THE OUTSOURCING OF LOGISTICAL ACTIVITIES:
THE CASE OF GUINNESS GHANA BREWERIES LIMITED

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ABSTRACT

The study has revealed that Guinness Ghana Breweries Limited has been outsourcing its logistics activities more than four years. The rationale behind the outsourcing activities is to cut down cost and enjoy first class service from specialists using the most suitable, quick and reliable technology. The company has actually increased its revenue margin consistently for the past four years and has enjoyed other benefits like timely delivery and overall quality improvement.

Its logistics service providers have also enjoyed benefits like: consistent profit growth rate, transformation of superiority into competitive pricing through economics of scale, improvements of staff skills through efficient training and continuous exposure to new technologies and best practices in the industry. The main problem encountered by the logistics service providers is that they are not been paid on time. It also came to light that Guinness Ghana Breweries Limited have build a very good business relationship with its service providers which have enable it to maintain good logistics service providers and switch to a new one if the need arise.

It was discovered that outsourcing logistics activities which is a contractual service has become relatively stable in the developed countries while it is a rapidly growing and emerging in developing countries like Ghana. It was noted that the most obvious reason behind outsourcing logistics activities is to provide very effective means of reducing costs, better services, improving operating efficiency, flexibility and getting access to new suitable technologies easily at a lower cost. Outsourcing, therefore, has increasingly becomes an important strategy that can significantly assist organizations to leverage their skills and resources to achieve greater competitiveness. However, there are risks of becoming over dependent on service providers.
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# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>TITLE PAGE</td>
<td>i</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>ii</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENT</td>
<td>iii</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td>iv-vii</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>vii</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>vii</td>
</tr>
<tr>
<td>CHAPTER ONE INTRODUCTION</td>
<td>1-5</td>
</tr>
<tr>
<td>1.1 General introduction</td>
<td>1-2</td>
</tr>
<tr>
<td>1.2 Background of Guinness Ghana Breweries Limited</td>
<td>3</td>
</tr>
<tr>
<td>1.3 Objective of the study</td>
<td>3</td>
</tr>
<tr>
<td>1.4 Justification of the study</td>
<td>4</td>
</tr>
<tr>
<td>1.5 Scope of work and methodology</td>
<td>4</td>
</tr>
<tr>
<td>1.6 Organization of the study</td>
<td>5</td>
</tr>
<tr>
<td>CHAPTER TWO LITERATURE REVIEW</td>
<td>6-18</td>
</tr>
<tr>
<td>2.1 Definition and Explanation of Outsourcing</td>
<td>6-7</td>
</tr>
<tr>
<td>2.2 Definition and Explanation of Logistics</td>
<td>7-8</td>
</tr>
<tr>
<td>2.3 Outsourcing Logistics Activates</td>
<td>8-10</td>
</tr>
<tr>
<td>2.4 Advantages of Outsourcing Logistics Activities</td>
<td>10-11</td>
</tr>
</tbody>
</table>
2.5 Disadvantages of Outsourcing Logistics Activities 11-12

2.6 Criteria for selecting 3PL provider 12-13

2.7 Criteria for Outsourcing Logistic Activities 13-16

2.8 Managing Outsourcing Logistics Activities 16-17

2.9 Managing Service Provider (3PL) Relationship 17-18

CHAPTER THREE METHODOLOGY 19-27

3.1 Introduction 19

3.2 Limitation of the study 19

3.3 The background of the case study organization and its relevant 19-20

3.4 Data Collection 20

3.4.1 Primary Data 20-21

3.4.2 Secondary Data 21

3.5 Study Population 21-22

3.6 Sampling Technique 22

3.7 Sampling Method 23-24

3.8 Data Analysis 24-25
CHAPTER FOUR RESULTS AND DISCUSSIONS

4.1 Introduction 28

4.2 Results and Discussions of Guinness Ghana Breweries Limited 28

4.2.1 Number of years working with GGBL 29-31

4.2.2 Type of logistics service rendered to GGBL by its 3PL companies 31-32

4.2.3 Type of relationship between GGBL and its 3PL companies 32-34

4.2.4 Rating the quality of service rendered to GGBL by its 3PL providers 34-36

4.3 Results and Discussion of 3PL providers of GGBL 36

4.3.1 Outsourcing of logistics activities for GGBL 37

4.3.2 The rationales behind the 3PL companies service providing 38-39

CHAPTER FIVE CONCLUSIONS AND RECOMMENDATIONS 40-42

5.1 Introduction 40

5.2 Summary 40

5.3 Conclusions 40

5.3.1 Benefits of Outsourcing 40-41

5.3.2 Challenges associated with providing logistics service 41

5.3.3 The rationales behind outsourcing logistics service 41

5.4 Recommendations 42
REFERENCES
APPENDICES
APPENDIX A - Questionnaires
APPENDIX B - Tables and Figures

LIST OF TABLES

Table 3.1 Responses from the respondents

Table 4.1 Number of years the ten key personnel have work with GGBL

Table 4.2 Logistics activities outsourced by GGBL

Table 4.3 Measurement of logistics service rendered to GGBL

LIST OF FIGURES

Fig. 2.1 What are core and non-core activities? , Quinn (1999)

Fig.4.1 The type of logistics service rendered to GGBL by its 3PL providers in percentage

Fig.4.2 Handling of complains by 3PL providers of GGBL

Fig.4.3 Rating of Quality of service rendered to GGBL

Fig. 4.4 Rational behind the providing of logistics service by 3PL providers to GGBL
CHAPTER ONE

INTRODUCTION

1.1 General introduction

The intensified competition in the emerging global economy has cause manufacturing and retailing industries to outsource their logistics functions to third party companies. Outsourcing logistic activities is an arrangement whereby a firm asked another firm (logistic service provider also known us third party logistic (3PL) company) to perform its non-core activities such as packaging, transportation, shipping, warehousing, distribution, inventory keeping, final assembly of a product, research, information service etc.

Because of the globalization of outsourcing, distribution companies in recent years have been adopting the logistics management approach to guide their business operations. The adoption of logistics concepts has increasingly enabled many companies to focus on their core business and outsource their transport and other logistics activities. The outsourcing of logistics activities to partners, known as ‘third party logistics (3PL) providers’, has increasingly become a powerful alternation to the traditional, vertical integrated firm. A growth in the number of outsourcing partnerships has contributed to the development of more flexible organizations, based on core competences and mutually beneficial longer-term relationships (Rabinovic et al., 1999).

Recent times have witnessed a heightened global interest in outsourcing of logistics functions. Outsourcing has increasingly become an important strategy that can significantly assist organizations to leverage their skills and resources to achieve greater competiveness. It is therefore, a fast growing aspect of the world economy (Quinn et al., 1994).
Logistics has been an important part of every economy and every business entity. Average logistics cost 12% of the world Growth Domestic Productivity (GDP). The world wide trend in globalization has led many companies to outsource their logistics activities to Third Party Logistics companies and focus on their core competence. In the annual report of the council of logistics Management’s (CLM) 2003 of which 400 representatives from North America, Western Europe and Asia Pacific were interviewed by Cap Gemini Ernest and Young US LLC, Georgia Tech and FedEx, it was concluded that outsourcing logistics remains a growing business globally. On a smaller scale Bhatnagar et al. (1999), reported that, the need for logistics outsourcing is also increasing in U.S and other parts of the world. Another survey concluded by Lieb et al. (2004), reveals that 83% of manufactures used the third party logistics services.

Driven by globalization and rapid advancement in information technology, organizations strive to improved competiveness and responsiveness to customers and market demands. .
The extent of usage of 3PL activities depend on a number of factors or business process, such as geographical coverage, nature of length of contract, percentage of total logistics budget allocated to 3PL companies and the level of commitment.

Formally most organizations were undertaking all functions by themselves. That is each organization had a separate department for outsourcing, finance, marketing, production etc. Today these organizations are looking to 3PL companies to help them in areas where they are not able to generate world – class quality. Total quality management demands that organizations compare each function against the best in the world (Lambert et al., 1999).
1.3 Objective of the study

The general objective of the studies is to investigate how decisions are made regarding outsourcing of logistical activities in most effective and efficient way.

The specific objectives are:

1. To identify the rationale(s) behind the outsourcing decisions of the outsourcing company.
2. To identify the mechanism used to manage the outsourcing of the logistic activities by the outsourcing company.
3. To identity the advantages and disadvantages of outsourcing logistic activities on the outsourcing company.
4. To identify the challenges associated with outsourcing logistic activities by outsourcing company.

1.4 Justification of the study

Motivated by the rapid increase in outsourcing logistics activity in my country Ghana and other parts of the world, my research seeks to find out, the rationales behind outsourcing of logistics activities.

Outsourcing is a viable business strategy because turning non-core functions over to external suppliers enables companies to leverage their resources, spread risks, and concentrate on issues critical to survival and future growth. Many firms have turned to logistics outsourcing as a way to restructure their distribution networks and gain competitive advantage. But outsourcing decisions should be made with perfect understanding of the mechanisms, procedures and parameters behind the rationales which called for such decision for achieving of the organizational goal (Lieb, 1992, Sink et al., 1997).
But not much research has been conducted on the rationales behind outsourcing of logistics activities on Ghanaian market. It is worth conducting scientific research into the subject matter for effective and efficient understanding of the parameters which called for an outsourcing decision to be made by a company. If the rationales behind outsourcing decision making are perfectly understood it will help Ghanaian companies to make quality decision and improve upon their services deliveries. The academia can also use it as a reference material for subsequent research work.

1.5 Scope of work and methodology

The study will be limited to the management of outsourcing logistic activities at GGBL. Based on the outlined objectives, questionnaires and interviews would be the main instrument for data collection. The data or information obtained from the questionnaires and interviews as well as secondary sources like articles from the internet, journals and books would be used in the development of the study. Statistical tools like Microsoft Excel would be used for data analysis.

1.6 Organization of the study

The study would be organized into five main chapters, which are summarized below:

The first chapter would focus on the introduction of the study and gives a background of the study, problem statement, objectives, justification, scope and background of GGBL.

The second chapter would deals with literature that is related to the topic. It involved definition of outsourcing, logistics and outsourcing logistics activities, advantages and disadvantages of outsourcing logistics activities, criteria for outsourcing logistics management, managing
outsourcing logistics activities, managing service provider 3PL relationship in outsourcing logistics activities etc.

Chapter three would cover the methodology of the study, concept of the study and the conceptual model, which explores the relationship between GGBL and their 3PL companies. The chapter also would involve the instruments that will be used to collect data from GGBL as well as the secondary data source including how GGBL outsource its logistic activities will all be presented here.

Chapter four would concentrate on the data that has been analyzed, organized and illustrated with the use of appropriate tables and figures. Here, the results of the data analysis would be discussed in the context of the study objectives.

The last chapter embodies summary of findings, conclusion of the study and recommendations.
CHAPTER TWO
LITERATURE REVIEW

2.1 Definition and Explanation of Outsourcing

Outsourcing is the subcontracting of a company non-core function such as product design of manufacturing company to a third-party company. It is the activity that involved mainly two parties. The clients company who outsource logistics activities and the outsourcing service provider who performed the outsource activities. The decision to outsource is often made in the interest of lowering a firms cost and conserving energy directed towards the core functions of the firm, in order to make more efficient use of labor, capital, technology and resources (Vallespir et al., 2001, Quinn et al., 1994).

Since the early 1990s, the worldwide practices of outsourcing logistic activities have been increasing, resulting in an annual 10% increase (Sohail et al.; 2003). According to “Cap Gemini Ernst & Young” survey (2002), the rates of resorting to logistic suppliers have reached 94% in Europe, 78% in North America and 92% in Pacific Asia.

According to Harrison et al. (2002), the importance of outsourcing becomes particularly evident when companies look critically at their internal structure and resources. Outsourcing provides companies with greater capacity for flexibility especially in the purchase of rapidly developing new technologies. By outsourcing logistics activities, firms can save on capital investment, and thus reduce financial risks. Investment on logistics assets, such as physical distribution centers or information networks, usually needs large lump sum of money, which involved high financial risk.
Outsourcing is a viable business strategy because turning non-core functions over to external suppliers enables companies to leverage their resources, spread risks, and concentrate on issues critical to survival and further growth. Many companies turned to outsource logistics activities as a way of restructuring their distribution networks and gain competitive advantage (Sink et al., 1997).

According to Babu (2005), outsourcing provides certain power that is not available within an organization’s internal departments. This power may have many dimensions such as; economic of scale, process expertise, access to capital and access to expensive technology.

2.2 Definition and Explanation of Logistics

According to Council of Supply Chain Professionals formally known as Council of Logistics Management (2003), logistic, is the process of planning, implementing, controlling the efficient and effective flow, storage of goods, services and related information from the point of origin for the purpose of conforming to customer’s requirements.

It is also defined as part of supply chain that plans, implements, controls the efficient and effective forward and reverse flow, storage of goods, services and related information between the points of origin and the point of consumption in order to meet customer’s requirement (Vitasek, 2007).

Scott and Westbrook (1991), described supply chain management as a chain linking each element of the manufacturing and supply process from raw materials through to the end user, encompassing several organizational boundaries and treating all organizations within the value chain as a unified virtual business entity.
Panayides et al. (2007), emphasized that, logistics is a functional system which is crucial for improving efficiency, both in the flow of goods and information and to meet low-cost, fast, and reliable delivery objectives within a company and throughout a network of companies. Logistics significantly contributes to company’s competitive advantage in both efficiency and effectiveness. Logistics activities and processes are fundamental elements that a company’s supply chain capabilities and competences are based upon. The close relationship between logistics and customer service, and its effect on a firm’s competitiveness dictate that companies handle their logistics function prudently so as to achieve its full potential as a source of competitive advantage.

2.3 Outsourcing Logistics Activities

Outsourcing logistics activities involved the use of third-party logistics providers for all or part of organizations logistics operations. The phenomenon describes an activity carried out by a logistic service provider for its clients (Vallespir et al., 2001).

According to Lambert et al. (1999), outsourcing logistics activities has increasingly become an effective way to reduce costs and spread risks for traditional vertically integrated firms. Some of the potential economics advantage of outsourcing logistics activities according to Persson et al. (2001), are the elimination of infrastructure investments, access to world class process, products services, technology, improved ability to react quickly to changes in business environments, risk sharing, better cash flow, reducing operation costs, exchanging fixed costs with variable costs, access to resources not available in the organization.
The main reason why firms outsource their logistics activities to third-party logistics providers is to reduce costs (Mercer Management Consulting, 2002). Today, third-party logistics is a key component of logistics management strategy in many industries (Gooley, 2002).

According to Goldsmith (1989), public warehousing is the oldest form of outsourcing in logistics. Later, Richardson (1992), added marketing, packaging, transportation, distribution, import and export to this list. This is justifiable since third parties do have some role in determining where goods are stored, how they are packaged for shipment, and in choosing the best mode for transporting them to the customer (Hill, 1994). Since the third-party providers are also increasingly being utilized for value-added activities such as assembly and quality control (Fawcett et al., 1993), the list is however expanding. Some companies sell software and consulting services that help their customers develop their own efficient transportation networks. Others handle chores such as paying bills and tracking costs of transportation for their customers. Many third-party logistics companies have been found to offer services such as logistics information systems, shipment consolidation, warehouse management/operation, carrier selection, rate negotiations, fleet management/operations, product returns, order fulfillment, customer spare parts, vendor selection and purchasing (Lieb et al., 1996).

Muller (1993), appears to be the first to propose two basic types of logistics outsourcing service providers, i.e., operations-based and information-based third-party logistics vendors. Later, he himself modified this classification scheme by suggesting the following four types of vendors:
- **Asset-based vendors.** Companies which offer dedicated physical logistics services primarily through the use of their own assets, typically a truck fleet or group of warehouses or both.

- **Management-based vendors.** Involved in offering logistics management services through systems databases and consulting services, often acting as a subcontracted traffic department, either for part, or all, of a client’s business segments. These firms do not own transportation or warehouse assets.

- **Integrated vendors.** These companies own assets, typically trucks, warehouses or a combination of both. They are not, however, limited to using those assets, and will contract with other vendors on an as-needed basis.

- **Administration-based vendors.** Firms which mainly provide administrative management services such as freight payment.

Minahan (1995), stated that, it should be noted that no one category of the logistics vendors is inherently superior to another. Buyers should have knowledge about the various providers and make a selection based on their own goals and needs. It has been advocated that instead of focusing on the service providers’ assets, firms should consider their skills, and see how those skills compliment what the firms have in-house (Sink et al., 1997).

### 2.4 Advantages of Outsourcing Logistics Activities

According to Lieb et al. (2004), across many industries, outsourcing logistics activities has become a rapidly expanding source of competitive advantage and logistics cost saving. He reported that some firms routinely have achieved 30 – 40 % reduction in logistics costs and
have been able to greatly streamlined global logistics processes as a consequence of outsourcing. Logistics significantly contributes to company’s competitive advantage. The most obvious reason behind outsourcing logistics activities is to provide very effective means of reducing costs by contracting with a third-party who can provide better services and high quality at a lower cost. By reducing costs through outsourcing, you gain the ability to improve operating efficiency, increase return on assets, and improve profitability. Outsourcing is also an effective means of generating new revenues. A firm which outsource can contract with a third-party to provide products and services which it cannot offer on a profitable basis. This form of outsourcing enables a client firm to test market demand for a services or product if it is less risky, more cost-effectively way than creating the service internally with scarce resources (Panayides et al., 2005).

Outsourcing can also occurred in the form of collaboration or alliance with two or more like parties in the same business line to offer complementary products or services. These hybrid situations enable the two organizations supporting the same market to share resources and increase revenue through synergistic relationship. It is also discovered that outsourcing companies would gain more from a well managed relationship with their third-party providers than what they could have gained from pure price competition. Such relationship also brought benefits to outsourcing companies customers (Knemeyer et al., 2003; Panayides et al., 2005).

2.5 Disadvantages of Outsourcing Logistics Activities

There are a number of risks in outsourcing, which may create perceived disadvantages. However, these disadvantages are mostly of a psychological nature and if managed effectively, do not lead to financial losses. For example, parting with a their-party introduces a host of new outlooks,
personalities, and demands that can produce new problems. These challenges include a more complicated level of communication and insecurity in the workforce.

The goal of any organization outsourcing its logistics activity is entirely different from that of the service provider. Due to these differences, the factors that determine the commercial merit of the partnership are being considerably different. Considerations of these factors are essential to ensure the viability of the collaborative venture and the future success of the partnership. Any firm that outsourced its logistics activities to a third-party logistics serviced provider runs the risk of becoming over dependent on the provider (Piachaud, 2002).

Monitoring outsourcing logistics activities is often a difficult and complex task. In order to ensure that the business carried out by the third-party logistics providers meets the standards, resources such as money, time and expertise are needed to establish an effective monitoring system. Once outsourcing logistics activities has been initiated, managing the outsourced activity is also difficult. If the third-party logistics providers choose to change the way they provides the outsourced activities, the firm must also learn to adjust to the new system. If the third-party logistics provider changes its personnel or organization, the firm has to invest in establishing new partnership and understand how things are operated in the new environment (Earl, 1996).

2.6 Criteria for selecting 3PL provider

The 3PL selection is a multi-criteria problem and hence a complex process because it involves various criteria such as price, quality, delivery, competencies, operational flexibility, investment etc. Some criteria are developed with specific client needs while others are common for all circumstances. A study conducted by McGinnis et al. (1995) and Menon et al. (1998), depicts
that both the firm’s competitiveness strategy and external environmental affect the selection criteria. They also show that there are eight important criteria which are: on time shipment and deliveries, superior error rates, financial stability, creative management, ability to deliver as promised, availability of top management, responsiveness to unforeseen occurrences and performance quality requirements before price.

In 2003, the International Warehouse Logistics Association (http://www.iwla.com) that comprises more than 550 logistics companies of North America conducted an exploratory study with several 3PL customers. Their study showed a major change in the selection criteria’s rankings. The top determinants in selecting of a 3PL were service quality, reliability and on-time performance. In 2003, the price became the most important selection criterion while it was ranked eleventh in 1994. This change is mainly due to the increase of quality and the number of services offered by the 3PL. Although the cost of these services continued to decrease, the price remained the crucial part of the negotiation with the 3PL. Another study by Aghazadeh (2003), presents four relevant criteria for selecting an effective 3PL, which are: similar value, information technology systems, key management, and relationship. The various studies mentioned above clearly show that 3PL selection is multi-criteria. According to Murphy et al. (1997), these criteria may be influenced by several attributes such as: firm size, degree of 3PL usage, period of time 3PL have been used, and degree of current satisfaction with 3PL services.

2.7 Criteria for Outsourcing Logistics Activities

Every company needs to position itself in the supply chain by deciding how many logistics activities it should perform and which one to outsource. This decision depend basically on the
firm ability to determined which part of their production is their core activity and which is non-core as shown in Fig.2.1. Distinguishing between core activities and non-core activities is a complex task. Hence care must be taken to ensure the long-term strategic considerations and true benefits are assessed. On the other hand, it is constrained by limited choices in resources and competences (Vallespir et al., 2001).

Criteria proposed by McLvor (2000), found poor decision making led to insignificant benefits of outsourcing and failed outsourcing projects. He provided four stage of comprehensive framework approach.

- The first stage is to recognize “core” activities that generate high customer value and competitive advantage. Cross-functional team, containing top management and lower level personal required. Non-core activities should be outsourced, but non-core activities with political concern, such as union’s objection should be kept in-house.
- The second stage is to evaluate the company’s competencies in performing the core activities in relation to available external resource. Benchmarking internal and external suppliers and competitor’s capability and cost was suggested.
- The third stage is to perform total cost analysis using activity-based costing approach to compare internal and external supplier’s costs of the core activities. He recommends that the company should keep the core activities in-house if the company has cost advantage and if the core activities represent critical competitive advantage.
The last stage is for the outsourcing company to consider several aspects related to external relationship such as control and organizing in favor of its own competitive advantage and to avoid potential threat and competition of the 3PL companies.

Figure 2.1 What are core and non-core activities? , Quinn (1999).

Bolumole et al., (2007), developed a theoretical framework based on multiple social science perspective to examine and evaluate logistics outsourcing decisions . The framework indicates logistics outsourcing decision criteria as transaction costs, resources and control issues.

According to Donald (1998), the strategic approach for evaluating the decision to outsource logistics activities involves a number of factors. These factors should be evaluated in logical
sequences as follows: customer view function, capabilities and physical assets required to perform the function, technological requirement, world class abilities and performance and delivery capabilities versus competitive alternatives.

2.8 Managing Outsourcing Logistics Activities

According to Donald (1998), outsourcing is not only about decision making, it also demands control mechanisms which include; service acquisition, service provider selection and service provider management. The key managerial activities identified from managerial frameworks were group into two phases as pre-outsourcing and post-outsourcing.

Pre-outsourcing involves:

- Identification of needs to outsource
- Decision criteria assessment
- Development and assessment feasible alternatives
- Evaluation and selection supplier
- Contract negotiation

Post-outsourcing involves:

- Project execution and transfer
- Ongoing service assessment
- Managing relationship
- Contract Termination

The extents to which a firm can manage a 3PL provider effectively depend greatly on the information received and the early detection of problem. Since the information received by the
logistics manager of the outsourcing company would be less comprehensive than if the outsource activity is performed in-house, it is advice that the logistic manager ensure effective communication with the 3PL organization. In order to properly manage and evaluate a 3PL logistic provider, the outsourcing organization should develop clear guidelines for appraising their 3PL provider (Cavalla, 1996).

2.9 Managing Service Provider (3PL) Relationship

Berggren et al. (2004), stressed that the relationships with external partners just do not happen; it has to be facilitated and organized. The strategies that outsourcing companies adopted to manage their supplier relationship were synthesized into two kinds;

- Service provider development
- Service provider involvement

It is a strategic alliance, where both parties have needs that the other can fulfill, and both firms share values, goals and corporate strategies for mutual benefits. In addition, the benefit of synergy strong communication and commitment and high level of interdependence have also been emphasized as integral to the strategic alliance (Bowersox, 1990).

Gentry (1993), argue that although every partnership is unique, increased partnering efforts typically share the same common goals of attaining superior performance. In a strategic alliance, there is a commitment between the outsourcing company and 3PL provider to jointly improve quality and productivity to reduce overall costs. Both firms in the strategic partnerships use joint problem-solving efforts to develop mutual responses to changes in the marketplace.
Partnership between firms demands high level of understanding of their own business as well as the business of their counterparts. Outsourcing firms are able to achieve superior customer service by working closely with their partners to improve the logistics process. Together, they could offer faster deliveries and more accurate information. It is through such long-term relationships that outsourcing logistics activities draws its strength as a powerful and effective source of strategic advantage (Richardson, 1993c).
CHAPTER THREE

METHODOLOGY

3.1 Introduction

The case study methodology would be used to examine the management of outsourcing logistics activities – A case study of Guinness Ghana Breweries Limited. This allows a detailed and in-depth examination that is not possible in a wide cross sectional study.

3.2 Limitation of the study

Certain limitations were encountered in course of the work. Notable among them were: difficulties in assessing information, apathy on the part of some respondents which were not encouraging, respondents who felt reluctant to respond to the questions which were prepared for the survey.

3.3 The background of the case study organization and its relevant

Guinness Ghana Breweries Limited (GGBL) is a Ghanaian brewery based at the Kaasai Industrial Area in Kumasi. It was established in 2004. When production started, the company produced only Foreign Extra Stout (FES), popularly known as Guinness. The primary depot was at the same position with stores across the country particularly in the south (Wikipedia, 2010). Over its 250 years history, the Guinness brand has become a global success story through its iconic advertising and long standing role in local communities, which have necessitated world class service delivery in every facet of the organization, due to the high demand of the product by its customers. To sustain and increase their market share 3PL companies were called upon to provide quality services in the areas that the company is not well equipped with first class equipments and personnel (Ghana Resource Center, 2001).
Guinness Ghana Breweries Limited was the perfect choice for this study because of their exceptional ability to move from vertical integrated firm and embraced the new idea of outsourcing logistics activities which they cannot perform in-house. Because of the transition from the vertical integrated technique to the outsourcing strategy, the firm was able to see clearly the difference between outsourcing strategy and the vertical integrated technique, hence it is one of the best firm for this case study for scientific confirmation of the benefit of outsourcing logistics activities which cannot be performed in-house with world class results.

3.4 Data Collection

Primary and secondary data were collected and used for the study.

3.4.1 Primary Data

Primary data were obtained using questionnaires, personal observations and interviews with the management of the four departments of GGBL and its logistics service providers. The four departments of GGBL are: the production, sale, logistics and administration department. The logistics department is made up of four personnel whose main task is to contract the best logistics service provider for each service of the company which need to be outsourced in conjunction with the management of the department which have the need of outsourcing a particular service which cannot be provided in-house. Structural interviews were conducted and used to obtained information about how GGBL outsourced its logistic activities to its logistics service providers. The interviews were specific questions, but there was room for open discussions so that the interviewees could share complementary information on the various
quality management issues under discussion. See appendix A for the close and opened questionnaires that were used for primary data collection.

3.4.2 Secondary Data

Secondary data was obtained from relevant published reports written on outsourcing logistics activities operations and related materials. They included information from libraries, News papers (dailies), internet and other institutions of interest. This provided relevant background information for the actual research survey.

3.5 Study Population

The case study organization (Guinness Ghana Breweries Limited) has its headquarters based at the Kaasai Industrial Area in Kumasi. It has its depot in all the ten capital towns of the country and some major industrial towns as well. The Brewery in Kumasi has a total staff population of about two hundred (200) and every depot has an average permanent staff ranges from 4 to 6. The study population comprises of the managers, assistant managers of production, sale, administration departments and the four personnel in the logistic departments which make total of ten personnel of GGBL at Kumasi the headquarters. Twenty four management officials and twelve drivers of the logistics service providers in Kumasi metropolis of Ashanti Region were also included. The drivers were also included because every department of an organization needs to be consulted including the floor members before making a decision for effective implementation without any opposition. Most importantly, in this case, the drivers were needed to air their views about the rationales that control the transport system for total quality delivery of service, which necessitated the involvement of the chief driver and the assistant of each of the
3PL company responding to the questionnaires. A total of forty-six questionnaires were administered.

None of the forty-six questionnaires that were administered was dropped after they have being checked for correction and completeness. This was because the questionnaires were delivered by hand, and it was explained to all the interviewees individually before it was completed. Before leaving any interviewee, the questionnaires were checked for correction and completeness which make every questionnaire viable for the analysis.

3.6 Sampling Technique
The managers and assistants of production, sale and administration departments were interviewed, while all the four personnel in the logistics section were interviewed separately. The interview took the form of closed and open-ended questionnaires.
Six major logistics service providers of GGBL were selected for the studies. The six 3PL companies were selected base on the critics that, they have outsourced for GGBL for more than four years. The six have average permanent staff of twenty which comprises of four management officials and sixteen drivers. The four key managers of the six logistics companies were interviewed in the form of closed and open-ended questionnaires. The chief driver and assistant for each of the logistics service providers were interviewed using closed and open-ended questionnaires while another set of six drivers for each of the 3PL providers were interviewed orally using random sampling techniques.
3.7 Sampling Method

Surveys are one of the most frequently used methods of data gathering in social research. The survey protocol of random sampling procedures allows a relatively small number of people (sample) to represent a much larger population. A sample is a group of units selected from a larger group (the population). By studying the sample, one hopes to draw valid conclusions about the larger group. A sample is generally selected for study because the population is too large to study its entirety. The sample should be representative of the general population. This is often best achieved by random sampling (Sharon et al.; 1999).

After the data (sample) is collected, the researcher analyzes it and uses it to make generalizations about the population. Once the population, variables are measured, and methods have been defined, the scientist decides how to accurately sample the data to be representative of a larger group. In other words, statistical sampling does not involve measuring the desired variable in every individual of the population being studied; a selection of individuals is used to generalize results (Bartlett et al.; 2001).

The reason behind representativeness being the primary concern in statistical sampling is that it allows the researcher to draw conclusion for the entire population. If the sample is not representative of the population, conclusion(s) cannot be drawn since the results that the researcher obtained from the sample will be different from the results if the entire population is to be tested.

Nevertheless, surveys still remained one of the most effective means of gaining data on attitudes, issues and casual relationships. However, they can only show the strength of statistical association between variables. They do not explain changes in attitudes and views overtime.
There were also base on the fact that the questions were correctly interpreted by the respondents (Castillo et al.; 2009).

This notwithstanding, questionnaires survey, was appropriate for achieving the objectives of the study. The Guinness Ghana Breweries Limited, headquarters in Kumasi and its logistics service providers were selected for the study.

3.8 Data Analysis

Data collected from the interviews were recorded by the use of recorders, the questionnaires were checked for corrections, completeness and both stored for analysis and interpretation. Table 3.1 below, shows the tabulated format of relevant responses from the respondents. The questionnaires were structured and standardized to reduce biasness of analyzing and interpretation of the data, to ensure reliability, generality, reproducibility and validity of the results. The data collected from the field were analyzed using Microsoft Excel to plot bar charts and pictorial diagrams. The kind of charts chosen makes it very easy to compare the various parameters which influence outsourcing decision process. It can be seen from a glance what parameter is the highest and which one is the lowest for easy analysis and interpretation. For the bar charts the categories are shown along the horizontal axis and the frequencies are indicated on the vertical axis for easy comparison of the parameters. The pie charts also gave a perfect presentation of what parameters have the highest percentage and which one is the least. The data analyses have fulfilled its goal of highlighting useful information, suggestion and drawing relevant conclusions and supporting decision making process. The analyses focus on factual information from the closed and open-ended questionnaires that were administered to ensure a
scientific interpretation without any biasness. The various findings were extensively discussed in
the next chapter.

Table 3.1 Responses from the respondents

<table>
<thead>
<tr>
<th>Questions</th>
<th>GGBL Key personnel</th>
<th>3PL companies Key Managers</th>
<th>Drivers of the 3PL companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is your role in the organization?</td>
<td>Managerial position</td>
<td>Managerial position</td>
<td>Driver</td>
</tr>
<tr>
<td>How long have you been working in the organization?</td>
<td>Averagely it was more than four years</td>
<td>Averagely it was more than four years</td>
<td>Averagely it was more than four years</td>
</tr>
<tr>
<td>Which of the following outsourcing logistic activities did GGBL outsourced to a 3PL company? / Which of the following outsourcing logistic activities does your organization provide for GGBL?</td>
<td>Customer service, Transportation system, Logistics information, Shipments planning, Warehousing and storage operation, Sale, Bottle production, Sorghum Farming</td>
<td>Customer service, Transportation system, Logistics information, Shipments planning, Warehousing and storage operation, Sale, Bottle production, Sorghum Farming</td>
<td>Customer service, Transportation system, Logistics information, Shipments planning, Warehousing and storage operation, Sale, Bottle production, Sorghum Farming</td>
</tr>
<tr>
<td>For how long has GGBL been outsourcing its logistic activities to the 3PL? / How long have you been outsourcing for GGBL?</td>
<td>Averagely it was more than four years</td>
<td>Averagely it was more than four years</td>
<td>Averagely it was more than four years</td>
</tr>
<tr>
<td>What are the rationales behind the outsourcing of logistics activities by GGBL to 3PL? / As a third party Logistics Company, what are the rationales behind providing outsourcing logistics activities for your clients?</td>
<td>Delivery time, Receiving /unloading and dispatch/loading, responsiveness and flexibility, cost, overall quality</td>
<td>Business focus, Efficient utilization of assets, Investment, Operational flexibility, Cost and revenue</td>
<td>Business focus, Efficient utilization of assets, Investment, Operational flexibility, Cost and revenue</td>
</tr>
<tr>
<td>Does the rationale</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Question</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>-----</td>
<td>----</td>
<td>-----</td>
</tr>
<tr>
<td>What has been the profitability growth of your organization?</td>
<td>Increasing consistently</td>
<td>Increasing consistently</td>
<td>Increasing consistently</td>
</tr>
<tr>
<td>Is management actively engaged in improving the logistics service provided by its 3PL providers? / Is management actively engaged in improving the logistics service provided to its clients?</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>What aspect of logistics outsourcing activity (ies) needs to be improved?</td>
<td>Transport system</td>
<td></td>
<td></td>
</tr>
<tr>
<td>How can this be achieved?</td>
<td>Employing drivers who are mechanics as well and assigning at least two personnel for long distance journey</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does your organization encounters difficulties in dealing with your clients?</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>If yes, what difficulties does your organization encounter?</td>
<td>Delay payment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>What measures have you taken to GGBL should pay half of the amount GGBL should pay half of the amount</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

26
<table>
<thead>
<tr>
<th>Question</th>
<th>Regular, Very regular</th>
<th>Very good, Good, Excellent</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>How often are you called upon by the 3PL provider officials for the purpose of outsourcing logistics activities?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How do you rate the quality of service rendered by the 3PL?</td>
<td>Very good, Good, Excellent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is the strategy adopted by the 3PL provider in managing logistics activities benefit GGBL?</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>How does GGBL measures performance rendered by its 3PL provider? It is related to?</td>
<td>Receiving /unloading and dispatch/loading, Delivery time, Responsiveness and flexibility</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do you realize any significant changes in the activities outsourced?</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If yes, how does it impact on GGBL?</td>
<td>It have improved continuous flow of production</td>
<td></td>
<td></td>
</tr>
<tr>
<td>How does the 3PL provider handle your complains in terms of outsourcing logistics activities they rendered to GGBL?</td>
<td>Very good, Good, Excellent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does the 3PL provider do something different from its competitors?</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.1 Introduction

The chapter presents the analysis, results and discussions on how Guinness Ghana Breweries Limited headquarters in Kumasi outsourced its logistics activities and how its current six main third-party logistics providers in Kumasi, execute the outsourced activities. In all, two sets of questionnaires were analyzed; one set for Guinness Ghana Breweries Limited and the other for its logistic service providers. Interviews, documents and observations were conducted and recorded in the two settings.

4.2 Results and Discussions of Guinness Ghana Breweries Limited

Guinness Ghana Brewery Limited has four main departments with its managements. A total of ten questionnaires were administered and wholly attended to by the managers and assistant managers of production, sale and administration departments including the four personnel in the logistics departments. The ten key personnel had in-depth knowledge about all the outsourcing activities performed by GGBL and more in their respective departments based on their job role and years of service at GGBL. The analysis was based on the response from the ten key personnel involved in making outsourcing logistics decision for the organization.
4.2.1 Number of years working with GGBL

The number of years a person render a service to an organization gave him or her a lot of experience in rendering that particular service more perfectly, since experience is the best teacher. Sometimes clients want to see familiar faces of managerial staff that they can liaise well with and on the other hand, staff may confirm their loyalty and responsiveness to service delivery. It was therefore very important to ascertained the number of years the ten key personnel concerned with outsourcing logistics have been with GGBL which is tabulated in Table 4.1

Table 4.1 Number of years the ten key personnel have work with GGBL

<table>
<thead>
<tr>
<th>Number of years</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2 years</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>3 years</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>4 years and above</td>
<td>8</td>
<td>80</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Authors Field Survey, 2010

Tables 4.1 above indicate the number of year’s management has worked with its outsourcing organizations. The period of cooperation between management and its 3PL providers create an atmosphere of good rapport between the two parties. From table 4.1 eight personnel representing 80% of key personnel have engaged in outsourcing activities more than four years.
It became evident from the survey that GGBL outsourced most of its logistics activities, which is presented in table 4.2 below. These activities were outsourced because they cannot be performed in-house with first class quality. According to the ten key personnel at GGBL, the mutually agreed contract, have effectively reduce operational costs, increase operation efficiency, improve customer satisfaction and performance, it has also create economical advantages of eliminating investment of fixed infrastructure, allowing for greater quality and efficiency of service, and more significantly, consistent increase in revenue.

Table 4.2 Logistics activities outsourced by GGBL

<table>
<thead>
<tr>
<th>Outsource Item</th>
<th>Number of 3PL company</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer service</td>
<td>2</td>
<td>7.1</td>
</tr>
<tr>
<td>Transportation system</td>
<td>5</td>
<td>17.9</td>
</tr>
<tr>
<td>Logistics information</td>
<td>1</td>
<td>3.6</td>
</tr>
<tr>
<td>Shipments planning</td>
<td>3</td>
<td>10.7</td>
</tr>
<tr>
<td>Warehousing and storage operation</td>
<td>4</td>
<td>14.3</td>
</tr>
<tr>
<td>Sale</td>
<td>2</td>
<td>7.1</td>
</tr>
<tr>
<td>Bottle production</td>
<td>1</td>
<td>3.6</td>
</tr>
<tr>
<td>Sorghum Farming</td>
<td>3</td>
<td>10.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>28</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Authors Field Survey, 2010
Tables 4.2 above indicate the logistics activities outsourced by GGBL. It was found out that some of the 3PL providers render more than one service to GGBL. The rationale behind the outsourcing activities was to provide very effective means of reducing costs while enjoying a better first class quality service. It also came to light that the GGBL have been outsourcing its logistics activities for more than four years but keep on changing its 3PL providers’ base on which one is using the most suitable current technology and cost effective, hence the business relationship between them and some of their clients are less than four years.

The company admitted that outsourcing have actually help them cut done cost and increase revenue consistently over the past four years. Other factors which contribute to the consistent growth in the profit margin are due to the marvelous role played by the four key personnel in the logistics unit of the company. They are actively engaged in improving logistics outsourcing of the company. This is done by ensuring accurate cost data to determine the financial impact of outsourcing each activity and forecasting new models of change to ensure constant growth of the company.

4.2.2 Type of logistics service rendered to GGBL by its 3PL companies

Table 4.2 above and Fig.4.1 below indicate the type of logistics service rendered to GGBL by its 3PL companies. These 3PL companies are first class companies which are expected to deliver classic results effectively and efficiently. Majority of the logistics service rendered represents 17.9% for transportation system. 14.3% is concerned with the warehousing and storage operations. 10.7% are different group of farmers in the northern part of the country who produce sorghum for production of Malta Guinness. Shipping of the products to other countries such as
Togo, Ivory Coast among others takes 10.7% of the outsourcing activities. Logistics information and bottle production were the least with percentage value of 3.6.

According to GGBL they adopt the outsourcing strategy mainly to boost their Customer Satisfaction by meeting their expectation. Customer satisfaction is a major prediction of repurchase, but is strongly influenced by explicit performance evolution of perceived quality and value, which can be achieved with first class delivery of service, which is best done by the 3PL providers.

Fig.4.1: The type of logistics service rendered to GGBL by its 3PL providers in percentage

4.2.3 Type of relationship between GGBL and its 3PL companies

It was clear that GGBL had a very good cordial relationship with its logistics service providers, once they deliver effectively and efficiently a first class service to meet the goal of the company. This could be mainly attributed to the quality of service rendered and professional way of
handling complaints by the logistics service providers. The pictorial chart in Fig.4.2 below explains how the logistics officials handle complaints of GGBL, (See appendix B Table 3 for details). The data indicate that GGBL have greatly gained from the well-managed relationship with their 3PL provider than what they could gain from pure price competition. This cordial business relationship has also brought great benefit to the end user.

Fig.4.2 Handling of complains by 3PL providers of GGBL

Since all human institution is characterized with margin of error, most institution establishes complaints desk where problems confronting clients are reported for immediate attention. Once the differences are iron out, it gives the right atmosphere for effective business relationship to continue. The 3PL companies actually cooperate effectively with their clients to ensure a good friendship environment for effective business relationship which lead to increase performance output of the organization.

Four of the key personnel of GGBL have agreed that handling of complains is good which account for 40% as in Fig.4.2, they expect the 3PL company to enhance and accelerate the pace
at which they attend to complaints. About 50% which are five of the key personnel also believe that how the 3PL companies handle complains is very good and 10% which is one of the ten key personnel think everything is perfect. This could be due to the continuous improvements of service provider’s skill and commitments to first class logistics service providing. 

The analysis revealed that GGBL and 3PL providers are distinct from their competitors which have made them have competitive advantage. This include global presence, fast and efficient services, continuous culture of improving upon delivery time, and the use of modern technology.

4.2.4 Rating the quality of service rendered to GGBL by its 3PL providers

The continuity of every company and institution to a larger extent depends on the kind of relationship existing between the two parties and the remarks which are often expressed by its clients. The performance measurement procedures, by GGBL of its 3PL providers consist of predetermined parameters which were effectively monitored for a transparent trustworthy appraisal of each of the 3PL company. Fig 4.3 below stressed the parameters that were used to measure the performance of the 3PL company. According to GGBL the parameters were very meaningful and have provided them a guided within acceptable and desirable parameters for effective monitoring to enable them achieve their organizational goal. Therefore, once the decision to outsource logistics activities is made, the performance should be measured in an effective way to ensure that the goals of outsourcing are achieved.

It also became imperative to assess the performance of a company from the view of its clients. Form Fig.4.3 below, two of the respondent representing 20% rated the quality of service rendered to GGBL as excellent whiles 50 percent of the respondents think their 3PL providers
are performing very good. The remaining 30% believe that the performance of the logistics providers is good. Nobody thinks the service providers are performing poorly.

![Fig.4.3 Rating of Quality of service rendered to GGBL](image)

In assessing the competence of the 3PL company by way of rating the quality of service rendered, it was prudent to know the criterion used rating the quality of service rendered by the 3PL company. Tables 4.3 below indicate the distribution:

**Table 4.3 Measurement of logistics service rendered to GGBL**

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery time</td>
<td>6</td>
<td>60</td>
</tr>
<tr>
<td>Cost</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Responsiveness and flexibility</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Overall quality</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
From table 4.3 above, 6 of the personnel which represent 60% pay greater attention to delivery time as the most crucial determinant of performance measurement. Receiving/unloading and dispatch/loading is considered the second representing 30%, and responsiveness and flexibility as the third option of measuring performance efficiency of service provided by the 3PL company. Nevertheless all the ten key personnel agree that factors like cost and overall quality are very important when considering outsourcing.

The studies indicated that GGBL really benefit from outsourcing logistics activities due to the timely delivery, receiving/unloading and dispatch/loading and responsiveness and flexibility on the part of the 3PL providers.

**4.3 Results and Discussions of 3PL providers of GGBL**

The questionnaires that were administered were 36 in all, 24 for the key officials and 12 for the drivers of the logistics service providers. All the 36 questionnaires were well attended to. The analysis was done based on the responses of the 36 respondents.
4.3.1 Outsourcing of logistics activities for GGBL

Customers as a result of lack of expertise or proper infrastructure would outsource some of their logistics activities. The 3PL companies of GGBL have designed a suitable logistics performance tactics, for efficient delivery. The approach used by the 3PL providers has enabled them to prevent performance risks, improve customer service and successful business relationship development. The strategy is tailored towards the characteristics of product produced by GGBL, to ensure the achievement of GGBL organizational goal.

Tables 4.2 above indicate the kind of logistics service rendered to GGBL by its 3PL providers. These services were highly cumbersome and bureaucratic when GGBL tried to do them in-house, hence they engage logistics service providers to carry out these tasks for them. The results obtained after the survey indicated that the outsourcing companies have consistent increase in profit margin for the past four years.

Nevertheless, all the 3PL companies seem to face similar difficulties dealing with GGBL. The bureaucratic nature of the organization paying system has made it difficult for clients to be paid on time. The 3PL companies are seriously talking with management to change the procedure of paying them so that there will be no delay payment again.

Another difficulty identified by the drivers is the problem of transportation of goods internally. Most of them are of the view that it would be better if one driver and one mechanic are assigned for long distance, so that in case the trucks break down on the way it can be repaired immediately to enable on time delivery. According to them some time the journey is more than a day and it is not good for only one driver to drive continuously which resulted in accident some time, since the driver would be tired.
4.3.2 The rationale behind the 3PL companies service providing

As the rationale behind a logistics service provider and its clients are always different, mainly because of the money factor involved, Fig.4.4 below presents the reason why these logistics service providers render service to GGBL.

![Fig. 4.4 Rational behind the providing of logistics service by 3PL providers to GGBL](image)

These rationales according to the 3PL providers have enable them to consistently increase their profitability growth. Business focus, which recorded 41.7%, as the highest value was the main reason for the 3PL provider’s willingness to outsource for GGBL, followed by investments and cost and revenue being the least. This has actually agreed with the current trend of rational behind outsourcing of logistics activities (http://www.iwla.com).

From the survey it was realized that all the 3PL providers are always looking for ways to strengthen their competitive advantage by improving staff training, being continuously exposed to new technologies and best practice in the industry, reducing and rejecting any unjustifiable
cost, and transforming their respective company’s superiority into competitive pricing through economic of scale. Other strategies noted during the survey which could be used to achieve similar results are: educating their customers on a continuous basis and making the organization process easy for their customers and efficient for use.
5.1 Introduction

This chapter summarizes the information obtained from the studies and drawing relevant conclusions in light of the findings. Appropriate recommendations were also given.

5.2 Summary

In summary, it is worth mentioning that a 3PL provider which is a contractual service has become relatively stable in the developed countries like United States. However, it is a rapidly growing and emerging in developing countries like Ghana. Outsourcing therefore has increasingly becomes an important strategy that can significantly assist organizations to leverage their skills and resources to achieve greater competitiveness. Successful logistics outsourcing can provide significant benefits to firms. However, there are challenges like risk of becoming over dependent on service providers and firm losing control of part of its logistics activities and eliminating investments benefits like fixed infrastructure.

5.3 Conclusions

5.3.1 Benefits of Outsourcing

Guinness Ghana Breweries Limited and their logistics service providers have enjoy a lot of benefits. GGBL have enjoyed benefits like: effective and efficient means of reducing costs, better services, first class quality, timely delivery, increase in revenue etc. The logistics service providers also enjoyed benefits like: consistent profit growth rate, transformation of superiority
into competitive pricing through economics of scale, improvements of staff skills through efficient training and continuous exposure to new technologies and best practices in the industry.

5.3.2 Challenges associated with providing logistics service

The logistics service providers have difficulty of been paid on time due to the bureaucratic nature of the paying system of GGBL. The drivers of the logistics providers also have the difficulty of travelling alone without mechanics, hence incase of the truck break down it delays delivery. GGBL can also become over dependent on its 3PL providers and lost control of part of its logistic activities.

5.3.3 The rationales behind outsourcing logistics activities and providing logistics service

It came to light that the rationales behind outsourcing logistics activities by GGBL are: delivery time, Receiving /unloading and dispatch/loading and responsiveness and flexibility, they have also agreed that factors like cost and overall quality are also very important when considering outsourcing. They have also release that trying to perform the logistics activities in-house would have caused them a lot, because it would require infrastructure and employment of first class expertise.

The logistics service providers have different reasons for providing the logistics service which are: business focus, efficient utilization of assets, investment, operational flexibility, cost and revenue.
5.4 Recommendations

- Guinness Ghana Breweries Limited can pay its logistics service providers half of the money due them at the start of work and the remaining after completion of the task.

- The logistics service providers should consider employing mechanics who can drive as well.

- The 3PL providers should also stop assigning only one driver for long distance journey, at least two so that if one is tired the other person can also continue with the driving, to ensure on time delivery.
REFERENCES


APPENDICES

APPENDIX A

Questionnaires

PLEASE KINDLY TAKE SOME TIME OFF YOUR BUSY SCHEDULE TO RESPOND TO THESE QUESTIONS WHICH WOULD BE USED FOR ACADEMIC PURPOSE: A THESIS TO BE SUBMITTED TO THE SCHOOL OF MANAGEMENT BLEKINGE INSTITUTE OF TECHNOLOGY-SWEDEN, FOR THE AWARD OF MBA DEGREE. THANK YOU

QUESTIONNAIRE FOR GUINNESS GHANA BREWERIES LIMITED (GGBL)

1. Name of the company which carry out your logistics activities (3PL)

....................................................................................................................................................

2. What is your role in the organization?........................................................................................

3. How long have you been working in the organization?

(Please tick) □ 1 year □ 2 years □ 3 year s □ 4 year s or over

4. Which of the following outsourcing logistic activities did GGBL outsourced to a 3PL company?

(Please tick)
<table>
<thead>
<tr>
<th>Outsource item</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation system</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Logistics information system</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shipment planning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Warehousing and storage operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clearance and Forwarding</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. Others please specify …………………………………………………………………………

……………………………………………………………………………………………………..

6. For how long did GGBL have been outsourcing its logistic activities to the 3PL? (Please tick)

Less than a year  | 1-2 a years | 3-4 years | Over 4 years

7. What are the rationales behind the outsourcing of logistics activities by GGBL to 3PL? (Please tick).

Business focus | Cost and revenue | Operational flexibility | Service | Investment | Management change | Efficient utilization of assets
8. For how long did you have business relationship with the 3PL provider?

- Less than a year
- One year
- Two years
- Three years
- Four years or more

9. How often were you called upon by the 3PL provider officials for the purpose of outsourcing logistics activities? (Please tick)

- Regular
- Very regular
- Seldom
- Not at all

10. How do you rate the quality of service rendered by the 3PL?

- Excellent
- Very good
- Good
- Poor

11. Is the strategy adopted by the 3PL providers in managing logistics activities benefit GGBL?

- Yes
- No

12. How does GGBL measures performance rendered by its 3PL provider? Is it related to?

- Delivery time
- Cost
- Responsiveness and flexibility
- Overall quality
- Picking accuracy
- Inventory management
- Receiving/unloading and dispatch/loading

Others please specify..............................................................................................................................................................
13. Do you realize any significant changes in the activities outsourced?  
   Yes [ ]  No [ ]

14. If yes, how does it impact on GGBL? .................................................................

.................................................................

.................................................................

15. How does the 3PL provider handle your complaint in terms of outsourcing logistics activities they rendered to GGBL?
   Excellent [ ]  Very good [ ]  Good [ ]  Fair [ ]

16. Does the 3PL providers do something different from its competitors?  
   Yes [ ]  No [ ]

17. Do you encounter any difficulties dealing with the 3PL provider?  
   Yes [ ]  No [ ]

18. If yes, what difficulties do you encounter? ...........................................................

.................................................................

.................................................................

19. Do the difficulties occur in other 3PL providers?  
   Yes [ ]  No [ ]

20. If yes, what are the causes of these difficulties? ......................................................
21. Could you suggest some measures to overcome these difficulties?

QUESTIONNAIRE FOR THIRD-PARTY LOGISTICS PROVIDERS OF GUINNESS GHANA BREWERIES LIMITED (GGBL)

1. Name of your organization

2. What is your role in the organization

3. How long have you been working in the organization

(Please tick) ☐ 1 year ☐ 2 years ☐ 3 years ☐ 4 years or over

4. Which of the following outsourcing logistic activities does your organization provide for GGBL? (Please tick)
<table>
<thead>
<tr>
<th>Outsource item</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation system</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Logistics information system</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shipment planning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Warehousing and storage operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clearance and Forwarding</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. Others please specify …………………………………………………………………………..

……………………………………………………………………………………………………..

6. How long have you been outsourcing for GBBL? (Please tick)

Less than a year     1-2 a years   3-4 years   Over 4 years

7. As a third party Logistics Company, what were the rationales behind providing outsourcing logistics activities for your clients? (Please tick).

Business focus   Cost and revenue   Operational flexibility   Service

Investment   Management change   Efficient utilization of assets
8. Do the rationales behind providing logistics activities help your organization in terms of profitability growth?

   Yes [ ] No [ ]

9. What has been the profitability growth of your organization?

   Increasing consistently [ ] Decreasing consistently [ ]
   Increasing inconsistently [ ] Decreasing inconstantly [ ]

10. Is management actively engaged in improving the logistics service providered to its clients?

    Yes [ ] No [ ]

11. What aspect of logistics outsourcing management/activity (ies) needs to be improved?

    …………………………………………………………………………………………………………
    …………………………………………………………………………………………………………
    …………………………………………………………………………………………………………

12. How can this be achieved? …………………………………………………………………….

    …………………………………………………………………………………………………………
    …………………………………………………………………………………………………………
    …………………………………………………………………………………………………………

13. Does your organization encounter difficulties in dealing with your clients?

    Yes [ ] No [ ]
14. If yes, what difficulties does your organization encounter?

........................................................................................................................................
........................................................................................................................................

15. What measures have you taken to overcome these difficulties?

........................................................................................................................................
........................................................................................................................................

16. What makes your organization have a competitive edge?

........................................................................................................................................
........................................................................................................................................

17. How do you strengthen this competitive advantage?

........................................................................................................................................
........................................................................................................................................
APPENDIX B

Tables and Figures

Table 1: Rational behind the providing of logistics service by 3PL providers to GGBL

<table>
<thead>
<tr>
<th>Reason</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business focus</td>
<td>15</td>
<td>41.7</td>
</tr>
<tr>
<td>Cost and revenue</td>
<td>1</td>
<td>2.8</td>
</tr>
<tr>
<td>Operational flexibility</td>
<td>5</td>
<td>13.9</td>
</tr>
<tr>
<td>Service</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Investment</td>
<td>6</td>
<td>16.7</td>
</tr>
<tr>
<td>Management change</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Efficient utilization of assets</td>
<td>9</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Authors Field Survey, 2010

Table 2: Rating of Quality of service rendered to GGBL

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>Very good</td>
<td>5</td>
<td>50</td>
</tr>
<tr>
<td>Good</td>
<td>3</td>
<td>30</td>
</tr>
<tr>
<td>Poor</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Authors Field Survey, 2010
Table 3 Handling of complaints by 3PL providers of GGBL

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Very good</td>
<td>5</td>
<td>50</td>
</tr>
<tr>
<td>Good</td>
<td>4</td>
<td>40</td>
</tr>
<tr>
<td>Fair</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Authors Field Survey, 2010

Fig. 1 Number of years the ten key personnel have work with GGBL