the price further. Mr C quickly realised that it was simply too low. Before concluding this, he had calculated the costs over and over again until he found that it would not be profitable. Therefore, he resigned and started to focus on his new customer, namely ICA.

Having been in the business for so long has also given Mr C ideas about what kinds of transport niches that are good and what niches are bad. As an example, Mr C says that he would never transport general cargo instead of temperature sensitive goods, since the former type is not possible to differentiate. Mr C has used this experience on a number of occasions when deciding to pursue a growth opportunity or not. An example is when he was offered to buy an ICA truck and he accepted immediately. According to Mr C, he was able to do so since he knew it was good market niche and that ICA was a good customer.

Networking

Since breaking out of the taxi business to recently joining ICA, Mr C has had much use of his network, both in terms spreading his professional reputation and gaining valuable information. This has given Mr C opportunities to develop his business: on the one hand, people have recommended him or offered him work, and on the other hand, Mr C has been able to gather information about what customers and market segments are good from a haulier's perspective. As an example, Mr C was offered to take over the Skövde-Stockholm line based on the recommendation from another haulier. Another example is when Mr C decided to buy his first ICA-truck. He had heard from colleagues that ICA-hauliers are well off and had thought about joining them. Therefore, he was able to make a quick decision. Also, when Mr C saw the
opportunity to begin working as a driver at the slaughterhouse area he did not hesitate to seize it. Mr C concludes that he has been “at the right place at the right time” (Haulier C, 2012) on many occasions.

**Attitude**

Mr C has been motivated to grow. He has seized many opportunities to grow if his experience has told him that it is worth pursuing. An example of this is when he was asked to start working as a driver at the slaughterhouse area in Stockholm. Even though he was already working for Motortransport transporting Scania trucks between Stockholm and Gothenburg, he did not hesitate to accept the offer. During the interview, Mr C expressed his intention of growing with ICA, his current customer, if he gets the opportunity. Also, he would consider expanding into new niches if he got a good opportunity. However, he stresses that he does not actively pursue growth. Unless a good opportunity shows up, he does not want to grow. Despite these thoughts, he has some doubts about for how long he should continue in the business. He has passed 60 and has some thoughts about retirement.

4.3.1.2 Environment

An analysis of the Haulier C’s interactions with the environment has led to the identification of both inducements and obstacles. These two will be covered separately below.

**Inducements**

Growing customer demand has been an important driver for Haulier C’s growth. The major reason for the firm’s rapid growth over the recent years has been the increasing demand from butchery they were working for. From initially having four vehicles transporting the line from Skövde to Stockholm line, they had grown to seven vehicles when they resigned from the line. According to Mr C, the demand for the Skövde butchery’s products increased steadily which meant that more transports were needed. To cover this increase in demand, it was necessary that Mr C bought more vehicles and hired more drivers. It must be concluded that Haulier C has been in very advantageous position, since they were the only haulier serving that line. However, the customer was satisfied with their services and it came naturally that Haulier C should expand with the line. In addition, a growing customer demand also caused him hire two employees during the time when the firm was in the vehicle transport business.

Apart from a growing customer demand as a driver for growth, the firm has been given many opportunities to develop the business. The reason for Mr C entering the business was a pure coincidence. Mr C, who at that time was driving taxi, heard of a person with a truck who wanted to switch to the taxi business. Seeing it as a good opportunity, Mr C contacted him and became a haulier. After about ten years in vehicle transporting, he got the opportunity to take on transports at the Stockholm slaughterhouse area. This made the firm expand into a new niche while staying in vehicle transports in parallel. After that, Mr C was given the opportunity to take on the transport line between Skövde and Stockholm, which forced him to leave the other undertakings. However, the business grew bigger there than it ever had been before. During this time, he was also given the opportunity to become an ICA-haulier, a niche within that expanded from one to three trucks from 2006-2010.

**Obstacles**

A major obstacle for Haulier C growth is the insecurity about whether the expansion would be profitable or not. Mr C does not want to expand into a new niche if he cannot be sure that it would generate enough profits. Recently, competition from other hauliers has constituted obstacles for growth. Haulier C lost the transport line between Skövde and Stockholm because they could not push their prices enough. Mr C suspects that the successor could offer lower prices since they were using foreign drivers. Mr C argues that it is impossible to compete on those terms.
4.3.1.3 Strategy

Haulier C’s strategy is influenced by profitability in everything they do. They also focus on increased efficiency by innovative solutions and new technology.

Products and markets

Although Haulier C has not actively developed their markets, the company has switched between many niches during its history. From first being in the vehicle transports niche to meat products transports and finally to food transports.

Mr C has had no outspoken strategy about how to develop the firm’s markets. However, he does not actively pursue growth. The deciding factor has been what opportunities have shown up and if it is possible to run a profitable business in those niches. Mr C has no interest in working if profitability is low. In that case, he would rather leave and find something new. For example, he did not hesitate to leave the transport line between Skövde and Stockholm when the price was pushed too low. Instead, he scaled down and began to focus on his ICA transports.

Production processes

Mr C strives to improve the processes by using technology. He actively communicates with Scania and pushes them to provide the equipment he needs. For example, he is eager to introduce ethanol engines in his fleet but the ones available are not strong enough to pull the heavy loads. In addition, Haulier C was early to introduce battery stations in their trailers so that the levelling control could be used while the vehicle was turned off. This meant that less driver time was registered, which increased the time every driver could be utilised. It also meant that the trailer did not have to be connected to the truck during unloading.

Changes in organisation and management structure

When Haulier C took over the Skövde to Stockholm line, Mr C stepped up as a full time manager of Haulier C and quit driving. He saw that administrative tasks, e.g. planning and traffic control, would take too much time. Therefore, he decided to quit driving and focus on leading the company instead. This has enabled him to overview the business, follow up on performance, improve efficiency and implement new technical solutions. So, by spending his time on the right things, i.e. those activities that create value in the long run, Mr C could achieve a high efficiency, resulting in good profitability.

When Haulier C lost the transportation line in December 2011, Mr C was forced to change the organisation and get rid of half of his employees. Although this could not have been easy, Mr C was forced to change it since it did not fit with Haulier C new business conditions.
4.4 Haulier D

Haulier D is a haulier and a 3PL company founded in 2003. Their timeline is found in Figure 32 below. In conjunction to regular transports, they provide their customers with additional services, e.g. storing, packaging and reloading. As a 3PL, they even offer their customers the possibility to outsource their complete warehousing function to them.

Already from the start they have operated as an independent transport seller, i.e. they have only worked against end customers and not via large logistic companies like DHL, DSV or Schenker.

Approximately half of their transports are executed in-house using their own drivers, trucks and trailers. The rest is forwarded onto other hauliers, but all transports are still handled and planned via Haulier D.

Haulier D has grown fast since the start: The revenue in 2010 was 35 MSEK and the profit margin was 1.3 %.

![Figure 32: Haulier D's Timeline](image-url)
4.4.1 Analysis

An analysis of the haulier’s history will be covered in the following subsections. An overview of the identified external and internal obstacles and inducements are found in Table 8 below.

<table>
<thead>
<tr>
<th>Inducements</th>
<th>Obstacles</th>
</tr>
</thead>
<tbody>
<tr>
<td>External</td>
<td>Internal</td>
</tr>
<tr>
<td>• Growing demand</td>
<td>• Recession</td>
</tr>
<tr>
<td>• Opportunity to develop</td>
<td>• Unused capabilities and resources</td>
</tr>
<tr>
<td>• Opportunity to strengthen market position</td>
<td>• Motivation to grow</td>
</tr>
<tr>
<td>• Lack of resources and capabilities</td>
<td>• Immature organisation</td>
</tr>
</tbody>
</table>

4.4.1.1 Entrepreneur

From the entrepreneurial perspective, the development has indeed to do with Mr D’s personal attributes. Both his previous experiences, network and attitude seems to have affected Haulier D’s business remarkably.

Experience and education

The idea to start a transport selling company was, in the first place, a result of that Mr D were no longer able to work as a driver. From the previous years in the industry, Mr D felt that he possess resources and capabilities, which he thinks are valuable for such a business. Along the years he has met many drivers and managers within the road haulier industry. When being force to quit as a driver because his back problems, he thought that his experience, competences and network were too valuable to throw away. Among others, Mr D says that he is very good at transport planning and traffic control, which he had learned during his years in road haulier industry. These are skills that he had much use of when starting his business.

Networking

Mr D’s previous experience as a driver had equipped him with a large contact network among hauliers. He knew that he could serve a large customer base by using his network of hauliers, which was one of the main reasons for the start-up of Haulier D. However, he did not have any potential customers to work for. Therefore, he realised that he need external competence to realise his business idea. By using his network, he came in contact with a marketing expert and thus, he overcome this internal obstacle.

Attitude

Before the start-up, Mr D had a clear business idea and motivation to grow large. Still today, he has a strong belief in the business idea and describes himself as an entrepreneur driven by continuous change and improvements. According to Mr D, it is essential to have the courage to use upcoming opportunities to become successful. For example, when he got the opportunity to take over Schenker’s large 3PL terminal, he took the chance despite the fact that he did not know that much about the 3PL business. But by again using his network and bringing in external competence, he could acquire the necessary competence to run the business, which made Haulier D the largest local player. He says that it is always a question of weighing risk against opportunity and that courage is one important key for success.
Mr D also has an idea that business leaders should work with the tasks they are most competent with and bring in external competence when needed. Mr D wants to focus on transport planning and business development rather than, for example, administration or economy. He thinks that experts in those particular areas are better at handling such tasks.

4.4.1.2 Environment
For Haulier D, external conditions, has not been that important in their early years. Instead, internal forces seemed to be more important for start-up and initial expansion. However, after the first customer contacts, returning customers and increasing demands caused most of their growth. Therefore, the external forces could be seen as growth drivers after the initial customer contacts.

Inducements
The hauliers working for Haulier D can be seen as suppliers, since they provide Haulier D with the trucks and drivers necessary to execute transports. Thus, they have been essential for Haulier D’s business already from the start and can be seen as one of the main inducements for start-up.

Haulier D’s rapid growth was in many means caused by their growing customer base and increasing customer demand. Mr D explains that many of their customers are former customers to larger actors, e.g. DHL, DSV and Schenker. According to him, many of those customers were open for new transport solutions and curious to try something new. After trying Haulier D’s services, many of them chose to switch to Haulier D, Mr D explains.

When it comes to external obstacles as competition, Mr D has never felt that the company has been hindered. They had rather exposed larger actors, at the local market, for competition. Thus, from Haulier D’s perspective, the competition has instead worked as a driver to gather new customers at the expense of others.

Another inducement for growth was actually the recession. Mr D started to get worried that all the customers would leave and that the business would fall apart. Due to this, he decided to make a push and increase the customer portfolio. Therefore, the recession was an inducement to expand and increase stability.

Obstacles
Haulier D was affected by the financial crisis, but not as much as could have been feared. They succeeded to maintain profitability and the revenue actually grew slightly during the recession. The customer that left could be replaced by new ones.

4.4.1.3 Strategy
Already from the start Haulier D, has had a clear strategy and business idea. One of their cornerstones is to be customer oriented in everything they do.

Product and markets
Mr D early realised the advantage of having near customer relations and to always put the customer first. By working direct against end customers, he means that both pricing and understanding of customers’ needs become better.

Haulier D has moved from selling transports to execution of transports and now even warehousing services via their 3PL business.
Employment and the use of labour
When discussing labour, Mr D explains that the majority of his drivers are recruited by recommendation from contacts from his large network. He means that hiring people on recommendations lead to lower risks of being surrounded by wrong people.

Organisation and management changes
Already from the start Mr D realised that he lacked competencies regarding non-operative tasks, e.g. marketing and sales. Therefore, he decided to bring in external competence in the shape of a marketing expert, Mr L. “To bring in Mr L was the best decision I ever made. Haulier D had not been what it is today without him, no doubt about that. He came in with the experience I lack, both from a professional and a personal perspective” (Haulier D, 2012)

Later on, he also realised that he cannot run everything himself if he want to maintain growth. Mr D says that it has been hard for him to step away and leave room for others to take over parts of his work tasks. Earlier, he had control over everything, from customer contact to invoicing, but now he needs to trust that others can handle those tasks.
4.5 Haulier E

Haulier E used to be a part of another company, whose business consisted of both truck and bus transports. The business was eventually split and Haulier E is now an independent haulier, who provides their customers with domestic and international transports, storage, distribution and logistics solutions. An overview of historically important events is found in Figure 33.

The company has two persons sharing the CEO role; Mr E is one of them. There were 53 employees in 2010, which are supplemented with hired personnel. The turnover reached 52 MSEK that same year and profitability was about 6 %.

Figure 33: Haulier E’s Timeline
4.5.1 Analysis

An analysis of the haulier’s history will be covered in the following subsections. An overview of the identified external and internal obstacles and inducements are found in Table 9 below.

<table>
<thead>
<tr>
<th>Inducements</th>
<th>Obstacles</th>
</tr>
</thead>
<tbody>
<tr>
<td>External</td>
<td>Internal</td>
</tr>
<tr>
<td>Growing demand</td>
<td>Dependency on other party</td>
</tr>
<tr>
<td>Opportunity to develop</td>
<td>Recession</td>
</tr>
<tr>
<td>Opportunity to strengthen market position</td>
<td></td>
</tr>
<tr>
<td>Internal</td>
<td></td>
</tr>
<tr>
<td>Motivation to increase earnings</td>
<td>Immature organisation</td>
</tr>
<tr>
<td>Increase stability</td>
<td>Lack of resources or capabilities</td>
</tr>
</tbody>
</table>

Table 9: Haulier E’s historical growth inducements and obstacles

4.5.1.1 Entrepreneur

In haulier E’s history, the entrepreneurs’ networks and attitudes are two areas that had affected their growth and success.

Network

Some positive effects from using the network of the CEO’s could be observed. Haulier E has been active in the local region for a very long time. It is an established business partner in several stages of the production value chain, i.e. from pre-processor to manufacturer to distributor, and so on. After leaving Schenker, there was not much difficulty in getting the company back on the road, even though the revenue dropped initially. Another example is when the retiring owner of a local haulier turned to the CEOs and offered them to buy his business, giving them the opportunity to strengthen the distribution business. In addition, their network informed them that the medicine company, Tamro, was looking for a new transporter. This gave Haulier E the opportunity to send an offer and today, Tamro is an important part of their customer portfolio.

Attitude

The CEOs of Haulier E see advantages from growing. By doing so, economies of scale will give a smoother business unit. Above all, however, they want a good return on the business. One major reason for the CEOs wanting to grow is therefore financial, where growth is a measure to reach that goal instead of a goal in itself.

4.5.1.2 Environment

External factors have been both inducements and obstacles for Haulier E that operates in an area characterised of enterprises and entrepreneurship.

Inducements

The major inducement for the company’s growth has been an increasing demand from customers. As the company is very exposed to the local area, a region with much industry, economic booms will have a spill over effect on them. The good years before the recession in 2009 contributed a great deal to their growth.
Opportunities from the environment have also allowed Haulier E to develop. For examples, they could strengthen their distribution business by acquiring a nearby competitor who offered Haulier E to buy him out since he was retiring. Hearing that the medicine transporter Tamro was looking for a transporter also offered them the chance to enter a new market niche.

**Obstacles**

The most characteristic obstacle to Haulier E’s growth was their dependency on Schenker. Although being a part of Schenker may have been advantageous for the company during previous stages of its development, it proved to be more an obstacle than inducement for growth in 2001. Haulier E did not lack the demand necessary to grow, but it was more difficult when being a part of Schenker. This meant that they were not as free to develop and grow as they wanted.

Another obstacle was the recession in 2009. As seen in Figure 33 above, the revenue dropped compared to 2008. The local industry was affected, which caused the need for transports to decrease. As Haulier E’s customers are concentrated in that region, they were not left unaffected.

4.5.1.3 **Strategy**

Haulier E’s strategy has its base in customer relations. During the years they had reorganised to become more efficient in order to deliver high quality to their customers.

**Products and markets**

Haulier E’s strategy is to always put the customer first. Their ambition is “to have a long term relationships with our customers and together with them develop special and customer specific transport solutions” (Haulier E, Website, 2012). When Haulier E started to notice that Schenker was constraining their growth, the company decided to leave. At that time, Schenker was too slow and the customer turned directly to Haulier E instead, which Schenker did not like. Due to this, Haulier E decided to leave Schenker and “put the customer first. It is the customer who decides whether they want goods transported or not” (Haulier E, 2012). After leaving, Haulier E was free to develop after their customers’ needs.

The company has taken steps to increase their service portfolio. When they broke out of Schenker they had long haulage traffic and distribution. Now they have increased distribution and long haulage while adding storing to their offer, i.e. vertical integration. In addition, the company has entered a new niche in medicine transports. That expansion required investments in new trucks and equipment as well as driver training. However, it strengthened their service portfolio and gave them new capabilities.

**Production processes**

To improve productivity, Haulier E has introduced new administrative processes to shorten lead times and increase capacity. When the company started to notice how inefficiency in administration was hindering their growth, they decided to introduce a system called HALDA. The system is used to support traffic and order control and can be integrated into their ERP (Enterprise Resource Planning) system. Recently, they started sending invoices over e-mail instead of mailing them. The customers like the solution and Haulier E saves a lot of administrative work. They are also planning to digitise the bill of transports.

To increase control over the fleet's fuel consumption, Haulier E has introduced a system called Masternaut. According to estimates, the system can cut their fuel consumption by 10-15 % corresponding to about 1,5 MSEK yearly, based on their annual consumption of 800,000 litres of diesel and a diesel price of 15 SEK per litre.
Changes in management and organisational structure

When Haulier E had grown fast in a few years they began to notice problems with the administration. They had simply become too big and the administration had not adapted itself. Every single administrative employee was handling all kinds of tasks, from customer contact to traffic control to invoicing. The situation in 2007 was neither sustainable for the staff nor the company. Instead of downsizing or just adding more administrative employees, the company reorganised and replaced older administrative processes with new ones. Now the administration works smooth and does not constrain Haulier E’s growth. According to Mr E, they can now handle the administration if the demand was to double in one day.
4.6 Haulier F

Haulier F’s is a haulier based on a Swedish island. Their timeline is found in Figure 34 below. Today it is owned and managed by Mr F, whose grandfather founded Haulier F in 1941. Their fleet contains of 35 vehicles that employs 60 drivers.

Haulier F executes a large variation of transports through different co-operators. They work within long haulage and distribution segment both with general, tempered and special purpose cargo. They also have an own terminal building to coordinate the goods flow and increase efficiency.

In 2010 their revenue reached 69 MSEK and their profit margin was near zero.

Figure 34: Haulier F’s Timeline
4.6.1 Analysis

An analysis of the haulier history will be covered in the following. An overview of the identified external and internal obstacles and inducements are found in Table 10 below.

Table 10: Haulier F’s historical growth inducements and obstacles

<table>
<thead>
<tr>
<th>Inducements</th>
<th>Obstacles</th>
</tr>
</thead>
<tbody>
<tr>
<td>External</td>
<td></td>
</tr>
<tr>
<td>• Opportunity to develop</td>
<td>• Dependency on other party</td>
</tr>
<tr>
<td>• Growing demand</td>
<td></td>
</tr>
<tr>
<td>• Opportunity to strengthen market position</td>
<td></td>
</tr>
<tr>
<td>Internal</td>
<td></td>
</tr>
<tr>
<td>• Increase competitiveness</td>
<td>• Lack of motivation</td>
</tr>
<tr>
<td>• Increase stability</td>
<td></td>
</tr>
<tr>
<td>• Increase earnings</td>
<td></td>
</tr>
<tr>
<td>• Increase efficiency</td>
<td></td>
</tr>
<tr>
<td>• Challenges</td>
<td></td>
</tr>
</tbody>
</table>

4.6.1.1 Entrepreneur

The entrepreneurial characteristics have always played a significant role in the history of Haulier F. The owner and CEO today, Mr F, describes himself as confident and curious to new challenges. He describes both his father and grandfather (former owners) with similar characteristics as well.

Experience and education

Since he left the school after only seven years, Mr F indeed lacks educational merits. When it comes to experience it is rather the opposite. Already from early years he accompanied his father in the truck and helped him load and unload goods. Literally he is more or less born and raised in a haulier business since both his father and grandfather always has worked in the business. He has also had time to prepare himself for the role as CEO and owner. When his father got his first stroke Mr F realised that he had to start prepare to eventually enter the role as owner and CEO. And when Mr F’s father passed away approximately ten years later he was ready to take over.

Attitude

Mr F is a curious and innovative individual in nature. New assignments, both from new or previous customers, have always been of interest and he is confident when it comes to new challenges. As he puts it: “We have never rejected an inquiry due to lack of confidence. We are not afraid of new challenges. It is not a question whether we should accept an order, rather a question of how we should do it to deliver the best possible result”. (Haulier F, 2012) He often comes up with new ideas of how they should solve problems, both in terms of new challenging tasks, e.g. special purpose transports, and to increase efficiency, e.g. regrouping of goods for higher fill rate.

When discussing growth, Mr F explains that Haulier F did not have articulated aspirations to grow. Instead they focus on becoming best on what they do at the moment. He meant that growth is rather a consequence of increasing demands from the market.

4.6.1.2 Environment

Almost all drivers for growth had come from the external environment for Haulier F. As obstacles for growth they mention dependency on others as crucial.
**Inducements**
The environment has provided Haulier F with opportunities during the decades. The majority of their growth has its origin in increasing demands from existing customers, which also has resulted in stronger market positions. For example, when the transportation by ferries were replaced by trucks and trailers in the 1960s Haulier F closed a deal with DHL (former ASG) and today they are responsible for all DHL transports to and from the island. In addition, the terminal building DHL built for Haulier F has led to more efficient transports and Mr F is convinced that their success has a lot to do with the cooperation with DHL.

Haulier F is also involved in haulier related businesses due to increasing demands from customers. For example, they run a business responsible for loading and unloading trailers onto ships, and also a recycling business.

**Obstacles**
Even though their growth is strongly related to larger actors’ growth, Mr F mentions that those dependencies rather prevent than ease growth in some situations due to bureaucracy and slow actions from the co-operators.

**4.6.1.3 Strategy**
Haulier F has always had a relative clear strategy. They have never had a strategy of being the largest player. Instead they have focused on being best on what they do at the moment. Mr F puts it like: “We do not want to be largest, we want to be best”. (Haulier F, 2012)

He further explained that the bigger a company is the higher is the risk of missing something important. Therefore, growth is not a strategy in itself, rather a consequence of increasing demands from the market.

**Product and markets**
A large part of their strategy has been to spread their risk through activities on different markets and customers. In fact, they mention the lack of dependency on few customers as one of the success factors in the development. Concerning their service offer, they have never rejected an opportunity to offer a new service because it would be too far from their core business. Instead, they have seen it as an inducement to increase their stability.

By developing their offer to include additional services in conjunction with the transport they can become more attractive for the customer. Simultaneously, it might be harder for the customer to find a replacing service, which creates a competitive advantage for them.

**Employment and the use of labour**
The importance of loyal and motivated co-workers is something that Mr F sees as a foundation for his company. Without them, the company would not survive. They are also those who meet the customers daily, and thus they highly affect the brand in everything they do.

Haulier F has the advantage of working close to the local transport high school. Many of the students come to them for internships during their education. The advantage is that both parties get to know each other before a possible employment. Through this, Haulier F gets the opportunity to hire those who they think fits best into their organisation.

Furthermore, they have realised that every individual had different needs when it comes to management and leadership. Mr F explains: “As a manager you need to figure out how to motivate single individuals. You need to get everyone enthusiastic and willing to do their best to become successful in the end”. (Haulier F, 2012) To get the whole
staff to work against same goals he think it is important to find ways of reaching out to every single employee. Supporting systems to evaluate driver behaviours and fuel efficiency had made it natural to sit down with drivers to discuss performance and working environment. Although, the systems had been rejected by some individuals, Haulier F always strives to find alternative ways of handling such situations to meet every employee’s needs.
4.7 Haulier G

Haulier G is a haulier based southern of Stockholm with a terminal in Helsingborg and an Estonian subsidiary. Their timeline is found in Figure 35 below. The firm was founded by Mr G in 1960 and is run today by his daughter. Mr G is still active as the owner.

Haulier G offers domestic and international long haulage transports of general cargo. They also take on special transports, such as high security, temperature controlled and flight container transports. Using their two terminals, Haulier G is able to co-load goods.

They are one of the bigger hauliers in their region with 100 trucks plus trailers and 70 employees. Some of their bigger customers are TNT, Swedish Post, and a pharmaceutical company. The revenue in 2010 was about 100 MSEK and the profit margin was 4 %.

Figure 35: Haulier G’s Timeline
4.7.1 Analysis

An analysis of the haulier history will be covered in the following. An overview of the identified external and internal obstacles and inducements are found in Table 11 below.

<table>
<thead>
<tr>
<th>Inducements</th>
<th>Obstacles</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>External</strong></td>
<td></td>
</tr>
<tr>
<td>• Opportunity to develop</td>
<td>• Dependency on other party</td>
</tr>
<tr>
<td>• Growing demand</td>
<td>• Competition</td>
</tr>
<tr>
<td>• Opportunity to strengthen market position</td>
<td>• Recession</td>
</tr>
<tr>
<td><strong>Internal</strong></td>
<td></td>
</tr>
<tr>
<td>• Motivation to grow</td>
<td>• Immature organisation</td>
</tr>
<tr>
<td>• Increase earnings</td>
<td>• Lack of resources and capabilities</td>
</tr>
<tr>
<td>• Unused resources or capabilities</td>
<td></td>
</tr>
<tr>
<td>• Increase competitiveness</td>
<td></td>
</tr>
<tr>
<td>• Increase stability</td>
<td></td>
</tr>
</tbody>
</table>

4.7.1.1 Entrepreneur

Much of Haulier G’s growth can be derived from Mr G as a person. Both his experience, networking abilities and attitude seems to have affect the history of Haulier G.

Experience and education

Mr G does not have any higher education. However, he had been a truck cooperative haulier for ten years when he got his first customer. Therefore, Mr G had necessary experience about the profession and the market.

An example of when Mr G used his experience was when he got the opportunity to work for Scania and leave the truck cooperative. In order to make a decision, he started to calculate how profitable that assignment would be. He realised that, considering how much he would get paid, he would have to drive his truck very little, i.e. the variable cost of the transport would be low, which made the assignment very profitable. Because of his experience, Mr G was able to make a rational decision that proved to be very good.

However, when the company got bigger, Mr G eventually realised that he lacked the experience and education necessary to develop the business further. To solve this, he stepped back and appointed an old friend and partner to become the CEO. He had experience from bigger companies and higher education, which allowed Haulier G to take the next step.

Networking

The use of Mr G’s network has been important at many stages of Haulier G’s development. It began when he made friends with the head of the harbour who later offered Mr G to take on transports for Scania. This allowed Mr G to quit the truck cooperative he was currently working for, start his own independent business and get his first customer.

Later, Mr G was invited to join TNT after making contact with one of their representatives at a bar in Helsingborg. Getting that offer in the first place was much thanks to Mr G’s networking skills. But TNT is not the only example; a lot of Haulier G’s big customers are so thanks to Mr G’s contacts.
Haulier G’s CEO from 2002-2012, met Mr G at the logistics company where he worked. It was he who took charge of Haulier G when a new leadership was necessary and developed the company further.

By networking, Mr G has been introduced to many possibilities to expand his business. The vague expression “being the right place at the right time” (Haulier G, 2012) fits very well to Haulier G’s story, according to Mr G himself.

**Attitude**

Mr G has been motivated to grow. When opportunities have shown, Mr G has seized them. A good example of this is when Mr G just had left the truck cooperative. After following an increased demand from his existing customer, he saw how container transports was increasing, a market niche different from his. The entry barriers were significant, since he had to invest in new equipment to enter that niche. However, Mr G, motivated to grow, decided to seize the opportunity. This choice proved to be successful.

**4.7.1.2 Environment**

An analysis of Haulier G’s interactions with the environment has led to the identification of both inducements and obstacles. These two will be covered separately below.

**Inducements**

Many examples of inducements and obstacles in Haulier G’s environment have affected their development. First and foremost, a growing demand from existing customers has particularly driven the growth of Haulier G. A major reason for their 132 % increase in revenue from 1998-2008 was increasing demand from existing customers, particularly from their biggest customer TNT. In the beginning when Mr G hired his first employees, it was due to the increased demand from his first customer. When the company later entered the container transport niche, increasing demand again drove Haulier G’s growth.

Another external inducement for Haulier G has been the perceived threat from other hauliers. When experiencing an increase in demand from an existing customer, Haulier G always aims to fulfil it or else they fear that the customer will hire a competitor instead of them.

The environment has also provided Haulier G with opportunities to grow and strengthen their market position. By joining TNT, Haulier G has on numerous occasions been given such opportunities. A good example is that they were asked to open a subsidiary in Estonia to be a part of TNT’s network. Another example is when the opportunity to acquire Green Cargo showed up. This allowed Haulier G to grow and strengthen its market position.

**Obstacles**

The case does not show as many external obstacles. However, an obvious obstacle has been the dependency on the truck cooperative in the beginning. Because of them, Mr G did not accept the offer to start working for Scania at first. Also, during his time at the truck cooperative, he experienced that the distance to the customer was big, meaning that it was difficult to build a personal relation with them. This is a crucial aspect for a successful business relation. Also, the recession in 2009 resulted in a lower demand for transports. Some of their TNT lines were put on hold and many minor customers disappeared. Due to this, Haulier G revenue dropped in 2009 compared to 2008.

A second external obstacle mentioned is competition from truck cooperatives. According to Mr G, it is impossible to compete with their low prices on non-differentiable transports. Instead, Haulier G needs to offer something extra to the customer that the truck cooperative cannot.
4.7.1.3 Strategy

Haulier G’s strategy is highly influenced by their customers’ needs and demands. Mr G believes in long relationships both with partners, employees and customers.

**Products and markets**

Haulier G describes themselves as a haulier that works close to the customer. Working close to TNT meant that Mr G saw the potential of saving money by setting up the terminal in Helsingborg. Together with the pharmaceutical company, Haulier G developed a tailored transport solution for their high security cargo and flight container transports. Haulier G even bought a building next to a railroad in order to offer SJ the transport solution that they needed.

Being integrated in the customer's business also means that Haulier G is able to get to know it better. This helps them discover hidden service needs that create additional value for the customer and keeps less informed competitors away.

Further, Mr G stresses the importance of always putting up for the customer and never saying no. The customer must be able to rely on Haulier G that they can cover their transport needs, which will create a strong relation. As Mr G puts it “Our customers know that we never reject them on the phone. If they come to us with a problem they know that we will do everything we can to solve it as fast and efficiently as possible”. (Haulier G, 2012)

Haulier G’s strategy has been to grow with their customers. When the demand for container transports increased, Mr G decided to invest additional trucks and hire drivers. They followed TNT in its growth in Scandinavia. Haulier G even founded a subsidiary in Estonia when TNT wanted to expand to the east. Just as with these customers, Haulier G’s other customers’ demands have also allowed the business to grow. From 1998-2008, Haulier G’s revenue increased with over 130%, most of which was due to an increasing demands from existing customers.

According to Mr G, one of the reasons for wanting to grow with their customers is to prevent competitors from stealing them. If one customer shows an increasing demand, Haulier G must try to serve it or else they risk sharing the customer with another haulier or even lose it. Mr G points out that this also will improve the company’s positions in negotiations.

By growing with the customer, Haulier G has managed to strengthen the relations to its customers and thus keep competitors away.

**Employment and the use of labour**

Mr G explained that it is important to have motivated and reliable employees. He argues that an employee that does not enjoy working will not do a great job either. The employees talk to and meet the customer daily and a bad impression might reflect bad onto Haulier G business, which in turn affect the relationship.

**Changing the organisation and management structure**

A crucial factor that made this work possible was that Mr G quitted driving and started focusing on administrative tasks instead. When those tasks began to take too much time, Mr G hired people to help him to free more time for management. Later, when Mr G began to feel that he lacked the experience and education necessary for a company of that size, Haulier G changed its management and organisational structure again. This resulted in the new CEO, who had experience from management in bigger companies. To regain control, he changed the organisational structure of Haulier G and introduced new functions.
4.8 Comparative analysis

In the comparative analysis, the findings from each previous case analysis will be compared and discussed in order to identify commonalities between the seven cases. The outcome of the analysis will be observations used to answer research questions 1, 2 and 3.

4.8.1 Entrepreneur

The first part of the analysis will focus on the characteristics of the entrepreneur behind each haulier. After the initial analysis of each case it became clear that the three focus areas: experience and education, networking and attitude, all have affected the hauliers’ historical development. The following analysis will discuss similarities and differences between the seven cases.

4.8.1.1 Experience and education

Researchers have discussed whether experience or education affects growth in small organisation or not (Littunen & Niittykangas, 2010; Storey, 1994; Smallbone, Leigh, & North, 1995). However, when analysing the seven cases simultaneously, three attributes appear to be more frequent. One apparent trend among the cases in this study is that many of the entrepreneurs have previous industry experience. Either from previous work at another haulier, or through industry contact via family business. These experiences have provided the entrepreneurs with great industry knowledge, wide contact networks and the confidence to start up own hauliers. Storey (1994) reasoned that prior sector experience might be important since it provides the entrepreneur with knowledge about the sector, which is necessary for the firm to grow. However, such previous experience might also hinder the entrepreneur to think differently and provide something new to the market, which might constrain growth. In the cases studied, it seems that Storey’s first argument is more valid than the second.

It has been argued that education will result in higher growth rates in small businesses (Wiklund & Shepherd, 2003). Many entrepreneurs in this study declare that they lack educational merits and therefore, no particular comparison could be made to see if education seemed to boost growth or not. However, it seems that education is not a prerequisite for an entrepreneur in the road haulier industry to become successful.

A final interesting observation from the previous analyses is that the majority declare that they have calculating skills, i.e. are good with numbers. This skill has been useful when determining how much prices can be lowered or when looking for cost cutting opportunities. Such skills could indeed be learnt through education but in these cases, it seems to be a part of the experience in running a haulier business.

4.8.1.2 Networking

As previous research has concluded, networking can have a positive effect on growth (Davidsson, Achtenhagen, & Naldi, 2010; Watson, 2007). The entrepreneurs in this study agreed that the networking has contributed to their development. The most frequent contribution among them was that networking helped to increase order flows. Either by getting opportunities to reach new markets and customers or increasing the order flow from an existing customer.

Furthermore, some of the entrepreneurs declare that their network of contacts was a major reason for start-up of own hauliers. On one hand, the network provided them with the confidence and courage needed for taking the step and becoming self-employed. On the other hand, a large network was seen as an unused resource, which was too valuable to be left unused.
Chell & Baines (2000) and Litunen & Niittykangas (2010) observed that successful entrepreneurs used their network in a larger extent, e.g. for recruiting and gathering and distributing information. This study has indication of both uses: Recruitment among hauliers is based on contacts and recommendations, which indeed are related to the hauliers networking abilities. Further, it is clear that the hauliers in this study have used their network as an information channel and a way to market themselves. By actively searching for market information, new opportunities arise. What impact these opportunities have had on the hauliers will be covered later on in this analysis.

4.8.1.3 Attitude

A shared opinion among researchers is that having motivated and committed leaders is of great importance for small firm growth (Hendry, Jones, & Arthur, 1991; Marshall, Alderman, Wong, & Thwaites, 1995; Storey, 1994; Smallbone, Leigh, & North, 1995). In this study, all entrepreneurs can be described as motivated and committed striving to run their businesses in the best possible way.

What the best possible way is differs among the cases. Some are driven by continuous improvements and new challenges, e.g. increasing efficiency or solving the customers’ problems. Others are simply driven by the goal to increase earnings, increase stability or to challenge themselves personally. Regardless of the entrepreneurs’ individual motivation for growth and that growth is not a goal in itself, it can be concluded that all entrepreneurs in this study have seen growth as way to reach their goals.

Many of the entrepreneurs emphasise the importance of being curious and always prepared to use upcoming opportunities to develop. While some are actively out on the market to search for new opportunities, others just wait for them to appear. However, this study indicates that getting and using opportunities are important when describing the haulier’s growth.

4.8.2 Environment

The second part of this analysis will compare the external inducements and obstacles identified in each case.

4.8.2.1 Inducements

The external inducements observed were coherent across all case studies. The first observation made was that all interviewees mention a growing demand as a driver for their growth. Effects of growing demand was seen both in early and later stages of the development, thus it seems to be important for all haulier sizes. In early stages, hauliers growth was a result of a growing the demand from a single customer, whereas growth at later stages was derived from a growing demand from many customers.

This result was not unexpected. Kangasharju (2000) argues that the demand for a company’s products and services is the major external determinant for small firm growth. In the case of the road haulier industry, demand for transports cannot be created through marketing, for example. Instead, the demand is derived from the demand of other products or services (Rask, 1984), e.g. if the demand for ice cream would increase it would induce an increased need for cooled transports. Therefore an increase in the demand for a haulier’s services must be preceded by an increase in demand of its customers’ products or services. Penrose (1959) argued that a growing demand makes the entrepreneur feel more secure when making investment decisions. Thus, the core of this observation might be that the hauliers included in this study have expanded with customer demand since the risk is lower. On the other hand, Wiklund (1998) showed that small high-growth firm’s entrepreneurial orientation, i.e. risk taking, pro-activeness and innovation, is an important growth factor. However, the risk taking component does not seem to be present in this particular study.
The second observation made was that opportunities to develop the business were seized and led to growth. An example of such an opportunity is when a person, typically from the entrepreneur’s network, offers the haulier to take on transports for a new customer or to acquire a business. A key to getting these opportunities is having many contacts, which again emphasizes importance of having a good network.

Overall it was observed that growing customer demands and opportunities to develop the business were important at points in time when the haulier grew. These inducements were combined with others, such as wanting to cover a growing demand in order to keep competitors away or wanting to increase stability ahead of an upcoming recession or to reduce dependency on single customers.

### 4.8.2.2 Obstacles

A review of all cases’ obstacles shows that two items stand out. These are dependency on other organisations and recession. The dependency related to the truck cooperative or freight forwarder that the haulier sold their transports through. The dependency resulted in constrained growth or lack of growth opportunities. In haulier E’s case, the freight forwarder tried to prevent the company from growing too much, since it began to feel threatened. This factor is something that the reviewed literature did not cover in particular, although Smallbone et al. (1995) found that small high-growth firms typically had a more diversified customer portfolio than other firms, thereby a lower dependence on every single customer. However, considering the fact that the 10,000 Swedish hauliers sell their transports trough 600 sales points (The Swedish Association of Road Transport Companies, 2012), it can be concluded that dependencies on a single organisations are very common in the road haulier industry. Thus effects of this could be expected to be more important for haulier growth than it would be for small firm growth in general.

Not surprisingly, the recession in 2009 seemed to have had an impact on most hauliers in the study. The implications mentioned were lower prices and lower customer demand. It is possible to estimate the impact of this recession on the road haulier industry by looking at the effects on Scania’s business. In 2009, delivered trucks in Europe sank with more than 50 % (Scania AB, 2011). This combined with Penrose’s (1959) argument, i.e. growing demand is important when entrepreneurs make investment decisions, means that the road haulier industry must have experienced a rapid decrease in demand. That is, the obstacle of recession was obviously nothing particular for the cases in this study.

### 4.8.3 Strategy

In this final part of the comparative analysis, the identified strategies will be compared by the same structure as in the individual analysis.

#### 4.8.3.1 Product and markets

The first observation made was that a majority of the hauliers stressed the importance of working near the end customer. In fact, all but two of the hauliers (Haulier A & B) sold their own transports, which enables direct contact with the end customer. The reasons mentioned for this strategy is that it allows the haulier to see the additional unexpressed needs of the customer. Using this information, hauliers are able to develop a solution for their customer rather than offering a typical, non-differentiable transport service, which competitors easily can replace. In addition, having close and profitable cooperation with the end customer creates a strong relationship, which also is hard to replace.

These observations are in line with O’Boyle and Kamins (2012), who argue that for B2B companies to become successful, they must work to increase their customers’ performance and not limit their business to just offering products or services. They argue that this will result in competitive advantages and
stronger customer relationships. Smallbone et al. (1995) also found that a common strategy among high-growth firms is to focus product and service development for existing customers’ needs.

The second observation made was that a majority of the haulier had developed by vertical integration, i.e. expanding their offer with services adjacent to transports. Some hauliers had started with distribution, Haulier E had increased customer’s opportunities to store goods and Haulier B had entered distribution. This observation is also in line with one of Smallbone et al. findings that high-growth businesses develop from a strong core activity to adding value-adding products and services to their offer. Rask (1984) argued that such development ought to be pursued by more hauliers, since it is a way to increase competitiveness and margins.

4.8.3.2 Production processes

No general strategy could be seen here other than that all hauliers in some way worked to improve their production processes. Haulier F had introduced a system called Masternaut, which helps them reduce their fuel consumption. In addition to having a system of the same kind as Haulier F had, Haulier E talked a lot about their work to create a more efficient administration. An important part of this was the introduction of a system called HALDA, which among others facilitated their order handling. Haulier B explained that he analyses the business by “calculating on everything” (Haulier B, 2012), but he had no advanced system for either reducing fuel consumption or fleet management. Haulier A worked similar to Haulier B. Haulier C had a system for reducing fuel consumption called BlueTree, which also provided data about trailer temperature. Haulier G, like a majority of the other hauliers, had begun to pay much attention to their environmental impact, which they aimed to decrease by reducing their fuel consumption.

The only conclusion that will be drawn here is that all hauliers in some way worked to improve their production processes and using computer systems seems to be a useful tool.

4.8.3.3 Employment and the use of labour

When comparing the previous case analyses, there are two main commonalities among the hauliers regarding new employment and use of existing labour.

Most of the hauliers mention their employees as central resources for their business. They also argue that their employees highly impact the hauliers’ brand in their daily work including much customer contact. Thus, the hauliers stressed the importance of providing individual motivation, support and sustainable working environment, e.g. sustainable workload and reasonable salary, for their labour.

Regarding employment of new drivers, there are indicators of difficulties in finding qualified individuals. However, it is observable that some of the hauliers cooperate with local transport high schools. They argue that bringing in students early in their businesses had advantages for both parties. They had time to get to know each other before a possible employment and the haulier could pick the individuals they thought fit best into their organisation. Therefore, it can be argued that cooperation with transport high schools is one way to minimise the risk of hiring unqualified workers.

4.8.3.4 Changes in management and organisational structure

The initial analysis indicated that the step from self-employed to becoming an organisation might cause obstacles for hauliers. All hauliers in the study had felt an increased need of administration when growing larger. A natural step for most of them was that the entrepreneur started to handle the non-operative tasks in parallel with regular task, e.g. driving and loading. But at some point a full-time employee is needed to cover the demand of non-operative tasks. Some entrepreneurs choose to hire an external administrator while others decided to delegate operative work completely and focus on administration themselves.
Research has found that organisations allowing leaders to (1) delegate responsibilities and (2) focus on non-operative tasks are more likely to grow with success (Storey, 1994; Smallbone, Leigh, & North, 1995). In line with Storey’s (1994) findings, some of the hauliers mention delegation of responsibilities as an obstacle for growth. As self-employed they had total control over everything, but at some point it is no longer manageable to control everything and delegation is unavoidable for further growth. Steinmetz (1969) identifies this as a crucial step to overcome if a business is to survive in the long run.

After overcoming the obstacles of hiring the initial non-operative employees, the case study indicates that there exists a point where the organisation needs a more sophisticated structure. In that case it is not enough to just hire more administrative personnel. Instead, the administrative function needs to be organised, e.g. in different responsibility areas or roles. The necessity of developing the organisation as the business grows is mentioned by Scott & Bruce (1987). They argue that organisations must develop from an initial unstructured and centralised state into becoming more introduced and decentralised as they grow.

In some cases the managers mention that they reached a point where their competences are not enough to develop the haulier further. The solution was to bring in external competence in the management team to handle the increased complexity of the bigger organisation. This observation is in line with research findings indicating that small firms bringing in expertise (Rask, 1984) or external managerial competence (Storey, 1994) exhibit more growth or are more successful than other firms.

### 4.8.4 Results (RQ1-3)

This subsection will provide answers to research questions 1-3 by summarising the growth drivers, challenges and other factors that have influenced the hauliers’ development.

**RQ1: What are the drivers for haulier growth?**

- The main driver that could be identified was a growing customer demand.
- Other drivers were the wish to:
  - Increase stability
  - Reduce dependency on single customers
  - Increase earnings, and
  - To challenge oneself

**RQ2: What challenges have growing hauliers overcome?**

The main challenges found were:

- Dependency on another organisation
- Having an immature and inefficient organisational structure and administration, and
- The recession in 2009
RQ3: What other factors have been important for growing hauliers’ development?

Having a large network has given entrepreneurs:

- Opportunities to grow and develop
- Possibility to find and recruit qualified employees
- Access to valuable information, and
- Possibility to market the company

Working near the end customer has enabled hauliers to:

- Develop competitive customised solutions
- Strengthen customer relations, and
- Gain competitive advantages over competitors

Other observations were:

- All hauliers worked to improve their production processes and computer systems seem to be useful tools for this.
- Vertical integration, e.g. adding storage or distribution to the service offer, was pursued by a majority of the hauliers.
- All entrepreneurs had a long experience of working in the road haulier industry before starting to grow.
- Lack of education does not seem to be an obstacle for haulier managers to lead successful and growing businesses.
- All but two of the hauliers had started to sell their own transports, i.e. they became independent of any truck cooperative or freight forwarder.
5 Workshops

This chapter focuses on the workshops undertaken with three different groups of experts at Scania. The aim of these was to create a clearer connection between the results from the empirical study and Scania’s service development. The chapter begins with preparations made with the results from the comparative analysis. This is followed by an overview and concise descriptions of the five service areas identified.

5.1 Preparations

To answer research question 4, i.e. “What services can Scania offer to contribute to haulier growth?” it was necessary to select those observations, which were found to be most relevant for Scania’s business. For example, even though the recession was found to have been an obstacle for growth, there is little that Scania can do to prevent that. Further, personal motivation factors, such as the wish to challenge oneself, are considered to be something that cannot be affected by Scania. Therefore, the workshop will focus on the following drivers, challenges and other factors influencing growth:

Drivers

- Growing customer demand

Challenges

- Dependency on another organisation
- Having immature and inefficient organisational structure and administration

Other factors

- Having a large network
- Working near end customer

Here, it is argued that Scania’s services can affect those drivers, challenges and other factors listed above. It might seem odd to exclude the obstacle “Recession”, i.e. declining customer demand, and then include “Growing customer demand” as a driver. However, recessions hit the entire economy, whereas a growing demand might be concentrated in a certain niche (cooled transports); market (Gävle area); or to a certain product (chip). By using Scania’s market overview, experience and business expertise, there is a potential to help customers finding the right specialisation of their business.
To put these areas into a context and inspire the experts, five statements were formulated. The contexts were chosen by identifying similar event in the history of the seven hauliers. A number of such events were found but only those which occurred in at least three haulier’s development were selected.

**Statement 1:** “Initial investments and employment in a haulier’s development can be seen as responses to an increasing demand from existing customers or potential customers in the entrepreneur’s network.”

In this statement, it is highlighted that as the hauliers studied were small, they grew with an increasing customer demand and were highly dependent on the entrepreneur’s network. It also clarifies that the hauliers did not want to make risky investments before they were sure that there would be enough orders to cover it.

**Statement 2:** “In order to leave a truck cooperative, it is crucial that the haulier has a network of potential customers.”

This statement again shows the importance of having a network. Those hauliers that have left a truck cooperative found customers by using their network. This step is crucial for those who experienced that “dependency on another organisation” constrained their growth. Also, the result of leaving brings the haulier closer to the end customer, which most hauliers found to be very important.

**Statement 3:** “For every growing haulier, there exists a size in terms of number of drivers, trucks, and customers etc., when the administration becomes too big for the entrepreneur to handle in parallel to operative tasks.”

Here, the administrative challenges for the entrepreneur are highlighted. In line with research and observations, entrepreneurs must sooner or later step back from operative work because he/she does simply not have time for both.

**Statement 4:** “Working close to the end customer enables hauliers to develop their businesses to cover a larger part of the customer's total demand by offering additional services, which keeps competitors away and strengthens the customer relationship.”

In this statement, the intention is to highlight some advantages of working near the end customer. As seen in many of the cases, hauliers considered this crucial for their business development. By understanding the customer’s business, the haulier can design a solution instead of just offering a transport, which is easier to replace. Also, when the customer starts to grow and its need for transports increases, the haulier offering an irreplaceable solution has better chances to piggy-back on that growth.

**Statement 5:** “As the business grows and becomes more complex, a simple, centralised administration will constitute a bottleneck for growth. Therefore, the administration must develop with the size of the business and become increasingly decentralised with specialised roles.”

This statement again focuses on the organisational and managerial challenges experienced by the hauliers studied. However, this particular challenge is expected to arise when the haulier already has an established administration. When this happens, the previous solution of just adding another administrative employee, having the same responsibilities as the others, will not solve the problem. Instead of every employee doing parts of everything, e.g. order handling, traffic control and invoicing, every employee should specialise in one or two specific roles.
5.2 Suggested areas for service development

The outcome from the workshops was ideas of new potential services generated through discussions around the five statements with experts at Scania. The suggested services are presented below in Figure 36. By reviewing the suggested services, five categories, or “swim lanes”, were created: Administration & Economy, Sales & Marketing, Networking, Education and Business Consultancy. The services were sorted into one of these five categories and placed along the swim lanes indicating what type of haulier (small, medium or large) that those were meant to support. Each category will be presented in the following subsections, along with short presentations of selected services.

![Figure 36: Overview of identified services and swim lanes](image)

### 5.2.1 Administration & Economy

Services in this category were identified for all haulier sizes. For smaller hauliers, services supporting simple administration and economical tasks were suggested, whereas the medium hauliers would have more use of a service integrating their own business with the customers, or information sharing. What data should be shared depends on the specific customer relation. Example of such data would be the cargo position or deviations from planned route, which also would reduce otherwise necessary direct communication with each customer.

For large customers, experts saw the need to have services that support an administration consisting of many different administrative roles, e.g. traffic control, economy and order handling. Therefore, Scania’s administrative services should be scalable, from one person handlings all roles too many persons handling single roles.
5.2.2 Sales & Marketing

Experts saw a need for support in sales and marketing, especially for small hauliers. A service suggested was a tool for setting up a simple homepage. This would enable potential customers to easily gather information about the haulier and provide an opportunity for him/her to get an initial feeling for the hauliers business.

The second service suggested was providing the small haulier with an additional sales point. On the “Scania Spot Market”, the haulier could see and accept single temporary transports. This would decrease dependency on one single customer and allow small hauliers to increase fill rates or simply reduce unloaded kilometres.

5.2.3 Networking

To encourage and facilitate small hauliers’ networking, experts suggested introducing a service similar to LinkedIn\(^6\). This would enable hauliers to get a quick overview of their professional network, easily connect with hauliers far from their own local market, and find potential recruitments or business partners. By reaching out to contacts’ contacts when looking for new employees, small haulier managers would reach out to more people and be sure to have trustworthy references.

5.2.4 Education

In education, experts saw an increasing need for business knowledge in the organisation as it grows bigger. The results indicated a need for education in sales, negotiations and marketing. To support hauliers learning, a “Scania Business School” would offer courses to haulier managers wanting to deepen their business knowledge. In addition, such courses would give hauliers an excellent opportunity to network, exchange experiences and reflect upon their own business.

5.2.5 Business Consultancy

Finally, experts saw the need for a business consultancy practise to provide support at crucial stages of their development. For small hauliers, a business consultant could evaluate the feasibility in their business ideas and give suggestions on changes. This would offer small hauliers to get expert feedback on their ideas and increase their chances to grow and be successful. For larger hauliers, this service could be more of an inspirational characteristic to lead stagnating hauliers on new tracks and develop further.

\(^6\) LinkedIn is an online network for professionals. For more information see: http://www.linkedin.com
5.3 Results (RQ4)

By using the areas for service development identified during the workshops, research question 4 will be answered.

RQ4: Based on this, what services can Scania offer to contribute to haulier growth?

Services found to have a potential impact on growth can be categorised into the following five areas:

- Administration & Economy
- Sales & Marketing
- Networking
- Education
- Business Consultancy
6 Discussion and conclusions

This chapter will connect to the introduction and summarise and discuss results from the empirical study and the workshops. It will also discuss how this master’s thesis contributes to knowledge along with its limitations. The chapter is concluded with a discussion about implications for Scania and recommendations for future work.

6.1 Purpose and research questions

The purpose of this master’s thesis was “to gain insight into haulier development and list implications for Scania’s business and service development”. The research questions formulated were:

- **RQ1**: What are the drivers for haulier growth?
- **RQ2**: What challenges have growing hauliers overcome?
- **RQ3**: What other factors have been important for growing hauliers’ development?
- **RQ4**: Based on this, what services can Scania offer to contribute to haulier growth?

The following subsections will discuss the results for each research question, put them into the right context and review them critically.

6.1.1 **RQ1: The drivers for growth**

The main growth driver identified was a growing customer demand. Other drivers were the wish to increase earnings or to challenge oneself. It should be stressed, though, that none of these factors alone lead to growth. Instead, growth is the result of interplay between many individual factors. Haulier managers concluded that many periods of growth was due to an increase in demand but usually in combination with something else, such as the wish to challenge oneself or to increase earnings.

To conclude this discussion, a growing demand alone will not necessarily result in business growth at the haulier, since it requires that the haulier also has the resources, organisation and motivation to grow. However, the hauliers in this study stressed that growing customer demand has been an important driver for their development.

6.1.2 **RQ2: The challenges for growth**

The first challenge identified was being dependent on another organisation. The hauliers in this study did not want to be too dependent on a single organisation, such as a truck cooperative or freight forwarder. In fact, almost all of them had their own customers or were working for more than one freight forwarder or truck cooperative. However, it cannot be said that having own customer is positive for all hauliers. It is probably better for many small hauliers to belong to a truck cooperative in many ways. For example, they do not need to do as much administration since the truck cooperative handles all customer contact. This allows the haulier to fully focus on optimising the operations. However, the drawback is that the haulier must share the order flow with many others. This means that the haulier cannot grow on the expense of others like the independent haulier can.

The second challenge was connected to the haulier’s organisation and administration. Although small hauliers do not have much of an organisation, this challenge will likely arise as the haulier grows bigger. Firstly, the hauliers’ founders experienced a tug-of-war between operative and administrative task. This eventually prevented the founder from driving and forced him to focus fully on administration. Secondly, the administration in itself must continue to develop: from simple and centralised to complex and
decentralised. This means, both hiring more administrative employees and adapting the structure to the increased complexity of the business.

The impression from interviews, though, is that most haulier founders enter the business because of their passion for driving trucks. Such businesses are usually referred to as “Lifestyle businesses”. In such businesses, it would be more likely that the hauliers decide to downsize if administration is taking too much time since driving trucks is their passion. Nevertheless, looking at data over haulier size distribution in Sweden between 1960 and 2009 (see section 2.2.2.1), it can be concluded that hauliers in general become bigger and bigger. Hence, it can be argued that organisational and administrative problems will become more common in the future.

6.1.3 RQ3: Other factors important for growth

The importance of having and using ones network was seen in all seven cases: it opens up many opportunities to develop, is a source of valuable market information and a channel for recruitment. All of these things are indeed important, but it cannot be said that increased networking automatically enables hauliers to grow. Again, it should not be forgotten that all hauliers do not want to grow their business and would therefore not use their network to pursue the possibilities mentioned above. However, if the right platforms for networking were provided by Scania, hauliers motivated for growth would probably see the benefits and start using them.

Apart from networking, working near the customer was considered to be important for most hauliers. The reasons were that it enabled them to understand the customers’ business and thereby hidden needs. The importance of creating a strong customer relationship has been highlighted both in previous research and been observed in this study. As of today, there are only 600 transport sales points and over 10,000 hauliers (The Swedish Association of Road Transport Companies, 2009), meaning that only a very few hauliers sell their own transports. This shows that most hauliers today do not have direct contact with the end customer. If working close to customer is important for haulier growth, then why are the overall majority of Swedish hauliers isolated from the market? Two reasons are probably the large amount of “lifestyle businesses” and the rigid structures in the road haulier industry. However, this will not be further discussed here. It will only be concluded that the studied hauliers are different from the average Swedish hauliers in this aspect.

6.1.4 RQ4: Suggested areas for service development

After discussing the above observations with experts at Scania, five areas for service development were identified: Administration & Economy, Sales & Marketing, Networking, Education, and Business Consultancy.

The first reflection made is that none of these service areas are meant to support the haulier’s operations. Instead, these support the development of the haulier’s/manager’s resources and capabilities (Education, Networking), managerial activities (Sales & Marketing, Business Consultancy), and administrative activities (Administration & Economy). However, reviewing Scania’s service offer, it can be concluded that all services today focus on the haulier’s operations and are all connected to the truck in some aspect (see Appendix – Scania’s portfolio). Considering this and the observations made, there seems to be a gap between what could be offered to support hauliers’ growth and what is offered today.

Since the services suggested do not fit into the current service development focus, i.e. with the truck in the centre, the results might indicate the need for changing the current focus. In such the new focus, services would be developed to support the haulier rather than supporting the truck. Figure 37 shows an illustration of this.
This result suggests that Scania should increase their efforts in developing services supporting the hauliers’ management and administration. There are, however, two aspects that need to be taken into consideration. Firstly, for hauliers to have functioning and efficient operations, they need reliable vehicles adapted for the right purpose and good drivers. That is, even the best managers cannot be expected to lead a successful and growing business with non-functioning vehicles and poor drivers. Secondly, it can be argued that an increased effort to support the hauliers’ management is far away from Scania’s core business. Although Scania is aiming to become a solution provider (Scania AB, 2011), their core is still about developing and manufacturing high quality vehicles and engines. This is a reason for why the services offered today all relate to the product. So even though it is in Scania’s interest to have growing customers, it might not have the in-house competence or organisation necessary to develop and offer customers the services suggested. Thirdly, the suggested services have been selected on basis of what the haulier customers need to grow, and not in a way to maximise Scania’s service revenue (see section 1.5). That is, these services should not be expected to make a significant impact on Scania’s service revenue. However, a growing haulier would purchase more trucks, which in turn would benefit the trucks sales. These trucks would in turn need repair, maintenance and parts, which would increase the sales of other services. So the services suggested in this master’s thesis are assumed to have an indirect rather than direct effect on Scania’s business.

6.2 Contribution to knowledge

By reviewing recent research on the road haulier business, a gap of knowledge was observed. This was the result of a high focus on waste in road haulier operations, whereas little attention has been given to growth inducements and challenges for road hauliers in general. This study aimed to fill this gap and has contributed with some valuable insight to the research field. The main contribution of this study, however, is of an exploratory character. Since recent research on road haulier growth and development has been limited, this study contributed by enlightening some of the dark corners of knowledge. Although succeeding in generating a few interesting results, more research is needed to fully understand haulier development, its inducements and challenges. For suggestions on future research, see section 6.4.
6.3 Limitations

The limitations of this research relate both to the validity and reliability. Since only a few hauliers were investigated closely, the reliability will be lower and that prevents any generic conclusion about all Swedish hauliers. In addition, due to the qualitative nature of the research, the main data was collected from interviews. There are two potential biases with this approach: firstly, interviewees were asked to tell about events in the past. In such cases, there is a risk that important details are not remembered. For example, one haulier did not remember any particular events from the year before even though his firm had remarkably increased its revenue since then. Secondly, interviewees might consciously or unconsciously give highly subjective interpretations of the series of events leaving sensitive details out. These two biases might affect the data and thereby the analyses and results.

The limitation in validity relates to the lack of comparison with other hauliers, which makes conclusions about specific factors' influence difficult. However, such comparisons would have required finding comparative hauliers that were the same in all other aspects but the growth and success. This would not have been possible. Also, the sample criteria chosen might have excluded hauliers that have grown and been successful in other aspects. To reduce the effect of this, Scania was asked to check and approve the criteria.

6.4 Recommendations for future work

The recommendation for Scania is to increase its understanding about haulier development. The observations in this study indicate that there is need for certain services that are not offered today. However, as this study has not aimed to provide any generic answers, it is sensible to quantitatively study haulier growth as the next step. Preferably, such studies should have a narrower focus to increase reliability in the results. One suggestion for interesting research would be to study the inducements and challenges with introducing an office. As observed in this study, many haulier managers mentioned this as a big step to take and one talked about the difficulties of being in between operative and administrative work. Another suggestion is to study to the impact of education. A potential approach would be to study haulier managers that have attended the haulier beginner's course offered by SARTC and compare their economical performances with other new hauliers'.

Although interesting results have been provided, much work still needs to be done. Therefore, service development should not be done based on this study alone. Despite this, the observations clearly indicate that there are non-truck related activities that are important for haulier's growth, but not supported through Scania's service offer as of today. By shifting perspective and expanding knowledge about these activities, Scania would take an important step into becoming the solution provider it aims to be.
References


A Appendix – Scania’s portfolio

Scania has six product areas: Trucks, buses, engines, services, engines, used trucks and other. The products are developed with different requirements and are used in various industries and applications. Below follows a quick walk through of Scania’s complete product portfolio in order to give the reader a good overview Scania and its products.

A.1 Trucks

The truck production is based on a modular system of components, i.e. a limited set of cabs, chassis, engines and transmissions that can be combined to manufacture a wide range of trucks after the customer’s needs. Scania’s trucks can be sorted into four main categories: long haulage, distribution, construction and special purpose vehicles.

Long haulage trucks are used for long distance transports. Crucial here is minimising fuel consumption, maximising load and volume capacity as well as uptime and reliability. Examples of applications are trailer, tank and bulk, and vehicle transports.

Distribution trucks are developed for multiple stops and pick-ups in urban environments with focus on fuel efficiency and excellent manoeuvrability in dense traffic. It is important that the design allows the driver to easily and quickly load and unload the truck at each stop.

The construction trucks are robust vehicles with big loading capacity used in the construction as well as in mining industries. Important factors besides fuel efficiency are maximum pull weight and off road capabilities.

Special purpose vehicles is a segment consisting of many types of trucks. These are divided into fire and rescue, refuse collection and defence. Fire and rescue vehicles (depending on application) need high top speed and sometimes also handle off road transports. Refuse collection trucks need high fuel efficiency for low speeds and many stops as well as good manoeuvrability and visibility in urban environments. Defence trucks are designed to execute off road transports and must be extremely reliable in hostile situations.

A.2 Buses

Scania manufactures buses for two main applications: city/suburban and Intercity/coach transports.

City and suburban buses are used for public transports. Inner-city buses must have easy entrance and exit to allow a big flow of passengers with different needs, e.g. elderly with reduced mobility. They must have excellent manoeuvrability and visibility for inner-city traffic and minimise its emissions while driving at lower speeds. Suburban buses must have big passenger capacity and be adapted for higher speeds than inner-city buses.

Intercity and coach are designed for long distance travellers and tourists. Unlike city and suburban buses, these need to be designed for passengers carrying luggage and travelling long distances. This means needs for comfort, good luggage loading capacity and low fuel consumption.

A.3 Engines

There are three categories of engines that Scania offers: Industrial, marine and power generation engines. Industrial engines are among others used in the construction and agriculture industries. Marine engines are used for on water operations, such in search and rescue operations, and are designed to withstand harsh
marine conditions. Power generation engines are used for both prime and standby applications, i.e. both as the main and backup source of electricity. Common for all engines is that they are fuel efficient, reliable, have high uptime and low service needs.

A.4 Services

In addition to their products, Scania offer services that support their haulier customers’ operations and businesses. Scania divides their services into three categories: Vehicle, Driver and Office. From these three, four sub-categories can be seen. These are Repair, Maintenance & Parts, Financing & Rental, Driver Training and Fleet Management (see Figure 38).

**Repair, Maintenance & Parts** makes sure that the vehicle has a long up-time. With over 1,500 workshop worldwide and high quality spare parts, Scania aims to guarantee a long product life time and low life-cycle costs.

**Financing & Rental** is offered through Scania’s own financing company. The aim is to help customers handle risks with truck investments and provide financing. In addition, Scania also offers customers to rent trucks over shorter and longer periods. This option is perfect for hauliers experiencing seasonal fluctuations in demand.

**Driver Training** is a service offered to educate drivers on how to drive efficiently with low wearing on truck and lower emissions. To ensure that drivers maintain the good driving skills taught at the driver training, Scania has developed a system, which gives feedback to the driver while driving.

**Fleet Management** is a set of services used to connect trucks to the office. The aim is to let hauliers monitor, analyse and control the trucks and see how they are doing. The system supports maintenance planning and provides information about fuel consumption, driver performance, vehicle tracking and deviations.

Figure 38: Scania’s service offer today
The following appendix consists of interview reports and other documentation that relates to the seven cases. For every case, the historical development in: revenue, assets, number of employees and profit after net financial items, is included.

B.1 Haulier A

Figure 39: Haulier A’s revenue

Figure 40: Haulier A’s assets
Figure 41: Haulier A’s employees

Figure 42: Haulier A’s profit after net financial items
**B.1.1 History**

Mr A was born and raised in a haulier family. His father's haulier was founded before Mr A was born. When Mr A had grown up, he started to work in his father's business: first as a driver, but later on as a traffic planner and administrator. His responsibilities were to handle customer contact and plan transport. The company was relatively big with its 10 trucks.

By the end of 1999 Mr A thought about starting his own business. He was becoming a bit tired of working for his father and felt that he had built up a small network of valuable contacts, which he could use. After a discussion with his wife, they went to the local bank to loan money for the first truck in the founded company’s name. However, the bank wanted security and did not approve the loan. Therefore, Mr A and his wife had to take a private loan first and then put that money into company, which was a risky thing to do for them. After buying a truck Mr A joined a truck cooperative where he connections and began transporting general cargo.

**B.1.1.1 The truck cooperative period**

During the first two years, work came entirely through the truck cooperative. Mr A succeeded with getting an agreement enabling him to get paid 25 days after each transport, at latest. Compared to standard, i.e. between 30-60 days, this was a great advantage for Mr A. For the administration and book keeping, Mr A had his mother, which had long experience from similar work in her husband’s business.

During this two year period Mr A worked a lot. He began to notice that the demand from the truck cooperative was increasing. This made him feel the need for one more truck and an employee to meet the demand, so he expanded.

After a while Mr A realised that the other hauliers at the truck cooperative were different from him. He did not have the same perspective on the business as they had. As Mr A describes it “It was more important that people looked up to you than that you actually earned money. It was prestigious to drive day and night and load as much as possible. No one really cared about profitability.” (Haulier A, 2012)

Mr A decided not to take orders that would not generate profit. If he would, he would just wear and tear the value out of his trucks away for nothing. At the same time he also noticed that the truck cooperative was favouring some hauliers by always giving them the most profitable orders. Mr A explains that “It was all about personal chemistry. Those who had the best contact with traffic planners always got the most profitable orders.” (Haulier A, 2012)

**B.1.1.2 Switches truck cooperative**

He found out that his business did not go that well after all and the bad numbers resulted in a confiscation of the permission for one of the trucks. At this time he did not see the future in continuing on the same track. Therefore, he used the contacts he had established when working for his father to find another company to work for. Eventually, Mr A was able to join Skogsåkarna, another truck cooperative. The job was about transporting chip, which his father’s company had been specialised at. Mr A was forced to sell one of his current trucks to get the equipment necessary for the new type of transports.

He kept his other truck for general cargo transports at the other truck cooperative, but the orders from there soon faded out. After six months, Mr A was working for Skogsåkarna only. He sold his second truck and hired another employee to drive in shifts. They were now three drivers on one truck.

Transporting chip proved to be very profitable. Prices were good and Haulier A worked around the clock.
B.1.1.3 Joins Schenker

The business kept on going well and in 2007 his cousin, also a haulier, asked Mr A if he was interested in joining Schenker. He had namely got the question earlier but lacked the resources to get into it. The deal was about transporting rolls for the paper industry. Mr A saw a chance and accepted.

Mr A realised that the new transport could be done more efficiently. Since the weight was not the limiting factor, he aimed to use as much of the trailer volume as possible. He developed a new way of loading the rolls which saved money for his customer by reducing the transport price per roll.

During these following years until today, Mr A has had a stable growth with preserved profitability. He has hired drivers and bought trucks as demand increased. He concludes that “It was at this time Haulier A started to grow for real” (Haulier A, 2012).

B.1.2 Today

The biggest part of Mr A’s revenue comes from his three trucks with drivers that are connected to Schenker and his chip truck that transports for Skogsåkarna. Beyond that, he also transports for a couple of other truck cooperatives, sawmills and stores to minimise the amount of unloaded km for his trucks.

Nowadays, Mr A tries to not drive more than 2-3 days per week himself. The rest of the time for him is about establishing customer contact, planning and doing parts of the administrative tasks. He also sees himself as an extra employee, who can jump in if someone is away for some reason.

In 2011, Mr A’s mom wanted to take a step back from work, so from now on Mr A outsource parts of administrative work on others so he can maintain his focus on the core business, selling and executing transports. “I didn’t see the point in working with tasks that others do better. I am good at driving, planning and interacting with customers. The supporting stuff could someone else do much better.” (Haulier A, 2012)

B.1.3 About the business and other reflections

B.1.3.1 Strategy

One of Mr A’s strategies is to work for many customers and he sees two advantages of this; firstly, it will reduce the dependency on one single customer. He concludes that even though he does not have to fear his job for the paper company today, things might look differently in the future. Therefore, he makes sure to have other customers as well. Secondly, it gives Mr A more opportunities to plan the transports in an efficient way.

Another of his strategies is to create customer specific solutions which are hard for competitors to replace. One example of this is the job for the paper company that Mr A has designed especially for them. He concludes that “not everyone can come there and say that they are taking over this tomorrow because then they would have to invest in the same gear [as I have]...this makes things harder for them.” (Haulier A, 2012)

B.1.3.2 Future plans

Mr A has a positive view on the future. He plans to expand, but only if the conditions are good enough. Most likely he will acquire another haulier instead of grow organically. “By acquiring an existing haulier, you get everything needed to actually run the business. Sure, you might pay a higher price, but you get rid of the work of searching for new customers and find qualified employees.” (Haulier A, 2012)
When discussing growth, Mr A explains how different types of expansion require different types of securities. “Growth within an existing segment requires less security, since you already have contacts, which can provide new jobs for you. Expansion in new segments requires long term contracts to guarantee the incoming order flow.” (Haulier A, 2012)

However, Mr A has recently started to feel that administration has begun to take too much of his time. Since there is no one who helps him, he has to take on everything. This has left Mr A thinking about downsizing instead of growing.

**B.1.3.3 Other reflections**

When developing a business, regardless of type, it is a great advantage to have someone to talk to and discuss potential ideas. Since the haulier business is characterised by small companies and hard competition it can be hard to find someone to trust and exchange ideas with. “If you discuss a new idea with another haulier they will most likely tell you that it is a bad idea. But then they went home and do the exact thing themselves.” (Haulier A, 2012)

Further, Mr A explains the problem with working for a truck cooperative as a small haulier. “The problem is that truck cooperatives handle the agreements against end customers, but they do not execute the transports themselves. The hauliers will therefore face an extreme price competition and will be forced to take orders that are near to zero, or even below, in profit margins. In the long run, it is not sustainable for the single haulier and it will be impossible to grow.” (Haulier A, 2012)

But at the same time he says that it can be hard for a one truck haulier to find orders without the wide network, which leaves.

**B.1.4 Follow up questions**

- What happened in 2010? (The revenue increased from 6 to 10 million in one year and hired 2 in staff)
  - Do not remember any particular event
- Why so high profits in 2008?
  - Sold a vehicle for a good price
B.2 Haulier B

Figure 43: Haulier B's revenue

Figure 44: Haulier B’s assets
Figure 45: Haulier B’s employees

Figure 46: Haulier B’s profit after net financial items
**B.2.1 Today**

Haulier B was founded by Mr B in 1981 and based in Gävle. Mr B is still the owner and CEO but steps in as a driver when there is a need and spends some time in their workshop. Parts of his family are also active in the company.

Since 1990, the company has been a part of the Schenker network and transports goods between Stockholm and Gävle. Haulier B also distributes goods along two distribution lines in the north of Uppland and Gästrikland.

After growing considerably in size during the last decade, Haulier B’s fleet consists of 14 vehicles plus trailers and the company has 17 employees. The turnover in 2010 reached 20 MSEK, which was twice as much as eight years before, and profit margin was a 14%.

**B.2.2 History**

Unlike many in this industry, Mr B was not born into the haulier business. His father was a construction worker. However, his grandfather had been a haulier back in the days when road haulage was still about horse and carriage. Mr B entered the road haulier industry in the 1970s when he helped his brother in law with the start-up of a truck cooperative called Truckcentralen. Some years after, Mr B was pushed by his brother in law to buy a truck and start to work for the truck cooperative. After some consideration, Mr B decided to give it a go. He bought a truck and started a firm.

**B.2.2.1 Leaves the truck cooperative and joins Schenker**

He stayed at the Truckcentralen for ten years. By the end of his time there he had expanded to two crane trucks and one employee, a friend of his. Eventually he left the truck cooperative, and switched to trailer transports instead. During this time, he worked for several forwarding agencies.

In 1991, after having done some minor work for Schenker, he was asked to join the 3PL’s network and take charge of their transport line between Gävle and Stockholm. Mr B, who was already doing quite well at that time, accepted. He explains that one reason for this choice was curiosity. “Back then, I was still young and motivated and thought “why not try it out”...I wanted to try something new and see what it would be like”. (Haulier B, 2012)

In 1991, Haulier B converted from being a sole proprietorship to a private limited company, which reduced Mr B’s risk by clearing him from personal responsibility of the company’s debts and losses. At the same time, Mr B bought six trucks and trailers when he acquired a division of Tobiassons åkeri, which previously had transported goods between Stockholm and Gävle. Since Tobiassons Åkeri, originally from Gothenburg, was in a poor financial situation, Mr B got a favourable price.

**B.2.2.2 Tough times and hard work**

Starting the new business was hard work. The customers that had left Haulier B's predecessor did not return immediately. According to Mr B, much of the work “...was about convincing the customer that it worked fine to send goods with us to Stockholm” (Haulier B, 2012) . During this hard period, Schenker helped him to find new customers. However, as recession hit Sweden in 1991, demand plummeted and the business went worse. “It was impossible to get good prices, everything went down...we managed to find goods to transport, but the prices were simply catastrophic” (Haulier B, 2012).

Mr B did not give up, he was convinced that the business could go much better; “I was around 30 at that time and thought “it must be possible to get this into shape and get some profitability” (Haulier B, 2012) . Mr B was
lucky to find good and motivated employees and together they started to look into the business to figure out how efficiency could be increased.

It took about four years of hard work and investments for the Gävle - Stockholm line to become profitable. One of the major changes was switching to disconnectable trailers. Among others, this meant that the truck did not have to wait while its trailer was unloaded and could start pulling another trailer instead, meaning a reduced need for waiting times and trucks. They also decided to dismiss half of the managers at the acquired division. Mr B concludes that they “implemented smarter solutions than our predecessors had” (Haulier B, 2012).

### B.2.2.3 Important new customer

In 1994, they were assigned by Schenker to execute transports for a petroleum company. Today, the company is called Petrolia and manufactures motor lubricants and chemicals. The company approached Schenker asking for transports between Loudden in Stockholm and their newly opened factory in Söderfors, close to Gävle. The task was to transport plastic cans from Söderfors to Loudden, where they were filled with the company’s products.

Since Haulier B’s undertaking started, Petrolia’s business has grown considerably. Their revenue has doubled since 1998, from 240 to 540 MSEK, which Haulier B has profited from. Initially, the undertaking employed one truck and trailer per day but this has doubled since then. Now they also transport Petrolia’s products from Loudden to ICA in Västerås. Since the undertaking is so important to Haulier B, they have one truck dedicated for Petrolia transports.

Other hauliers have tried to compete with them, but Haulier B has managed to keep their important customer so far, even though both Mr B and Petrolia are aware of cheaper alternatives out there. Mr B explains that Petrolia are satisfied with their services and their long experience from working together as two reasons as to why Haulier B is still on the job. "...we lowered our prices a bit once, but that is it. I guess it is because we have done a good job...and I can guarantee that we are not the cheapest alternative...but after so many years, we have established good contact with them. We know exactly what the job is about and what to do. We are serving them to 100% down there [in Stockholm]” (Haulier B, 2012).

### B.2.2.4 Entering distribution and increasing growth

Mr B’s company started the millennium in a good way. The revenue was now 10 MSEK and profit after net financial items was 500 KSEK. Some year later, Schenker pushed Mr B to acquire one of their distribution lines to Östhammar, whose contractor recently had gone bankrupt. After some consideration, Mr B acquired the line but confesses that “had not Schenker pushed me into it, the company would have remained the same...but I thought it was a challenge” (Haulier B, 2012). Although Mr B bought the business for a favourable price, it was bad shape and needed lots of attention. Initially, the acquisition affected Mr B’s company negatively and 2002 ended with a financial loss.

Two years after acquiring the distribution line, the company started to grow rapidly with increasing profit margins. In 2008, the revenue had reached 20 MSEK and the profit after net financial items was almost 4 MSEK. In 2007 and 2008, Haulier B received an award for proof of excellent entrepreneurship in Gästrikland. Mr B explains the success as a result of them having a clear idea of how to work and that they had got the distribution line into shape. Thanks to the hard work of Mr B’s wife Mrs B and cooperation with Schenker a new pricing model for the distribution line was introduced. Mrs B understood that it was necessary and reasonable to charge an additional transport fee since the distribution...
line included some remote places, which the predecessor had not thought about. Since then, the customers along that line have returned.

The distribution line also meant advantages for their Stockholm - Gävle line, since some of their customers in Stockholm send goods to the Östhammar surroundings. By filling the distribution trucks with goods from Stockholm together with goods coming from other parts of the Sweden also headed for Östhammar, they could achieve a higher fill rate.

B.2.2.5 Acquires terminal and new distribution line

In 2009, Mr B bought a large terminal from the haulier Hanssons Transport. The owner of Hanssons Transport was about to retire and offered Mr B to buy it. Although Haulier B already had rented terminal space, they felt constrained and that they needed something bigger, so Mr B decided to take the offer. The new terminal, with forklifts and tractors used for loading, is 16000 SQM. This is a lot more than they currently need but they have room for expansion and are able to let redundant space to other hauliers.

In 2010, Schenker pushed him to take over another of their distribution lines over Hedesunda, Tärnsjö and Östervåla. Similar to distribution line that Mr B took over in the beginning of the millennium, this had also been driven into bankruptcy by its predecessor. “After the previous haulier had gone pot, Schenker came to me again and asked if we couldn’t help structure this line and get it working” (Haulier B, 2012). After two years of work, Mr B is optimistic and says “…it looks like [the line] will be in shape before we are done. If we give it another year, it might be really good.” (Haulier B, 2012). One of the mistakes that the previous haulier had done was failing to realise that he worked too much - up to 16 hours a day. In addition, Schenker had to hire another haulier to support this line, which cost them a lot. Mr B changed this by putting one more employee and truck serving this line, meaning that Schenker could save money relying on one haulier only. Like before, Mr B says that the main challenge is to rebuild trust for Schenker’s services among the previous customers.

B.2.3 About the business and other reflections

B.2.3.1 Lack of future growth aspirations

When asked about future growth aspirations, Mr B admits that he’s sure whether he wants to let the company grow more than he has. “I would put it like this; I’m 59 today, so I am not sure whether I should grow bigger than this...you only live once.” (Haulier B, 2012) Instead, Mr B is more concerned with finding someone who can take over the business after him.

B.2.3.2 Turning businesses around

When looking back on the haulier’s history, Mr B concludes that he has taken over a lot of bad lines. However, Mr B has enjoyed the challenges of turning businesses around. He is convinced that it is possible to turn things around by analysing and changing the operations. “This has been my little thing, this is what I think is challenging” (Haulier B, 2012). In order to make this happen, he says that it is important to keep control in the books and to calculate what it is allowed to cost. Mr B likes and is good at calculating (he got the highest grade in math in school).

B.2.3.3 Haulier B has hardly noticed the recent recessions

Mr B says that experiencing the big recession in the nineties has taught him how to avoid the recent recessions. “Directly when one starts to see that a recession is approaching, it is important to hold back on expenses. One has to follow it actively and calculate in order to avoid bad purchases. It is better to invest before the recession so that we have good trucks and equipment to use during it.” (Haulier B, 2012)
B.2.3.4 Success factors

Mr B stresses the importance of getting a good grasp of the economy and calculate. “It is about reducing the expenditures, that’s where you earn the money” (Haulier B, 2012). The experiences from the nineties, when they started review their organisation, has helped Mr B and his company a lot. Even though it is important to get rid of unnecessary costs and increase the efficiency, people should still be able to earn a normal salary and have a sustainable work load.

A haulier must be able to count. Many believe that they are making money just because they are pulling a full trailer. “There are lots of people who think that everything comes automatically, but that is not what it is like in this business.” (Haulier B, 2012) The ability to calculate has been a big success factor for Haulier B. “I can tell you this; had we not been able to count, things would not have gone as good as they have” (Haulier B, 2012). If numbers are bad, one should not invest in a brand new truck. In that case, it is better to driver another six months before investing.

Mr B thinks that freight forwarders are mostly a bad business partner for the haulier. They just think about themselves and do not think about the haulier. Although Schenker is like a freight forwarder, Mr B feels that their relationship has always been good and it is possible to satisfy both parties’ needs. He mentions the distribution line where he had saved money for Schenker while earning money himself. He also feels that Schenker provides safety, e.g. there is fund from which he gets his money if the customer would not pay, and has no thoughts about leaving Schenker. They also save him a lot of administration. Haulier B only writes invoices to a couple of the customers.

Having the staff on his side is also an important success factor. Mr B describes his organisation as democratic where the employees have their say. Should they be of a different opinion, Mr B is always willing to discuss the matter.

B.2.3.5 Maintenance

They handle most of their maintenance themselves, except for major and more advanced repairs. In those cases, they turn to Volvo’s workshops instead.

B.2.3.6 Office

Mr B has three employees working in the office besides him. They work mostly with administrative tasks but also planning of the distribution transports. Earlier, Mr B was handling all of the traffic control and this took up most of his time. “I had to sit and talk in the phone all day, and that gets quite tiresome in the long run. The phone rang constantly.” (Haulier B, 2012) Today, Mr B has delegated the traffic control of the Gävle - Stockholm line to his nephew, who is an educated traffic controller. This has freed a lot of time for Mr B, which he now can spend on other things.

B.2.3.7 Mr B’s role

Mr B is sometimes at office. He was driving a truck on the day of the interview but this was because they needed help there. Other times, he is about the work shop doing some minor things. Mr B helps out where it is needed. “I am not afraid of working, and I seldom wear a tie” (Haulier B, 2012). He believes that it is good to see what the work is like for his drivers and understand their difficulties. Due to this, Mr B knows everything “from truck tire to desk” (Haulier B, 2012).
B.2.3.8 Recruiting
A lot of Haulier B’s drivers come from the nearby transportation high school. Mr B sees this as a good solution. The drivers get educated and come to Haulier B to learn more about the job. Today, the company has many drivers coming from the transportation high school. He compares these to those educated at the adult academy and concludes that those drivers from the transportation high school are much easier to train. They also have a lot more motivation than the older ones coming from the adult academy.

B.2.3.9 Mr B on small haulier growth
Mr B says that a one man haulier should hire a driver and use the trucks in shifts before investing in another truck. Hiring a driver creates a lot cost for the haulier and one must be careful. It is crucial to calculate and see if it is possible to get it profitable. Many hauliers wrongly assume that two trucks mean twice as much profit, which is far from the truth. “There are those that buy and buy trucks and I don’t know how they calculate. I guess there are taking a chance.” (Haulier B, 2012). It is important not to expand too quickly and overinvest. Salaries are expensive. It is easy to forget things when calculating, e.g. unsocial hours bonus for night shifts. Mr B remembers the time when he started, transporting goods during day time and mending the truck at night.

B.2.3.10 The fleet
The company has ten trucks and trailers of various ages dedicated to the Gävle – Stockholm line. Mr B buys about one truck and one trailer a year. They try to renew the fleet constantly and to think about the environment in the process. Mr B is worried about the environment and wants to try to reduce his environmental impact. He is also well aware of the savings that the new engines generate. “We are able to reduce our fuel cost immensely [with the new trucks] compared to those old ones. When you calculate, you realise that it is possible to cut a lot; the old trucks consumed about 5.5 litres / 10 Km and those trucks we have today only need 3.8 litres / 10 Km.” (Haulier B, 2012)

B.2.3.11 Driver and fuel monitoring
Mr B uses no system to monitor his drivers. Mr B knows that several of his competitors have such monitoring systems. He feels that one should not need to be a police and monitor them constantly. He has people out there that can inform him of how they are doing and the drivers also monitor themselves.

For fuel, they use an old system where they record the litres each time they refuel. He also knows how much each truck consumes in fuel by checking manufacturer’s data for that particular vehicle. Mr B does not feel that this is a problem at the moment and that he has good control.

B.2.4 Follow up questions
- Own distribution trucks?
  - Even though assets did not increase remarkably when the distributions lines were acquired, Mr B assures that he has merged everything into his company.
B.3 Haulier C

Figure 47: Haulier C's revenue

Figure 48: Haulier C's assets
Figure 49: Haulier C’s employees

Figure 50: Haulier C’s profit after net financial items (MSEK)
**B.3.1 History**

**B.3.1.1 The start-up**

It all began 35 years ago, when Mr C started out as a taxi driver. Later on, he got the opportunity to buy a truck. At that time, he was sick of taxi driving and wanted to try something new. One day, he talked about this with another taxi driver, who said that he had a neighbour with a truck who would like to switch to the taxi business. Mr C saw this as a good opportunity. He switched vehicles with this person and began his new career as a truck driver.

Mr C's predecessor had been working for Motortransport and it came naturally that Mr C started working for them as well. The truck that Cure had bought was specialised for vehicle transportation and his first job was to transport Scania trucks from Stockholm to Gothenburg. Mr C stayed at Motortransport for about fifteen years but never grew in number of trucks. Instead, he had three employees to help him during the good years.

**B.3.1.2 Meat transportation**

One day, the son of colleague phoned Mr C. He had recently started his new job as responsible for internal transports at the slaughterhouse area and asked if Mr C knew someone who would be interested in a job as one of his drivers. Instead of passing this opportunity on to someone else, Mr C asked if he could do it. By this time, Mr C had been on the road for fifteen years and was experienced enough to handle the job easily. He started working from them in parallel to Motortransport.

Three to four years later, around 2003, a series of events led Mr C to his next job. The haulier responsible for the line between the Kalmar butchery and the Stockholm slaughterhouse area (sv. Slakthusområdet) lost this to a competitor. When this happened, one the owners of the slaughterhouse area called one of their hauliers and asked if they were interested in taking over one of the other lines instead, namely between Skövde Butchery and Stockholm. However, since the owner of this haulier was around 60, he was not interested in moving and starting over. He rejected the offer, but recommended Mr C, who he had got to know at the slaughterhouse area. The owner of the slaughterhouse area phoned Mr C and asked if he was interested, which he was. Mr C had a good feeling about the job and decided to accept the offer.

When Mr C took over, the slaughterhouse told him not to work for anyone else since they wanted good quality. The line had been poorly undertaken by the previous haulier, who had had the wrong vehicles, dirty trailers (which important due to hygiene) and too warm trailer temperatures. In addition, they did not arrive on time, which caused production to halt. Mr C was willing to fully focus on them, but demanded a good price for the undertaking. Since the slaughterhouse only wanted transports in one direction, Mr C quickly realised that he needed good money if he was not allowed to work for anyone else.

Mr C left Motortransport and sold his other trucks, which he would have no use for in this new job. Cooled trailers are a prerequisite when transporting meat products so Mr C had to invest in new trucks and trailers. In addition, Mr C quit driving and stepped up as a full-time manager. This was because the undertaking required so much administration and he simply did not have time for driving.

**B.3.1.3 Grew with the customer**

The business grew rapidly as the demand for the butchery's product increased. Initially, about four trucks were working full-time on this line but eight years later it had grown to seven trucks. Even though there was a risk of losing this line to competitors, Haulier C managed to keep it. They achieved the quality needed and the customer was satisfied.

**B.3.1.4 Starts working for ICA**

One day in 2006, when Mr C was chatting with another haulier, he found out the he wanted to sell one of his trucks working for ICA. Mr C felt that this was a good opportunity and decided to buy the truck right
away. He had had no connections to ICA but knew a number of ICA-hauliers and felt that it was a good choice. One week later, another ICA-haulier phoned him and offered him to buy another ICA-truck, since he was switching to crane transports. Mr C bought this truck as well and today, Haulier C has expanded to a third ICA-truck.

Last year, during the price negotiations for the Skövde – Stockholm line, Mr C realised that the price they offered was too low. He had calculated over and over again and concluded that he simply could not run his business on those prices without losing money. Since he did not want to work for free, Mr C decided to leave after eight years. Mr C suspects that the haulier who got the job after him was using underpaid foreign driver and he could not compete with that. In connection to this, Mr C bought his third ICA-vehicle.

B.3.2 About the business and other reflections

B.3.2.1 Today and future growth plans

Today, Mr C only has his three ICA-trucks and six employees. Mr C is also the chairman of the board at “Gula Transporter”, which organises transports for ICA in the Stockholm area.

If given the opportunity, Mr C will try to expand within ICA. But he does not exclude that he could enter other market segments. However, he feels that he is getting too old to continue in the business. Also, being the chairman of the board at Gula transporter, he lacks time. But he is open to new opportunities. Something that would hinder him from growing is if he cannot determine if the business would profit from it or not. He only wants to grow if the new transports would be profitable for sure. Also, he does not actively pursue growth. Instead, Mr C waits for the opportunity to show up.

B.3.2.2 Handling competition from low-cost hauliers

Mr C states that it is impossible to compete with low-cost hauliers. It is better to step aside and switch niche or customer. According to Mr C, the haulier that replaced him recently could push prices by using foreign drivers. Mr C had been calculating and calculating and concluded that he could not continue the business with the money offered by the slaughterhouse. He did not want to work for free. He thinks it is better to close the business than to compete on unfair terms.

B.3.2.3 Foreign drivers only bad under certain circumstances

Mr C has no problem with the hiring of foreign drivers if they are paid equally to Swedish drivers. It is when hauliers employ them to get cheaper drivers that Mr C thinks it is wrong.

B.3.2.4 Decision making

Mr C stresses the importance of using and reaching out with ones tentacles, to play with the thought and to trust ones intuition when deciding what to do. You should never be afraid of making crucial decisions. It is better to make them than to regret not making them.

Mr C says that that he is not “hunting” for any opportunities. Instead, makes decision based on what opportunities show. “It should just shows up, and if it feels right, I’ll seize the opportunity” (Haulier C, 2012). After so many years in the business, he knows what niches are more profitable and provide more security. He confesses that he has ideas about what would be interesting, but stresses that his strategy is to wait for the opportunity to show up.

Mr C sort of knows what’s good and what’s bad. He gets some information from talking with other hauliers and some from reading professional journals. There are a number of areas more interesting than others, e.g. having a long term contract in towing. He has previous experience from vehicle transportation and towing is a stable segment with many and large customers. Due to the high investment, no one buys a towing-vehicle before having a contract with a customer. This is one thought that Mr C has. He concludes
that it is similar to his previous work – market segments requiring something special. He would never choose to drive general cargo over meat.

If Mr C is offered to enter a market segment which he has little knowledge about, he would most likely say no. When he bought his first ICA truck, he did have an understanding of what could be expected in terms of profitability and such.

Mr C meets other hauliers frequently; at the annual trip arranged by the ABC-hauliers (a regional division of SARTC), at the truck fair, at work, etc. He sees the opportunity to get a feeling of which hauliers are doing good and what segments are profitable. He brings this information along and uses it when it is time to make an important decision.

B.3.2.5 Mr C moved from driver to manager in 2003

When he stopped working at the slaughterhouse area and began to take charge of transports from Skövde butchery. The reason for this was that the undertaking was so big and required his attention 24 hours, seven days a week. During these eight years, Mr C had no vacation. The tasks varied from controlling, follow up, planning, invoicing, HR and salaries, etc.

Mr C believes it is necessary to have at least 10 trucks in order for oneself to stop driving. By that volume, the profits are big enough to pay for an administrative salary. But of course, it depends on what type goods you transport and what margins you have.

B.3.2.6 Recruiting

He finds drivers from a mixture of place. Some get employed on recommendation from friends and others approach Mr C to ask if he has a vacant position. Mr C also has an eye on drivers that he thinks are good and follows how things develop. When the right moment comes, he approaches them.

The deciding factor is reputation. When talking with others in the industry, one quickly hears of some drivers being good, i.e. always one time, no damages, behaves. Mr C recruits people on feeling. There are times when he has found drivers through ads, but mostly they are not good enough. He had an add years ago, but then he got 400 applications out of which 399 are “crap”.

B.3.2.7 Technology

Currently, they use no palm computers. The used use them before but only on trial. They use Scania’s portal and other systems. They have a system providing them with trailer temperatures and position. The system is called RCOm developed by “Bluetree”. The advantage of this system is that you can choose the services you want and, above all, they are cheaper than Scania’s fleet management, which does not have temperature surveillance. Mr C has pointed that out to Scania earlier. Also, ICA requires all of its hauliers to use RCOm.

Mr C actively communicates with Scania to ask for the technology he wants. An example is that Mr C would like to run his trucks on ethanol, since that is environmental friendly. However, Scania has no engine strong enough to pull the weight Mr C's transports require. Mr C has been calling to Scania asking for a stronger ethanol engine, but Scania has no solution for him yet. Nonetheless, Mr C believes that he can encourage Scania to develop the technology he wants if he pushes actively for it.

Mr C has also come up with own solutions to problems. They were very early to install battery stations on the trailers so that they could be decoupled from the trucks and still have a functioning ELC (electronic levelling control) need for unloading and loading. Mr C also installed an energy efficient AC in his trucks to cool the cabin if the driver has to sleep during day time in the summer. He has also implemented a solution making sure that the refrigerating plant battery will be charged, even though the truck's battery might be too low on voltage. This solutions is now available as an add-on when buying Thermo King (refrigerating plant), but Mr C was way ahead of them.
Mr C says he is keen on solving problems in order to satisfy some need. Together with suppliers and manufacturers, he discusses the problems to find solutions. Great relationships to suppliers and manufacturers are important for these discussions. Mr C’s philosophy is that one should never think that any problem is unsolvable. For example, Volvo has an ethanol engine with enough power to pull a trailer, so it should not be impossible for Scania to develop a similar engine. Mr C’s knows that he can get support from Stockholm City of 125 KSEK if he were to buy such a truck and wants to be environmental friendly. He also knows that it is possible to receive additional support from Vinnova for other types of engines too.

**B.3.2.8 It is about the after-market when Mr C buys trucks**

He drove Scania until 1995, when he figured that Volvo had a much better after-market than Scania did. This resulted in him switching to Volvo instead. When Volvo’s organisation changed, the after-market worsened. Then he switched back to Scania. Recently, he threatened to switch back to Volvo again if the service didn’t improve.

He sees the trend that hauliers switch from Volvo and Scania to Mercedes and MAN. Mr C compared an offer from MAN with offers from Scania and Volvo when he realized that most parts in the MAN truck are not included in the guarantee. When one takes this into account, MAN’s trucks are not that cheaper than Volvo or Scania. He is very satisfied with his current service deal with Scania.

He thinks that the main reason for hauliers buying MAN and Mercedes is price.

**B.3.2.9 Success factors according to Mr C**

1. Be at the right place at the right time
2. Having good suppliers of tires, fuel and such.
3. Not being afraid of leaving a customer when prices are pushed too low
4. Good customers
5. Being prepared if opportunities show up
6. Be open to new technological solutions

**B.3.2.10 Inexperience hauliers fail at the start-up**

Young people with no experience starting as hauliers make many mistakes. Even though SARTC has advisory for hauliers, only the ones that have been around for a while uses it.

**B.3.3 Follow up questions**

Compared with previous year, both 2006 and 2008 are much more profitable, how come?

- Depreciation was higher for the other years. Mr C wanted to get a dividend from the company and chose to not make too big depreciations.

Dip in profitability during 2009, due to financial crisis?

- Yes, slightly

When did you start working for ICA?

B.4 Haulier D

Figure 51: Haulier D's revenue

Figure 52: Haulier D's assets
Figure 53: Haulier D’s employees

Figure 54: Haulier D’s profit after net financial items
**B.4.1 Today**

Haulier D is a haulier and a 3PL company based in small town in Småland and founded 2003. In conjunction to regular transports, they provide their customers with additional services, such as storing, packaging and reloading. As a 3PL they also offer their customers to outsource their complete warehousing function to them.

Already from the start, Haulier D has operated as an independent transport seller, i.e. they have sold their own transports without relying on any freight forwarder.

Approximately half of the transports are executed in-house with their own trucks and trailers. The rest is covered by cooperating with other hauliers, but all transports are still handled and planned via Haulier D.

They had grown fast since the start; the revenue in 2010 was 35 MSEK and the profit margin was 1.3 %.

**B.4.2 History**

**B.4.2.1 Initial business idea**

Just as many other haulier companies, the founder of Haulier D has a history as truck driver. An injury stopped him from continuing as a driver and starting up a one-man haulier company. Instead, Mr D decided to use his large network of hauliers to start a transport selling company. He considered this as resource too valuable to throw away. Without having any own vehicles and just selling transport solutions to end customers, he would take responsibility for everything except the actual transport; he would do all the administration, customer contact and planning.

**B.4.2.2 Bringing in external competence**

When Mr D started to plan his business idea he realised that he lacked competence in areas such as sales and marketing. His previous experiences consisted of transport execution and planning that is the core activities in a haulier firm. But he realised that to run his own business, such knowledge was not enough. What he also realised is that he couldn't actually hire someone with that competence due to shortage of financial resources during the start-up. “What I needed was an individual, whom accepted to help me with these tasks without being compensated for it in the beginning” (Haulier D, 2012).

Mr D thought about a man he met once at a local gentlemen’s club. Mr L was a former sales manager with 30 years of experience within marketing and sales. Mr D invited him for a cup of coffee to explain his ideas and the circumstances regarding payment. Mr L thought about it for a couple of days and came back with a positive answer.

“To bring in Mr L, was the best decision I ever made. Haulier D had not been what it is today without him, no doubt about that. He came in with the experience I lack, both from a professional and a personal perspective” (Haulier D, 2012)

Mr D’s idea has always been to do the things he’s best at and let others do the rest. “What I do best is to lead and plan everything that has to do with the operations of Haulier D. Mr L is competent in sales and marketing strategies, so that’s what he should do” (Haulier D, 2012).

**B.4.2.3 Start-up**

In May 2005, Mr D and Mr L started to go through the yellow pages for potential local transport buyers. During a couple of weeks they drove around and visited around 2-3 potential customers per day and marketed their services. The major part of the early customers was interested in trying Haulier D for a few of their transports to see how it would work out. Many of them came back with satisfied and began to
move more and more of their transports to Haulier D. “In the beginning there were no securities at all. Since I had no references from earlier experience in the field no one would sign long contracts, they wanted to test my services first” (Haulier D, 2012).

**B.4.2.4 New business idea to meet new demands**

After the summer, they rented a small building where they could have an office and a small terminal for transshipment of goods. Mr D noted quite fast that he needed some own vehicles, since the demand was increasing quickly. Not having to rely on other hauliers would improve the flow of goods in and out from the terminal and make the business more efficient. Mr D stresses that the company needed to be flexible, which meant picking and dropping goods of at the right place at the right time. “We grew so fast that we didn’t have the ability to coordinate all transports in an efficient way without our own vehicles, which supports that process” (Haulier D, 2012).

Later that autumn, they hired more drivers and invested in more vehicles. The business grew and the incoming orders increases every month. “There were no hesitation in whether we should invest in own trucks or not. The business went so well that we only focused on deliver what our customers ask for; high quality transports” (Haulier D, 2012).

**B.4.2.5 Stable growth**

The period between 2006 and 2008 was characterised by stable growth; both through increasing demands from existing customers but also via active sales and marketing campaigns to attract new customers. Even though the market situation was quite negative back in 2008-2009, Haulier D did not fall back in revenue. Mr D explains that they decided to make an offensive instead of just wait for something to happen. “I started to get anxious over a drastically revenue drop over a night or so. Simultaneously, I knew that we have a lot of potential customers to reach by increased marketing. So we decided to make an offensive marketing campaign instead of just sit and wait for something to happen” (Haulier D, 2012).

Mr L came in again to help Mr D with the marketing process, which generated a lot of new customers. Many of them were Schenker customers that wanted to try a new transport solution. Actually, most of them were satisfied with Schenker but wanted to benchmark their services. Many of them stayed with Haulier D after the test period. “They were satisfied with Schenker but realised that it was even better with Haulier D. It may sound cocky, but it was actually what they said” (Haulier D, 2012).

**B.4.2.6 Further expansion by offering 3PL**

In the beginning of 2010, when Schenker closed down their business in the area and leaved a large terminal building, Mr D saw his chance to become the largest local transport company. He realised that if he would not take this opportunity, someone else would. He decided to start up a 3PL business and provide customers with more logistic solutions. By letting them store goods in his terminal they could actually outsource the whole flow of goods and material and focus on their own core business instead.

However, the 3PL business was more complex than Mr D had imagined. He realised he needed someone with experience from 3PL to become successful. “I thought that 3PL was more or less a question of storing i.e. that we provide space in our terminal that the customer rent per month. But 3PL business contains so much more to become successful” (Haulier D, 2012).

In the past, he had got contact with a sales person who at that time for Schenker in the area. Since Schenker had sold its terminal to Mr D, this sales person was out of a job. Therefore, Mr D hired him to gain the experience and knowledge around 3PL business. With his practical experience in selling these
services and how that kind of business should be managed, Haulier D is slowly increasing their 3PL business.

Mr D started a standalone company besides Haulier D to separate these two businesses. A big difference between running a haulier and a 3PL are the difficulties of getting new customers, according to Mr D. By becoming a customer to a 3PL company, you actually outsource your whole warehouse or storing to an external actor. It means that you are not able to control the quality of that service in the same extent anymore, especially not if your firm are located somewhere else. “As a haulier, you can get new, or even lose, customers over a night. But it is a complex process to change 3PL over a night” (Haulier D, 2012).

The complexity in changing, or start using, 3PL is both for good and for bad. It might be hard to get new customers, but when you got them, it is less likely that they leave. Mr D says that the majority of the 3PL customers have come on recommendations from other customers or through the new sales person from Schenker.

Mr D sees a bright future for both the 3PL and the haulier business. The potential within 3PL is huge. This an effect of that more industries want to have their storage at different locations in order to come closer to their customers and reduce distribution costs. Many customers also see the additional value in outsourcing logistic operations, since they get rid of an activity distant from their core business.

Mr D also sees advantages for the haulier business. A growing 3PL business will also increase the need for transportation to and from the terminal. This will surely benefit the haulier business.

B.4.3 About the business and other reflections

B.4.3.1 Key for success

The way that Mr D started Haulier D is quite unique in many aspects. He did not buy a vehicle to execute transports himself, like many others do within this road haulier industry. Instead, his used his large contact network of hauliers and used them able to offer transport solutions. To get customers, he marketed the company directly to potential customers in the region. Succeeding in this made him become totally independent from the first day. For the majority of small, newly registered hauliers the network and contacts within the industry is absent. Therefore, their only choice is to join a truck cooperative to get orders the first time. “I think one of our keys for success is that we have reached beyond the truck cooperatives and logistic firms already from day one and established a relation with end customer. The pricing becomes totally different when excluding one actor in the chain” (Haulier D, 2012).

Mr D describes that the main advantages of being independent is (1) close customer relations, (2) control over pricing and (3) the freedom to grow whenever and howsoever. He also thinks that it was an advantage that they started without any funds at all. That situation created an awareness of the importance of profitability that many hauliers do not have. Nevertheless, Haulier D had the courage to aim high and believe in business. “One of our strongest competitive advantages is how we treat our customers. We always try to solve our customers’ problem, even though it contains more than the actual transport between A and B. In principle does every customer has a larger need beyond the transport, but often they didn’t realise how we can solve it for them” (Haulier D, 2012)

Mr D explains that by having continuous communication with customers and being open for new ideas, it is easier to identify “hidden” customer needs. By having greater understanding about the customers’ businesses, it is easier to identify new kinds of services to provide.
B.5 Haulier E

Figure 55: Haulier E’s revenue

Figure 56: Haulier E’s assets
Figure 57: Haulier E’s employees

Figure 58: Haulier E’s profit after net financial items (MSEK)
**B.5.1 Today**

Haulier E is based in the town with the same name. It used to be a part of Haulier AB, whose business consisted of both truck and bus transports. The business was eventually split and Haulier E is now an independent haulier, who provides their customers with domestic and international transports, storage, distribution and logistics solutions.

The company has two persons sharing the CEO role, Mr E and his companion. There were 53 employees in 2010 which are supplemented with hired personnel. The turnover reached 52 MSEK that same year and profitability was about 6%.

**B.5.2 History**

Haulier AB was founded in 1928. Back then, it started to transport people in Småland. In addition to that, the company began to load goods on the buses as a supplement business. Over time, that part grew and in 1997, and when a local distributor was purchased, the bus business and the haulier business were split into two companies, one of which was Haulier E. Back then, the company had 12 trucks and 9 employees and was a working for Schenker.

**B.5.2.1 Growth driven by the industry**

From 1997-2001, a growing regional industry caused Haulier E’s revenue to grow from 10 to 15 MSEK and the company increased from 12 to 15 employees. During this time, Haulier E transported pallets between several stages of the value chain, e.g. manufacturer to lacquering, from lacquering to retailer, and retailer to end customer.

Even though the growth meant a higher need for administration, it was no challenge for the company to handle it since Haulier AB was still supporting them with accounting and other administration.

**B.5.2.2 Leaving Schenker**

Their main commitment for Schenker consisted of a general cargo line in Småland. Besides transport, Haulier E had a small terminal which they used for storage and loading.

Things went well for Haulier E and customers were very satisfied with them. However, Schenker had opinions on how the company was working. At that time, customers frequently called Haulier E and asked to have things transported on a very short notice. As the company usually had capacity over, they were able to help the customer quickly. However, Schenker thought that such orders must go through them and put pressure on Haulier E stop what they were doing. As Mr E puts it “Schenker thought that we were taking too much market shares and we were not allowed to transport as much as we wanted. They wanted to have the monopoly on certain kinds of transports” (Haulier E, Interview, 2012).

Instead of succumbing to the pressure, Haulier E decided to quit Schenker in 2001 and become an independent haulier. Mr E explained that they “put the customer first. It is the customer who decides whether they want goods transported or not” (Haulier E, Interview, 2012)

**B.5.2.3 High growth after Schenker**

The revenue dropped with 50% when Haulier E left Schenker. However, it did not take long until the customers returned. Haulier E had an excellent reputation and the customers preferred working with them since they were flexible and available alternative to Schenker.
Growth was high during this period. From 2001 to 2008, the revenue grew from 15 to 45 MSEK, averaging a 17% growth per year. The company increased its storing capacity and began to offer logistics solutions, but did not change its business core, namely road transports.

B.5.2.4 Fast growing business caused problems in the organisation

Due to the rapid growth after leaving Schenker, Haulier E’s organisation began to get more and more strained. “From 2002-2007, we had growing pains...we were slow and we did not know how to organise” (Haulier E, Interview, 2012). Despite this, Haulier E’s was still able to grow at a very high rate during this period, but the growth created an unsustainable environment for their employees. “Every employee did everything and this was not sustainable since the phone rang constantly and it just increased and increased...out of an employee perspective, this was not good. The staff was stressed out” (Haulier E, Interview, 2012).

B.5.2.5 Solving the organisation problems

To introduce more efficient ways of working the management at Haulier E began to review the organisation and reorganise. Instead of every employee managing every process, they split the organisation into several functions: traffic control, economy, sales and HR. Since then, they have reduced the communication over telephone with customers and drivers as well as paper work by introducing an advanced IT ordering system, called HALDA.

According to Mr E, Haulier E’s organisation is now able to handle demand even if it were to double in one day. “We are prepared, we have changed our organisation...we can now grow further.” (Haulier E, Interview, 2012) Mr E also concludes that they are only looking to rationalise administration since “it is not possible to rationalise a driver transporting a trailer, so it is about finding those streams [in administration that can be rationalised]”. (Haulier E, Interview, 2012) They are now looking to digitise the bill of carriage, which would save additional administration.

The customers appreciate the system a lot. The transformation started out by sending out information to the customers telling them about the new system and asking for their opinion. The response was surprisingly good; approximately 90 out of 100 customers was positive to the change. Mr E also highlights the positive effects on the environment - “It is saves paper, envelopes...when you look at it, it is truly amazing...the only one losing is the Swedish post service”. (Haulier E, Interview, 2012)

B.5.2.6 Acquires a terminal and haulier

In 2005, Haulier E was offered to buy a terminal outside of town. At that time they were renting a terminal in town. They thought that the terminal fitted well with their business and accepted. The new terminal had a big yard big enough to have all of their vehicles parked there. Also, they liked the idea of moving out of the centre of town, which was better from an environmental perspective.

In 2008, the owner of the near by Anderstorps Budservice AB offered Haulier E to buy his company since he wanted to retire. Haulier E thought that this company suited their business well and accepted the offer.

B.5.2.7 The recession and new customer

The region was struck by the recession in 2009, but Haulier E kept high volume. The revenue dropped slightly and the net income was positive. The same year, Haulier E was hired by the pharmaceutical company Tamro to transport medicine. Haulier E had heard that company was looking for a new transporter and entered the competition with the other hauliers looking to secure the deal. Haulier E had the best offer and was chosen as the new transporter.
However, Haulier E could not start immediately. Medicine transports requires training so Haulier E had to send their drivers to training offered by Tamro. In addition, the company had to invest in new trucks and equipment that fit the high requirements for medicine transports. Examples of such requirements are providing Tamro with trailer temperature data and having assault alarms due to the high security risk.

**B.5.2.8 Strong after the recession**

In 2010, Haulier E was already bigger than before the recession. The revenue was now up to 52 MSEK.

**B.5.3 About the business and other reflections**

**B.5.3.1 Positive effects of environmental work and driver monitoring**

Haulier E is ISO 14001 certified which means that they have to live up to certain requirements, such as setting goals for environmental initiatives.

Today, Haulier E uses a system called Masternaut to monitor how the drivers are performing. Mr E concludes that such a system allows the company to save on both fuel and maintenance. However, Haulier E cannot see the effects yet, but their supplier tells them that reductions in fuel consumption by 10 to 15% are to be expected, which would mean a lot of money for Haulier E in the end. In a year, Haulier E consumes around 800,000 litres of diesel, i.e. around 12 MSEK per year.

Mr E also thinks that the driver becomes less stressed when being graded. He refers to studies show that having a good grade means that the driver knows that’s he/she is performing well and relax. They have also installed alcohol lock in their newer trucks reduce insecurity about drivers’ soberness. Mr E remembers a time when someone called in and reported to that one of their drivers were not sober. Mr E called the driver, tested him and concluded that he was sober. After this, there was no further discussion about it and Haulier E could forget it. Mr E feels that it is comforting to know that his drivers are sober. “Having this system means a great deal to us, it kills the kills the myth...If we would not have had it [alcohol lock] people would have spread rumours” (Haulier E, Interview, 2012).

Also, some customers would like to know the environmental impact of the transports, such as CO2 emission data. The Haulier E is able to deliver those kinds of data is taken into by some customers. It is also important that the customer sees that Haulier E is working actively with the environmental aspects. In addition, they are working on increasing road safety and fair contracts, meaning that drivers work and are paid according to union terms.

Although Mr E realises that most customers only take price into account, one customer confessed that they picked Haulier E simply because of their environmental initiatives, and not because they were the cheapest.

Initially, the environmental initiatives came from the bus business at Haulier AB which was participating in public procurements. The buying part required that Haulier AB had an environmental perspective. This was then transferred to the haulier business.

**B.5.3.2 Maintenance**

Haulier E has an in-house service workshop used to repair minor things, such switching tires and lights, and uses certified workshops for bigger things.

**B.5.3.3 Strategy**

Haulier E has had board meetings four times a year, where they discuss strategy, e.g. what does Haulier E need to buy? Should Haulier E acquire a company? Offers? How do we retain the customer and become their solution provider? What do we want achieve with the company?
The big strategic questions are company, vehicle and storage acquisitions. They don’t use external contacts when discussing strategy. They do however look at their competitors.

**B.5.3.4 Cooperation with other hauliers**

Haulier E teams with other hauliers to make sure that the customers demand can be satisfied. “We have to help one and other, so to speak. That’s what it is all about. I mean, if we can’t manage a commitment, we call our colleague and ask if they can help us out. This provides a solution for the customer. It is customer that must be served, they must have their goods transported” (Haulier E, Interview, 2012). Haulier E never helps the other hauliers with their work; it is always the other way around since they are the biggest.
**B.5.4 Follow up questions**

- Annual report says that you bought a building 2005 for approx 6 MSEK?
  - The terminal outside town
- When did you start with storing services?
  - From the beginning, has increased since then
- How much has networking meant for you?
  - Not much, just mouth to mouth.
B.6 Haulier F

Figure 59: Haulier F’s revenue

Figure 60: Haulier F’s assets
Figure 61: Haulier F’s employees

Figure 62: Haulier F’s profit after net financial items
B.6.1 History

Everything started with Mr F’s grandfather, who was a butcher back in the 1930s. In 1941 Mr F’s grandfather realised that the demand for transports increased and he quit his job as a butcher and registered a transport company instead. The orders increased and he started to transport milk and agricultural products. Mr F’s grandfather got sick and passed away at the age of 49 and Mr F’s father took over the business in the early 1950s. The years after the Second World War were very tough but the firm survived and the demand increases again during the 1950s.

In 1964 Mr F’s father was offered to start a haulier working under ASG. He accepted the offer, which showed to be a very lucrative agreement for Haulier F. From ASG they received all the public transports to and from the island. At this time the transport by boat was replaced by the ferries and trucks, which only increases the demand of more road transportation. During these years, Mr F accompanied his father a lot when he drove, loaded, unloaded etc. He preferred to join his father instead of being in school. Education is something Mr F clearly lacks, since he just spent seven years in school.

In the beginning of the 70s, when Mr F was around 20 years old, his father got his first stroke. This was a tough time for Mr F and he started to prepare himself for taking over the business for real. His father passed away and in 1981 Mr F took over the role as CEO of Haulier F.

B.6.1.1 ASG

Ever since Mr F’s father started to work for ASG in 1964, Haulier F has executed their transports to and from the island. The only difference is that mergers and acquisitions have changed the ownership structure and today these transports go under DHL. Mr F thinks that working for these larger actors both has advantages drawbacks. On the one hand they provide some security for order flow and payment but on the other hand they are slow and bureaucratic organisations. Mr F wants to solve his problems fast and it is sometimes impossible within these large actors.

The positive effects come with long relationships as Haulier F has had with DHL (former ASG) during approximately 50 years. In the 1980s ASG built a terminal building that they are even using today. Without that building the reloading and grouping would become impossible and Haulier F haven’t had the competitive advantage they hold today.

In 2009 they built their own terminal to become even more independent and to get all transports in the same terminal to increase efficiency even more. But DHL have struggled with this process so their goods are still handled in the old terminal today. Still, Mr F believes that it is only a matter of time until they run everything themselves.

B.6.1.2 Spreading risk

Before Mr F took over the business, the largest customer was ASG and general cargo was the main type of goods transported. But Mr F wanted to spread the risk and thought that food and beverages would be a good start. “Even if we face tough times in the world, we will always need to be provided with food and beverages” (Haulier F, 2012)

After a while he came up with an idea that he could use their terminal for reloading and group KF’s and ICA’s products together for more efficient transports. He met a lot of negative reactions, but today they have an own cooling and freezing terminal where they do all this regrouping. Today, these transports stand for the majority of their revenue. Except from ICA and KF he also transports beverages for Spendrup’s and vegetables for the Stockholm region.
B.6.1.3 Additional businesses

In addition to the haulier business, Mr F bought a recycling station, which today is the largest privately owned on the island. He saw an increased demand in transporting, but also taking care of, junk and waste. His idea is that things that are junk for someone could be of value for someone else. “Our main goal is reusing. If that’s not possible we try recycling. The last option is depositing, but we try to avoid that as much as possible” (Haulier F, 2012).

They have a few own vehicles and a small staff that runs the daily work there. But to cover the peaks they hire external hauliers on hours. Mr F explains that these business is about to grow, and doing it fast. He believes that this is a future business and that it comes from the increasing environmental focus in general.

Furthermore, Mr F owns a part of the company that is responsible for loading and unloading trailers and goods on to the ferries. Most of the transports to and from the island are on trailers without the vehicle on-board. Instead hauliers have trucks on both sides that pick up trailers when those arrive. By not shipping vehicles back and forth hauliers can increase efficiency and minimise non-operating time.

Besides the general transports of food, beverages, vegetables and general cargo they also take some special projects such as the transporting pipes for the building of the gas pipe between Russia and Germany. So, Mr F is always up for new challenges and when he believes in an idea, he does everything he can to realise it.

B.6.2 About the business and other reflections

B.6.2.1 Success factors

The reason for their long term success comes from their strategy of never being dependent on single customers, according to themselves. They mean that if you only work for a few customers there is always a risk of large revenue drops if one customer decides to leave for another haulier. Beyond that, they have bought a disposal plant, which also generates a demand for transportation of waste. They also explains that they try to move away from the traditional haulier firm that executes transports between point A and B. By offering something additional in conjunction with the transport they can become more attractive for the customer and take out a higher price in the best of worlds. Simultaneously, it might be harder for the customer to find a replacing service, which creates a competitive advantage for them. “Endangerment is part of our work. That’s something hauliers have to learn to live with. But we try to minimise it as much as possible through different arrangements” (Haulier F, 2012).

Another factor they accentuate is the importance of loyal and serious co-workers. They have the advantage of working close to the local transport high school. Many of the students come to them for internships during their education. The advantage is that both parties get to know each other before a possible employment. Haulier F gets the opportunity to hire those who they think fits the best in their organisation.

Furthermore, they have realised that every individual had different needs when it comes to management and leadership. “As a manager you need to figure out how to motivate single individuals. You need to get everyone enthusiastic and willing to do their best to become successful in the end.” (Haulier F, 2012)

B.6.2.2 Philosophy

When it comes to growth, Haulier F does not have an articulated strategy to grow. Instead they focus on becoming best at what they do at the moment. “I don’t want to be largest, I want to be best” (Haulier F, 2012).
"The company should focus on doing what they do in the best possible way. The size of the company is not the most important issue" (Haulier F, 2012).

They explained that the bigger a company is the higher is the risk of missing something important. So growth is not a strategy in itself, rather a consequence of increasing demands from the market. New assignments or projects from customers, both from new or previous customers, are highly interesting for Haulier F. “We have never rejected an inquiry due to lack of confidence. We aren’t afraid of new challenges. It is not a question whether we should accept an order, rather a question of how we should do it to deliver the best possible result” (Haulier F, 2012).

B.6.2.3 Supporting services

In line with their overall philosophy, striving to be best of what they do, they wanted to become better at driving behaviour; mainly for saving costs of reparation and fuel, but also to brand themselves among other hauliers. They wanted to be associated with environmental awareness and responsibility. So when a company took contact with them and offered a solution to measure and evaluate driving behaviour they decided to give it a try. That was four years ago and now they have decreased their CO2 emissions with 65 tons per year. They believe that this environmental work will give them competitive advantages in the future but today no one is willing to pay extra for it. Still, they have decided to be part of the leading edge in this area to always be the most attractive choice for their customers.

One of the main advantages with using this type of system is, according to Haulier F, that you as a manager come closer your employees. It becomes natural to sit down and evaluate the results of the driving behaviour. Some thinks it is a challenge to become better and better all the time and get triggered of it. While others just think it is crap and that no one should tell them how to drive. Anyhow, it is a channel to get closer and to find out how to motivate the employees to perform better.

After the first three years of the agreement with this external supplier, Haulier F wanted to benchmark them against other actors, among others even Scania’s own system FMS. Still, they decided to go back to the old system. The reason was basically that it was more user friendly when it comes to driver dialogue. It was much easier to compare previous behaviour with the actual and there automatically pops up suggestions of how to improve to become a better driver.

B.6.2.4 From the annual reports

- **1999:**
  - Reorganisation underway
  - New routines are introduced
  - Expects profits in 2000
  - **2000:**
    - No plans to grow
  - **2001:**
    - No plans to grow
  - **2002:**
    - Expenditures increase
    - Cost for repair and maintenance high
    - Long haulage traffic not in balance
    - Continues with rationalisations
  - **2003:**
    - Recruitment problems
• Terminates Skåne line
• Rationalises in administration

• 2004:
  o Expects profits in 2005

• 2010:
  o Takes on transports to new pipeline in the Baltic sea.

B.6.3 Follow up questions

• What caused the need for reorganisation and rationalisations from 1999 to 2004?
  o What type of rationalisations?
• Why did the company hire more staff when the company was going badly and revenue was not increasing (2001 2002)?
• What did you mean when you said that you got responsible for DHL in 2004?
• What type of rationalisations did you do?
B.7 Haulier G

Figure 63: Haulier G's revenue

Figure 64: Haulier G's assets
Figure 65: Haulier G's employees

Figure 66: Haulier G's profit after net financial items
B.7.1 Today

Haulier G is a haulier based southern of Stockholm with a terminal in Helsingborg and an Estonian subsidiary. It was founded by Mr G in 1960 and is run today by his daughter. Mr G is still active as the owner.

Haulier G offers domestic and international long haulage transports of general cargo. They also take on special transports, such as high security, temperature controlled and flight container transports. Using their terminals in Stockholm and Helsingborg, Haulier G is able to co-load goods.

Haulier G is one the bigger hauliers in their region with 100 trucks plus trailers and 70 employees. Some of its bigger customers are TNT, Swedish Post, and a pharmaceutical company. The revenue in 2010 was 91 MSEK and the profit margin was 4%.

B.7.2 History

B.7.2.1 Early years

Haulier G was founded back in the 1960s when Mr G bought his first truck and started to work for a truck cooperative. He started because he thought it was fun to drive truck. After starting, the years went by and Mr G mainly transported goods for Scania between the harbour in Södertälje and their production site.

In the beginning of the 1970s, Mr G got asked by the head of the harbour, also a very close friend of his, for a price offer for a regular transport between the harbour and Scania. Mr G said that he had to talk to truck cooperative that he worked for, which the head of the harbour later did. The truck cooperative did, however, never return with an offer. Therefore, Mr G got the question again and this time he took the offer himself, which proved to be a success. The orders from Scania started to increase right from the start. Things went so well that Mr G decided to buy more vehicles and hire a couple of drivers to expand the business.

The Scania transports was the core of his business at this time, but Mr G saw how the transports of containers from the harbour slowly increased. He decided to invest in the equipment needed for container transports and felt confident that he could get a piece of the cake since he knew the head of the harbour. The customers came directly when Mr G started to offer container transport and since then, that part of the business has increased continuously. Later, Mr G managed to get a lucrative container transport deal with Scania which lasted for 15 years. Still today, Scania is a big customer of Haulier G.

“it is about being on the right place at the right time and to have a small portion of luck as well” (Haulier G, 2012)

B.7.2.2 Haulier G and TNT

In the early 1980s Mr G visited a transport fair in Helsingborg. In the bar he met a man from the international 3PL player TNT. They started to talk and decided to meet again back in Stockholm to discuss a transport solution between Stockholm and Helsinki for TNT. By that time, TNT had little presence in Scandinavia but was looking to expand its business there. After some discussions, Mr G offered TNT a price for his transports, which TNT initially rejected since they thought it was too expensive. However, Mr G decided not to lower his offer. Approximately two months later, TNT returned and said that they would accept the offer if it was still hard. From that day, Haulier G became a member the TNT network, which today is their single biggest customer. Previously, Haulier G had mostly
been working in Scandinavia but now they started transport goods to Europe as well. This made their business grow fast.

Together, Haulier G and TNT worked to optimise transports and to come up with new ideas for transport solutions. As an example, Mr G helped TNT to utilise the possibility of using longer carriages in Sweden and Finland, which meant fewer trucks were needed to transport the same load. By establishing a terminal in Helsingborg they were able to rearrange the load before entering Europe and thereby save money. Another example of their cooperation is when TNT wanted to expand its business to Russia and the Baltic states. Instead of approaching an Estonian haulier, TNT asked Haulier G to set up a subsidiary over there. In fact, TNT’s confident in Haulier G was so big that they were the first to get the question. As Mr G likes new challenges, he was not late to accept the offer and founded the subsidiary in Estonia, which still today is a part of the company.

B.7.2.3 New big customers

During the 1980s, Haulier G also worked a lot for SJ. In the middle of the decade, SJ asked if Mr G could provide storage in excess of the transports. In order meet his customers’ demand, Mr G bought a real estate, which had storage and was connected to the railroad.

New customers came in through contacts in many cases. Together with the pharmaceutical company, Mr G developed a solution to transport flight containers more efficiently. By cooperating with them, Haulier G built a relation of trust between them. Previously, the pharmaceutical company had transported most of their goods themselves to keep control over their safety critical transports. But Mr G told them that they should do what their best at, i.e. developing medicine, and outsource the transports. Due to the confidence they had with Haulier G’ services, they decided to outsource it to them, despite them not being the cheapest alternative. This was the start of temperature controlled and high safety transports that Haulier G offers its customers today.

B.7.2.4 From driver to manager

In 1985 Mr G didn’t have time to actually execute transports himself anymore. The organisation had become so large and complex that a full-time position at administration was needed. Besides planning, order handling and traffic control, Mr G worked in his terminal with loading and unloading leaving and arriving vehicles. He began to hire people to help him with administrative tasks, however, he had troubles letting it go and relying on others to do it for him. When first delegating traffic control, Mr G kept his door open so he could listen to his traffic planner’s phone calls. He knew that this was not sustainable and as time went by, he became more comfortable with delegating responsibility.

B.7.2.5 Need for structure and new CEO

At the end of the 1980s Mr G met Mr R. Mr R worked at a logistic company that Mr G worked with and they became close friends. In 1996 Mr R started to work for Mr G as a traffic leader. A few years later, Mr G began to feel that he was beginning to lose control of the company. The organisation struggled since it lacked the structure needed for its size and it had simply become too complex for Mr G to manage. First the first time since founding the company in 1970, it was decided that Mr G should take a step back and hand over the role as CEO to someone more competent. The choice fell on Mr R, who had experience from larger organisations that would be useful at Haulier G. According to Mr G, Mr R was exactly what Haulier G needed. “Mr R came in with organisational skills and structured up the whole company, which made it possible to continue our development and grow further” (Haulier G, 2012).
Shortly after Mr R was appointed as CEO, Haulier G bought a part of Green Cargo’s business. They had heard that the company were willing to sell a terminal a number of trucks. Since Haulier G saw synergies with their own business, they put an offer and acquired it.

In 2005, Mr G’s daughter stepped in as HR and environment manager, which had become more important for Haulier G. She introduced systems to increase fuel efficiency and improve working environment for both drivers and administrative staff. Today, Haulier G are certified in areas of environment, quality, working environment and traffic safety.

In 2012, Mr R retired from his role as CEO after ten years of service and Mr G’s daughter took over. Mr G is confident that she will fit as a leader for Haulier G. She know the efforts behind a successful haulier business since she is raised close to it. She also had experiences in leadership from previous work, Mr G explains. Mr G will still be operative in the family company and be there to support her in the beginning.

B.7.3 About the business and other reflections

B.7.3.1 Problems with truck cooperatives

There are problems with truck cooperatives, according to Mr G. He explains that for the new single-vehicle haulier without experience and contacts within the industry, it is extremely difficult to run a business without connection to a truck cooperative. This is something that truck cooperatives is aware of and unfortunately, some of them make use of it against hauliers. Of course there are advantages for the single haulier to work for a truck cooperative, otherwise truck cooperatives would not exist. The truck cooperative handle all contact with customers and administration and the single haulier can focus on execution of transports. The distance between executer and customer can although be seen negatively since a critical aspect for successful relations with customers is the personal contact, according to Mr G. “It is important to build up trustful relations with your customer to be able to keep them in the long term” (Haulier G, 2012)

Further, Mr G mention the separated economic interests between hauliers and truck cooperatives as a problem for profitability in the long term. Since truck cooperatives revenue is based on commission fees on their hauliers revenues they earn money as long as the hauliers take orders. Even if a hauliers costs are higher than the actual income for a single transport the truck cooperative will take their commission fee, which means that the haulier takes the whole risk of losing money on the transport.

Mr G describes a situation where he lost a local chip transport due to the extremely low prices from a truck cooperative. He means that it is impossible to compete with truck cooperative at low differentiated transports. External hauliers need to find a way to offer something extra that the truck cooperative could not to become attractive. Competition with price is impossible against them, Mr G says.

B.7.3.2 Reasons for growth

In Haulier G’ case, the growth came from increasing demands from their customers in the first place. On the one hand Mr G saw an opportunity to grow together with his customers to get a better position in future negotiations and to keep competitors at distance. But on the other hand he saw a risk in being too dependent on single customers. Customers could use their size in negotiations as well. During a period TNT stood for 60 % of Haulier G revenue, which Mr G didn’t really felt comfortable with.

“When single customers became too big there’s always a risk of large drops in revenue if they suddenly would leave. Probably this would not happen, but it might happen” (Haulier G, 2012)
Mr G also points out that a sound relations to suppliers, e.g. Scania and the bank is essential to even talk about growth in the first place. This is due to the fact that there are heavy investments that needs to be done before increase in revenue take place. In addition, hard work is something that he stressed a lot. “You need to really feel that this your avocation, your life. Because there is hard work along the way to become successful in this business. I used to say that there is one business that is worse and that is to work as a farmer” (Haulier G, 2012).

Most of the administrative tasks around the haulier business were done at evenings at home. His wife helped him with invoicing and book keeping after her own full-time work.

**B.7.3.3 Success factors**

Mr G accentuates three major factors, which he thinks are fundamental for his success with Haulier G.

Firstly, he points out that very much is dependent on being at “the right place at the right time” (Haulier G, 2012). He means that there are coincidences in his history that has determined what Haulier G is today. Many offers or opportunities just pops up when you at least expected it and that you need to be lucky to receive it, Mr G says.

Secondly, he stressed the importance of working near the customers. Mr G has an idea of that close relationships builds trust between the transport buyer and seller. He always wants to “create a feeling of we, instead of you and me”. Mr G means that “we own the trucks and our customers own the goods, together we solve a problem” (Haulier G, 2012).

“Sitting together with the customer, at their place, and solve their problems instead of doing it alone, at our place will increase the customers confidence when it comes to our services” (Haulier G, 2012).

Being involved in customers daily work increases understanding of their needs, according to Mr G. It is also easier to identify additional value for the customers, which Mr G thinks is a cornerstone for future long term relations. He thinks, that doing something extra that ease the customers daily work is a lot more valuable for the customer than costly for themselves. At the same time it increases the incitements for the customers to continue the cooperation. “A great deal is when both parties makes a fairly good profit and are satisfied as well” (Haulier G, 2012)

So, by combining economic profit and good relations, Mr G thinks that he creates a sustainable business. “Our customers know that we never reject them in phone. If they come to us with problems they know that we do everything we can to solve it as fast and efficient as possible” (Haulier G, 2012)

Thirdly, Mr G explains that it is important to have motivated and reliable employees. He mean that an employee that does not enjoy working at their company will not do a great job either. Mr G explains that in their type of business it is extremely important to have “the right labour at the right place” (Haulier G, 2012). The employees interact with the customers every day. Thus, they are Haulier G face against the market. If they aren’t happy, the customers might get a bad impression of Haulier G and could therefore affect their reputation and brand.
B.7.4 Follow up questions

- Why was Haulier G particularly affected by the financial crisis in 2009?
- And why did revenue increase so quick between 2004-2008?

B.7.4.1 Answer

Haulier G’s revenue increased with 132% during the ten year period between 1998-2008. That was mainly caused by increasing demand from existing customers and particular TNT. Haulier G has grown together with them since their initial deal in the 1980s. In the end of 2008, when the financial crisis began to affect the worlds’ businesses, TNT choose to suspend one large line, which Haulier G had responsibility over. Simultaneously, many of Haulier G smaller assignments disappeared and they were forced to lower some of their prices to maintain their business and to keep the fleet up and running. On top of that, they moved a part of their revenue to their Estonian associated company which can explain why the revenue decreased so fast during 2009. But Haulier G recovered quite fast and when the demand increased again back in 2010, their revenue started to move back to normal numbers again.