

2014

“OPTIMIZING OPERATIONAL CAPABILITIES”

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Case Company

MERCEDES – BENZ

P. Louwerse BV

Duinzoom 1

Renesse, Zeeland




FOREWORD

As closure of the fourth and final year of International Business and Management Studies, all students are expected to write a graduation-thesis. With regard to the theoretical and practical knowledge I had acquired during the previous years at the Rotterdam Business School I felt confident about taking this last and final step towards graduation.

Mercedes-Benz P. Louwerse BV offered me an internship and gave me the opportunity to write this dissertation. In time conversation and observation lead to the problem at hand: an unstable market and uncertainty about future developments. The stakes are high in these scenarios, so how does such an organization like P. Louwerse BV cope under these conditions? And how does the organization respond to these changes in its environment?

Before you lies the result of my research, and I am proud to present you this dissertation. It has been a process which has allowed me to further hone my skills as a business student, but it also taught me a great deal about dealing with setbacks and has allowed me to grow as an individual.

None of this would have been possible without the help of the following people:

-  Bilal Moosa
-  Dennis Righters
-  Nusret Ozturk

I would hereby like to thank all of you for your counselling, guidance, cooperation and your friendship.

Zierikzee, July 2014

Hamid Ringelberg

EXECUTIVE SUMMARY

P. Louwerse BV is a Mercedes – Benz car dealership located in south-west region of the Netherlands. The company offers a large variety of passenger vehicles and light- commercial vehicles. P. Louwerse BV strives to offer the best customer care and to maintain the highest standards of product and service quality.




P. Louwerse BV is one of the many car dealerships that are affected by the increasingly difficult economic conditions. During the first six months of 2013 the total revenue generated by the Dutch car market decreased by 16%. The revenue generated by brand new vehicles in this market decreased with a staggering 36%. Operational costs remain stable for P. Louwerse BV and there is no clear market perspective for the coming years.

The objective of this report is to find out how the company is affected on an operational level by this decrease in revenue, and how it can reduce these negative impacts.

The report consists out of four main research themes: *Resources*, *Market Dynamics*, *Core Processes* and *Strategy*. From these research themes the following research questions were derived:



How to effectively improve operational processes at P. Louwerse BV

-  What are the essential operational processes for any organization in this industry?
-  What are the current operational processes applied by P. Louwerse BV?
-  What is impeding P. Louwerse BV from being “lean and agile”

We discovered that the company's operational processes are not only affected by the decrease in revenue. The operational processes are not correctly aligned with the company objectives. Furthermore the company lacks a controlling factor which guides the company and its employees towards change, improvement and innovation. This has led to a static company culture which has found its own way of dealing with the current situation. The company suffers from a shortage of human resources but seeks other means to remain competitive without investing or changing their current business administration to solve the problem.

We concluded that the company is missing a clear sense of direction and urgency. Insufficient measuring and monitoring of processes stimulates the effect of group dynamics and decreases the company's transparency. Hence this is only sustaining the difficult circumstances the company is in.

The main recommendations for P. Louwerse BV are to critically review the current organizational structure and reinforce the human resources where necessary. The involvement with departments and employees should be increased to regain transparency and create a sense of urgency. A market research should increase the market awareness and allow for a new product/market combination to be established. These steps will lead to a better alignment of the operational processes and company objectives while increasing overall efficiency.

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CHAPTER 1. CASE INTRODUCTION

“DAS BESTE ODER NICHTS”

On January 1886, Carl Benz patented his three-wheeled motor vehicle. This day has become the official birthdate of the automobile. Almost simultaneously, Gottlieb Daimler was developing his four-wheeled engine powered carriage.

The founders of today's Daimler AG and its renowned brand Mercedes-Benz each built the foundation for all current passenger and commercial cars individually. These two inventors have left a versatile and durable mark on the development of the car- in all possible areas; from drive technology, comfort and safety to design. Innovation has always been the key to success and it will only become more important in the future. Without the confidence to realize dreams the car would not exist, for there is no progress without the power to innovate. And the inventor of the modern day car, Mercedes-Benz is still ahead in terms of new developments.

Gottlieb Daimler and Carl Benz

In the 80s of the 19th century Gottlieb Daimler and Carl Benz independently laid the basis for motorized private transport with the invention of the high-speed engine and the car. They both channelled their personal development through lenders and partners into a private company. In October 1883, Benz founded the company Benz & Co. Rheinische Gasmotoren-Fabrik in Mannheim. In November 1890, the Daimler-Motoren-Gesellschaft (DMG) was created in Cannstatt. To make their products known and unique, the two companies seek a striking trademark. At first, the names of the inventors "Benz" and "Daimler". The names guarantee the origin and quality of the engines and vehicles. After the turn of the century, the new brand name "Mercedes" is used for the products of the Daimler-Motoren-Gesellschaft (DMG).

After the war, both DMG and Benz & Cie. were hit by the global economic crisis. The difficult economic situations and the large number of car manufacturers on the market compelled for cooperation. Since 1924, the companies Daimler and Benz worked together in a community of interest and marketed the cars under the name 'Mercedes-Benz'. In 1923 Ferdinand Porsche took charge of the design of the DMG of Paul Daimler. In 1924 Benz & Cie. and Daimler-Motoren-Gesellschaft merge to form a community of interests. The joint marketing activities for the brand 'Mercedes' and 'Benz' are taken over by the newly founded Mercedes-Benz Automobil GmbH.

Two years later, the two oldest car factories then merged to form Daimler-Benz AG. In June 1926, a new brand sign was created that brought together the key elements of the existing emblems. The world famous three-pointed star of Daimler-Motoren-Gesellschaft was now surrounded with the word 'Mercedes' and the equally glorious brand name 'Benz', whose laurel wreath connected the two words together. Through the decades, this brand sign has shown hardly any changes. Even now it adorns the vehicles of the brand 'Mercedes-Benz'. The 'lucky star' has become the symbol of quality and safety on all roads, and the name Mercedes-Benz stands for tradition and innovation, and the promise to deliver: *“The Best or Nothing.”*

1.1 COMPANY BACKGROUND

Pieter Louwerse was initially employed as a mechanic at a local garage. Through various courses he got his entrepreneurial and commercial degrees, and started working at a Mercedes-Benz dealer in Brabant. After having worked at a large Mercedes-Benz car dealer in Rotterdam, he was offered a dealership of his own in Schouwen-Duiveland, Zeeland.

This dealership was officially opened in 1997. After a couple of successful years, the company moved to a new location in Renesse, Zeeland.

Louwerse offers a large variety of passenger vehicles and light- commercial vehicles. Besides the large and well decorated showroom, Louwerse offers a variety of (spare) parts. The garage maintains a high quality standard for car maintenance and repairs. As an official Mercedes-Benz dealer, Louwerse strives to offer its customers the best customer care and highest product and service quality.

As for direct competitors in the south-west region of the Netherlands, Van Oeveren Mercedes-Benz is the only significant opponent. This slightly larger car dealership targets the same market as Louwerse. Though the strategies differ from one another, both these official dealers follow the same guidelines issued by Mercedes-Benz Nederland.

1.1.1 PRODUCT ANATOMY

Even though Louwerse does not produce its own products; it does offer a variety of products and services to its customers. These products and services both create value for the customer. Value, which is also the core product of Louwerse. This value can be expressed in the form of driving a luxurious automobile, or in having the knowledge that one can always rely on the best customer care and hospitality. The tangible product of Louwerse manifests itself in the physical goods that they offer. These range from original Mercedes-Benz spare parts to even unique bicycles and car accessories. The augmented product is expressed in the form of car maintenance and warranty. Figure 1 displays the product anatomy of Louwerse.

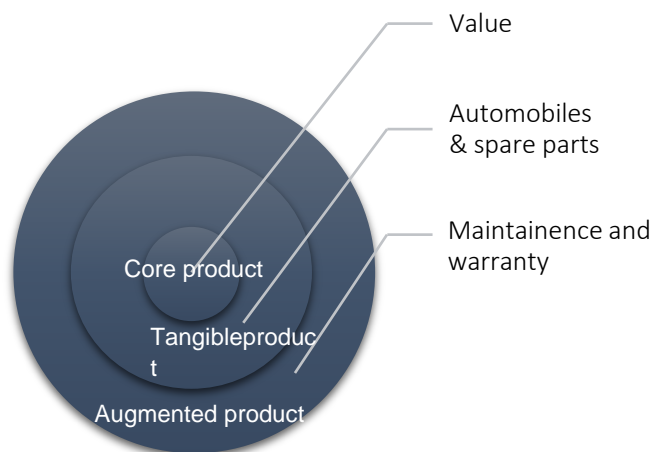


Figure 1

Core products:	Value, safety, innovation, durability, uniqueness, reliability
Tangible products:	Automobiles, spare parts, maintenance parts
Augmented products:	Maintenance, warranty

1.1.2 MULTIFUNCTIONAL STRUCTURES

Louwerse has an organizational structure that combines four functional parts of the organization. These parts, or departments, each deal with a specific aspect of business. Starting from the top, the first department is "Prevention". This covers all safety procedures and hazards. The second department is "Administration". As the name already implies this department monitors all cash flows and documents them. The third department "Services" includes the management of claims related to Mercedes-Benz products. For instance faulty products, accessories and equipment, but it also serves as a continuous beacon for the customer. Mercedes-Benz's policy ensures that any product related communication with the customer is conducted via the service manager to avoid communication static. "Services" also covers the reception of; and handing-out of (spare) parts, reception and planning. Last but not least, "Services" also includes the actual activities that take place in the garage, such as maintenance, repairs and quality checks. The fourth department "Sales" deals with the purchasing and selling of automotive vehicles. The activities of this department also include the handling of documents and certificates, and the communication with third parties that are involved in the process, such as the RDW. The processes that take place in the organization are categorized into:

- Primary processes;
- Supporting processes;
- Management processes.

Chapter 4 will discuss these processes and how they contribute to the organization.

1.2 RESEARCH BACKGROUND

The Dutch car market has been hit hard by the recession. During the first six months of 2013 the total revenue generated by the sector decreased by 16%¹. The Dutch car dealerships have seen a decrease of 36% in revenue generated by brand new vehicles. The revenue generated by aftersales has also decreased, but it countered the decrease in car sales to some extent. Figure 2 displays the industry's revenue generated over the past five years.

The decrease in revenue also affects the return on investment (ROI). Over the first quarter of 2013 the average ROI was 0.44%. During the first period of 2012 this was still 0.92%².

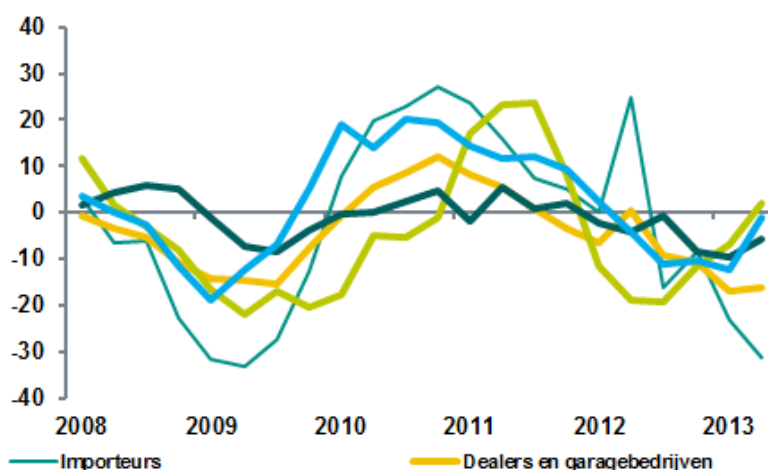


Figure 2

Louwerse is one of the many car dealerships that are affected by the increasingly difficult economic conditions. Over the last 5 years there has been a decrease in Louwerse's annual generated revenue.

Figure 1

Central Bureau for Statistics

² Rai / Bovag

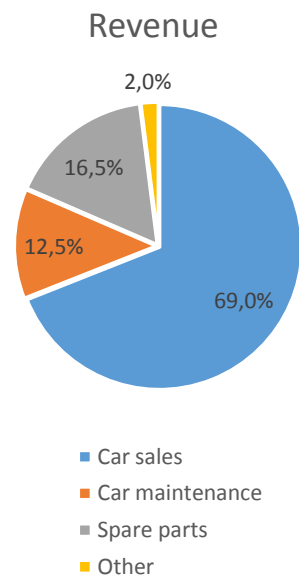
The operational costs remain stable and there is no clear market perspective for the coming years. The purpose of this research is to find out how the company is effected by the drop in revenue, and how Louwerse can reduce the negative impacts on a short term. The revenue generated by Louwerse is through car sales, car maintenance and spare parts. Figure 3 displays the percentages each of them contributes to the total revenue.

The company has 15 employees and generated a revenue of €3.993.000,- over 2011. On average about 69% of the company's revenue is generated through car sales, 12,5% through car maintenance, 16,5% through spare parts and the remaining 2% through other activities.

According to Brassington and Pettitt's definition, Louwerse's customers can be divided into two different markets. These are the:

- Business-to-Business market; (from now on referred to as the B2B market)
- Business-to-Consumer market. (from now on referred to as the B2C market)

Figure 3



The B2B activities consist of the purchasing and selling of Mercedes-Benz utility vehicles and periodic maintenance of company vehicles. Primarily small-to-medium sized companies account for the majority of utility vehicles which are sold. The maintenance of such company vehicles are arranged and scheduled periodically. This generates a stable cash flow.

The B2C activities consist of the purchasing and selling of primarily Mercedes-Benz passenger cars. After-sales such as car maintenance and the selling of spare parts also generate revenue. The items which are sold vary from anywhere between mirrors and expensive engine parts.

Louwerse has a large variety of customers. The company itself is situated in the southwest of the Netherlands, but its operating area is not limited to its direct environment. Customers can be found all across the country.

During the research the majority of the focus will be on the internal processes in the organization

1.2.1 ORGANIZATIONAL CONTEXT

As discussed in the previous subchapter 1.1.2 there has been a decrease in the monthly car sales. Since these account for almost 70% of the company's revenue the impact is instantly noticeable in the company's cash flow. The other factors that are related to this decrease in revenue are car maintenance and spare parts sales. This does not mean that just the frequency of car (parts) sales and maintenance changed however, the margin in which each of them contributes to the total revenue has also changed.

These developments add stress to the organization. Managing these situations is critical as an SME, mainly because it is more difficult for them to downsize as they are already small, and they have a weaker financial structure (i.e. lower capitalisation).³

In each organization three types of processes take place⁴. They:

- Set targets;
- Organise;
- Execute.

The process that sets targets, answers the question why stakeholders require the organization to exist and keep on existing. Formally, the answer is expressed as the company mission. Deciding upon this mission and the targets derived from it, is the first process. This requires a constant monitoring of developments in the relevant sectors, such as: government regulations, competitors, consumers, suppliers, stakeholders, employees and society itself.

The organizing process concerns the control and regulation. It includes setting conditions: shaping, arranging and maintaining the organization. Especially shaping the relationships between employees is of high importance.

The executing process is partially about the development, production and selling of products and services; and partially about the daily supporting activities performed by administration, human resources, logistics and marketing. This is where value is created and where the organization earns its right to exist⁵.

³The Impact of the Global Crisis on SME and Entrepreneurship Financing and Policy Responses, OECD 2009

⁴ Kor, R., Wijnen, G., Weggeman, M., (2008) *Meesterlijk organiseren, handreikingen voor ondernemende managers*

⁵ Kor, R., Wijnen, G., Weggeman, M., (2008) *Meesterlijk organiseren, handreikingen voor ondernemende managers*

1.2.2 PROBLEM DEFINITION

The problem definition is derived from the above. It has been further defined with the use of a Fishbone diagram (see chapter 1.2.1), and can be described as the following:

“Louwerse suffers from a decrease in revenue and is uncertain how this affects the quality of the operational processes”

The frame of the research is built based on this problem definition. The main research objective is also derived from the problem definition:

“To recommend a strategy for Louwerse which creates value by optimizing their operational capability.”

The following selected research themes are shown in the Fishbone diagram.

A) Resources

Certain employees at Louwerse have shared responsibilities. This allows these employees to exchange tasks when necessary. This strategy normally allows the organization to remain flexible. Poor communication between the employees involved could cause unclear priorities and tasks descriptions. This could lead to an inefficient usage of the resources involved.

B) Market dynamics

Louwerse has no clear understanding of its market environment. Offering a broad variety of products and services means one appeals to a larger market. However, understanding their market position and focussing on those products and services that create the most (stable) source of income could perhaps be more attractive at this time. Understanding the influences that affect Louwerse's market dynamics could improve their ability to create customer value.

C) Core processes

Louwerse's process management allows the organization to remain flexible. The informal work environment stimulates interaction between employees. However, insufficient monitoring and controlling of activities in the organization causes grey areas. These grey areas could be causing bottlenecks in Louwerse's process management, restricting their capacity to create value.

D) Strategy

As mentioned above in research theme **C)**, grey areas exist in the company. These grey areas reduce the transparency of the organization and affect the quality of communication. It could mean that the current processes are not aligned with the company strategy anymore. Understanding what takes place in these grey areas will help to realign the core processes with the current strategy if necessary.

1.2.3 FISHBONE DIAGRAM

In order to illustrate the problem and the causes, the Fishbone diagram is displayed below. This has been derived from the above.

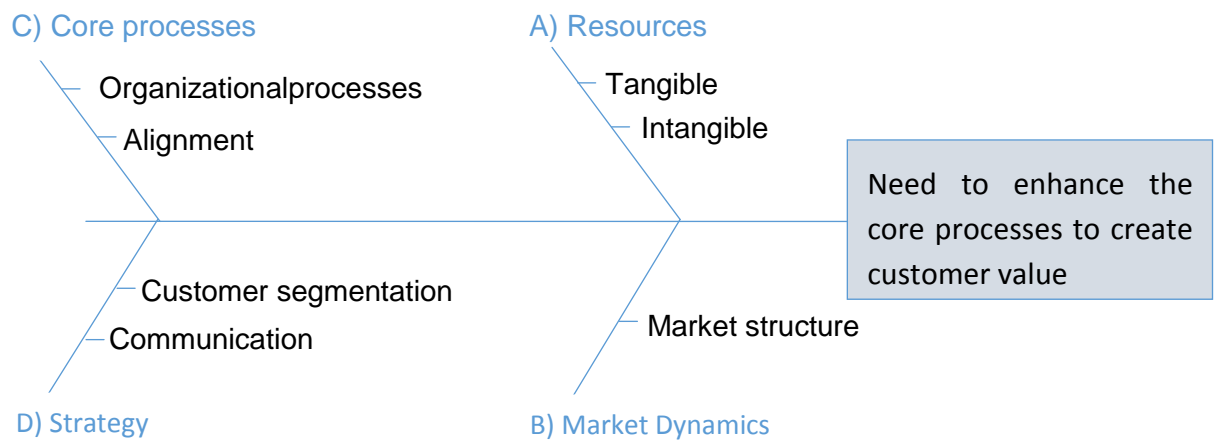


Figure 4

1.3 RESEARCH OBJECTIVES

Goal of the research

The goal of this research is to provide Louwerse with a strategy which optimizes operational capability. This refers to a better alignment of the current resources and processes. By executing processes more swiftly- and efficiently, Louwerse's output will remain the same while the invested time, money and effort is reduced. Hence it will allow them to create the added value needed to retain each customer through improved customer care- and ease, aftersales services and reduced lead times.

The set objectives are displayed in the following section. The research topics were selected earlier for the Fishbone diagram.

A) Resources

To have a better understanding of the organizational structure and culture. To identify the company resources and find weaknesses in the current management strategy.

B) Market dynamics

To increase Louwerse's understanding of its market. To further define their market position.

C) Core processes

To identify the operational processes in the organization and find means to realign them.

D) Strategy

To determine a strategy that should add structure to the operational processes. To focus on the right customer segment which should increase the return on investment.

1.4 RESEARCH QUESTIONS

The question that drives this research is:

“How to effectively improve operational processes at Louwerse”

Sub research questions

Based on the main research questions the sub research questions were derived. The purpose of these questions is to divide the main question into different parts. Once answered these sub research questions contribute to answering the main research question. These sub research questions target three essential subjects necessary to assess the situation.

1. What are the essential operational processes for any organization in this industry?

- Unit of analysis → Dutch car-dealership industry
- Unit of observation → Director

2. What are the current operational processes applied by Louwerse?

- Unit of analysis → Organizational processes
- Unit of observation
 - Service manager
 - Chief mechanic
 - Accountant
 - Company guideline

3. What is impeding Louwerse to be lean and agile?

- Unit of analysis → Organizational behaviour
- Unit of observation
 - Mechanics
 - Claim manager
 - Service Manager

1.4.1 UNIT OF ANALYSIS

The research methods mentioned above will be used to research the units of analysis. For this research these are the necessary topics on which information is required;

- Sales figures of last three years
- Estimated sales coming year
- Estimated revenue coming year
- Organizational processes (industry / Louwerse)
- Decision making process
- Value map of Louwerse

1.4.2 UNIT OF OBSERVATION

The key persons during this research are mentioned below. These persons/parties will be interviewed and provide clear information about current business processes and the way these are executed.

- Director - Pieter Louwerse
- Chief mechanic - Jan Ketting
- Accountant - Hugo van der Steenhoven
- Claim manager - Jan Ringelberg
- Internal documents - Company guideline

1.4.3 CASE STUDY CHARACTERISTICS

The case study material will consist of various sources: financial statements, company reports, company databases and similar research related reports.

In order to ensure the quality and reliability of the data gathered several measures will have to be taken. The interviews will only include key persons in the organization that are in charge of running specific business processes or have access to specific information. The measures taken are noted below:

- Interviews with key persons in the organization
- Direct and straightforward questions
- Only relevant sources used to analyse primary data gathered in interviews
- Interviews are checked on quality and relevance to research
- Goal of research is communicated clearly amongst interviewees

1.4.4 PROJECT RISKS

As with all projects, certain risks are involved. Controlling these risks will determine the quality, reliability and deadlines of the project. The risks identified at this point are:

- Quality of the research:
 - Feedback gathered from key persons during meetings and scheduled interviews;
- Research data relevance:
 - Using the appropriate means to ensure data validity
- Lead time of the project
 - Inability to schedule and arrange meetings/interview due to time constraints key persons

SUMMARY

During the research the majority of the focus will be on the internal processes in the organisation. The purpose is to identify internal processes that reduce the overall efficiency and output. The analysis of the external environment will help align the internal processes where necessary.



CHAPTER 2. LITERATURE REVIEW

CHAPTER 2. LITERATURE REVIEW

INTRODUCTION

This dissertation has been written with the Fishbone diagram serving as its backbone. Based on the nature of the research, McKinsey's 7S-model has been used to complement the themes selected in the Fishbone diagram. The 7 dimensions have been carefully researched and analysed with the appropriate related models and theories. These will be used to generate, validate and confirm conclusions. These models and theories will be discussed in this chapter. Its purpose is to define a guiding concept, and provide the reader with the strengths and weaknesses of these literary sources. It will discuss how each source and theory contributes to the research.

2.1 THEORETICAL FRAMEWORK

The following framework has been derived from the Fishbone diagram. This framework also displays the 7 dimensions which McKinsey's diagnostic tool covers. The purpose of this framework is to display the scope of this research, and set limitations. One of the advantages is that it also shows the connection between the dimensions and the theories and tools used to analyse the organization. Throughout this chapter each dimension will be introduced, along with the diagnostic tools used.

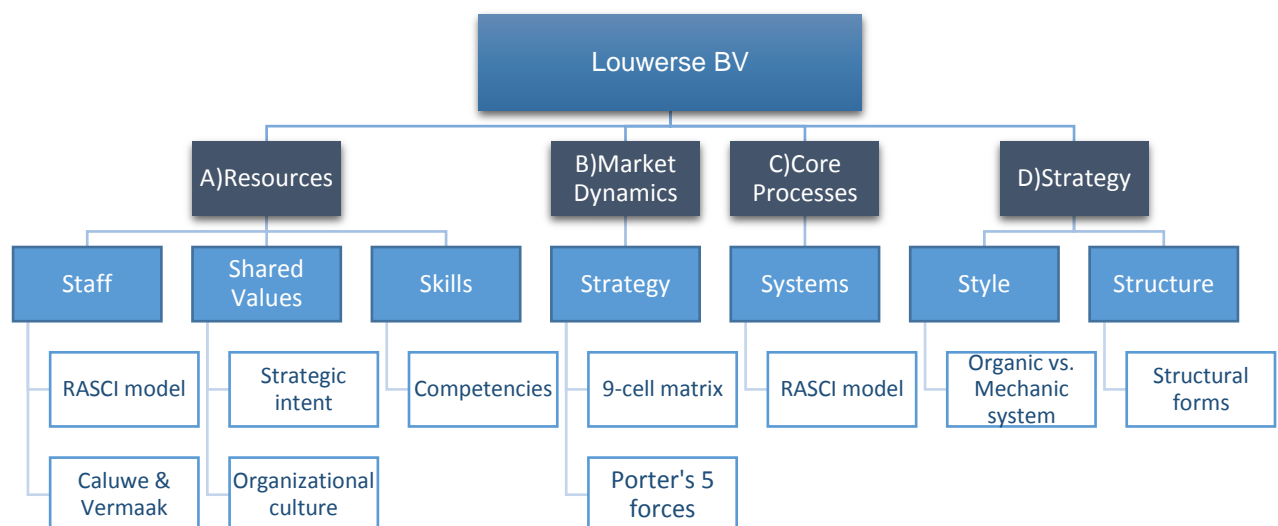


Figure 5

The framework displays the relations between the research subjects discussed in chapter 1 and the theories which were used. The motivation behind each research subject, 7S-dimension and related theories and models will be discussed throughout this chapter. Together these applied theories and models will provide the required information to answer the research questions.

A) RESOURCES

2.2 STAFF

This dimension focusses on both the current and future employees of the organization. This is important because:

- *People* use strategies and develop systems
- *People* design structure and manage
- *People* create a strong organization based on mutually shared values.

In brief, *people* ensure company targets are reached. This once again points out the importance of selecting, hiring, training, assessing, rewarding and developing (future) staff members.

2.2.1 RASCI-MODEL

The RASCI model is used to display the roles and responsibilities of persons involved in either a project or organization. It points out who is involved in certain processes and tasks. It also shows the nature of involvement with the process or task. In order to identify and display the role divisions at Louwerse, the RASCI model is the most suitable tool. Not only does it allow a connection to be made between processes and those responsible, but it also allows to display the difference between the current position and the desired position. This model suits the nature of the research because it allows us to link specific problems to employees in charge of that process. The information gathered with this model will be used to answer the second and third research question. Below is an example of how it will be applied to this case.

Process number	General director	Service manager	Receptionist	Chief mechanic	Mechanic	Parts manager	Head administration	Director's representative	Claim manager	Prevention
120										
121										
122										

Figure6

It focusses on the procedures and regulations, how quality is monitored within the organization and the relationship between the systems and shared values. The gap between these two situations will determine the strategy to implement change if necessary.

2.2.2 CHANGE MANAGEMENT

As mentioned above, the RASCI model will be used to assess the gap between the current and desired situation. Closing this gap however requires specific information about the employees and organizational culture. One cannot successfully implement change without regarding the perspectives and motives of employees and the organizational culture.

2.2.2.1 CHANGE STRATEGIES AND APPROACHES

Once the gap between the current and desired situation has been assessed, the next step would be to determine the strategy to implement change. This change will likely influence the organization itself and its employees. The attitude of employees towards (enforced) change can vary significantly from a strong resistance to a strong desire to cooperate. How they eventually approach the change is explained by the theory of Planned Behaviour (Ajzen, 1991, 2001). According to this theory a person's attitude towards a planned change is determined by the general perception of others (subjective social norm) and how they perceive themselves to be able to implement the change (perceived own competence).

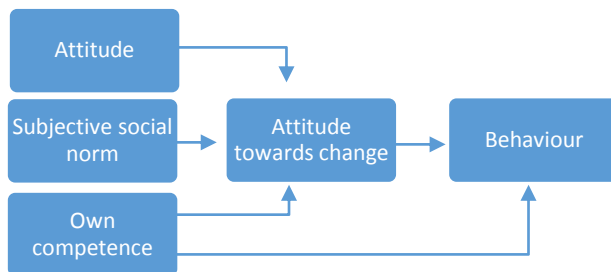


Figure 2

Bennis, Benne and Chin (1979/1985) distinguish three main strategies for change:

- Power usage: Change is enforced from a power-position, power must be enforced to reach the right type of behaviour.
- Rational - empirical: Change is implemented once employees are convinced of the merits and necessity of change. People are rational beings and are driven by rational considerations and insights.
- Normative - re-educational: People are driven towards change by learning experiences and self-generated propositions towards improvement. People are active, seeking a purpose and are willing to learn.

Boonstra (1992, p.72-74) adds a fourth strategy:

- Exchange - reward: people make their own analysis of the pro's and con's and assess the change accordingly.

Marx describes four approaches towards change management that share similarities with those mentioned above.

- Change through expertise – people acquire knowledge through learning
- Change through procedures – change is instigated through procedures
- Change through cultural influence – organizational development plays a crucial role
- Change through power usage – change is enforced

2.2.3.2 COLOR THINKING

As mentioned in 2.2.3.1 change in organizations is likely to face resistance from employees. The motives behind their resistance and behaviour are clearly categorized in Caluwé & Vermaak's Change Paradigms. This method categorizes five fundamentally different ways of thinking about change. Each of these categories represents a different set of perceptions and belief systems about change. These perceptions and belief systems are categorized by color. Each color (yellow, blue, red, green, white) represents a "family" of change theories.

- **Yellow:** socio-political concepts about organizations in which interests, conflicts and power play important roles (e.g., Greiner & Schein, 1988; Hanson, 1996; Pfeiffer, 1981)
- **Blue:** based on the rational design and implementation of change (e.g., Hammer & Champy, 1993). Based on the assumption that people will change as long as the result of the change is clearly specified beforehand.
- **Red:** based on the assumption that people change through accurate deployment of HRM-instruments such as: rewards, assessments, promotion, outplacement etc. (e.g., Mayo, 1933, Roethlisberger, 1941)
- **Green:** based on action-learning theories (e.g., Kolb, Rubbin, & Osland, 1991; Arguris & Schön, 1978). (Voluntary) personal development is a key element.
- **White:** Based on theories and systems with limited predictability (e.g., Capra, 1996; Prigoneine & Stengers, 1986; Bateson, 1972).

Caluwé & Vermaak's change paradigms will increase the transparency of the organization. This will make it easier to manage changes that may take place at Louwerse.

2.3 SHARED VALUES

The shared values relate to the organizational culture. These concepts are mostly abstract, simple, and form the heart of the organization. Even though these values are mostly invisible to outsiders, the behaviour of the employees mostly reflect the company mission, vision and ethics. The shared values create cohesion and direct other dimensions of the 7S-model. This is done by:

- Motivating employees
- Focussing on relevant activities
- Creating a framework which guides employees

Understanding what the core values are within the organization should create a clear view of what connects the employees. It will also reveal how these core values are followed by the employees, and what is done by the organization itself to draw employees closer. However, organizational culture is a complex phenomenon which can counter even the best strategy, if the employees oppose to it. Understanding the organizational culture at Louwerse could reveal differences between the values and direction set out by the company and the values and direction of its employees. This information will contribute to answering the third research question.

2.3.1 STRATEGIC INTENT

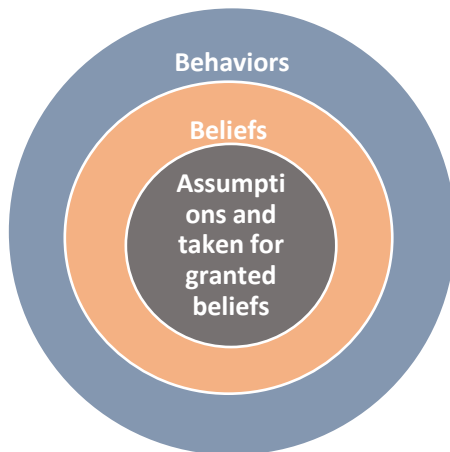
The essence of strategic intent is setting organizational goals to stimulate personal effort and commitment. According to Hamel and Prahalad, strategic intent "*captures the essence of winning*". It stimulates the relationship between a company and its employees. Hamel and Prahalad have also argued that a common goal has to be communicated by higher management by creating a sense of urgency. When this sense of urgency is combined with a multileveled competitor focus it creates a higher level of commitment, if proper leadership provides them with the skills required.

2.3.2 ORGANIZATIONAL CULTURE

The culture of an organization is subject to many influences. Not only differences in personalities affect a company culture, but so does the national culture, the specific industry in which the company is operating and group norms. The models below assisted creating an understanding of the organizational culture at Louwerse and identifying its characteristics.

When discussing the actual definition and influence of organizational culture different views exist. Deal and Kennedy (1982) suggested that strong cultures had a positive effect on organisational performance.

As shown in figure 7 Schein (1985) suggested culture can be found at three levels:



- Assumptions & beliefs about the nature of the business environment, human nature in general and about relationships in the workplace
- Cultural values which lie at the intermediate level and;
- Behaviours and cultural artefacts, such as building design features and technology

Figure 7

Organizations share a lot of similarities with small communities. When people work together over an extended period of time a unity starts to form in terms of norms, values and behaviour. These determine the organizational culture. The culture's characteristics can be recognized in the way that members of an organization behave. The simplest definition is Bower's (1996) : "*The way we do things around here*". Every organization has a distinctive culture. Within this culture, equality is essential for a good collaboration between employees. It increases the level of involvement of employees within the organization (Finigan, 2000; Van Vianen, 2000). Furthermore, this equality improves communication, employee satisfaction and helps to maintain mutual relationships.

Jacques, (1952:251), argued that culture consists out of behaviours, attitudes, customs, values, beliefs and less conscious conventions and taboos. He described a 1952's factory culture as: "*It's customary and traditional way of thinking and doing things which is shared . . . and which new members must learn*". However, culture does not eliminate differences in personalities. Within any culture, subcultures may exist. The intra-cultural differences could very well lead to learning and change, by stimulating debate and conflict.

2.4 SKILLS

This view is used to determine a company strategy, which stimulates sustainable competitive advantage. It focuses on aspects of the organization that create an understanding of the source of their competitive advantage. These resources and capabilities are essential to any business, in order to be successful in their industry.

2.4.1 COMPETENCIES

Other than the outside-in approach which helps to assess a business from its clients' perspectives, these core competences focus on the internal strength of the organization and its employees. These core competences play an important role which affect two aspects of Louwerse's business. On a staff-level it concerns competences. These competences can be managed and improved, thus not only increasing the functionality and skills of the employees, but the organization itself by reaching new levels of excellence (Doelen and Weber, 2006). On the organizational level it shares some similarities with the organic system (Burns & Stalker, 1961), and is about learning to deal with- and benefit from- change: The learning organization.

B) MARKET DYNAMICS

2.5 STRATEGY

2.5.1 9-CELL MATRIX

The 9-cell Matrix, also known as the GE Matrix or McKinsey Matrix is a tool which is used for strategic management purposes. It is used to analyse a business portfolio which for instance includes products and services. This tool shares a lot of similarities with the BCG Matrix, but it takes more factors into consideration. The biggest difference between the two of them is that the GE Matrix assesses different products or companies based on Business Strength and Market Attractiveness. The size of the bubbles represents the size of the market, instead of representing sales and revenue like the BCG Matrix does.

2.5.2 PORTER'S 5 FORCES

This model, developed by Michael E. Porter in 1979 is used to determine a company's competitive intensity by portraying the market attractiveness. It does so by defining 5 competitive forces. It is especially suited for industrial organizations, but still effective when applied to this particular case.

Bargaining power of customers: This assesses the influence customers have on prices and volumes. An example of a high bargaining power would be when a large quantity is purchased or when a large group of buyers are gathering.

Bargaining power of suppliers: This assesses the power of suppliers on prices and volumes. For instance, if a few suppliers dominate a certain market, or if substitute products are not available, the supplier power is considered high.



Figure 8

Threat of new entries: This determines the ease at which new entries can copy the formula of the already settled companies. In general, if it is easy to copy this formula the competition will be high. Such an environment could easily be destabilized by new entries, targeting market share, loyalty and price.

Threat of substitute: This determines the threat of substitutes. The easier it is to substitute an authentic product, the easier it will be to affect the market share of the settled companies. Alternative products are often offered at a lower price, but still have the same or better operating and performance levels.

Competitive rivalry within an industry:The presence of existing companies within an industry that share the same formula, strategy and operations results in high pressure on prices and margins. This affects the profitability and financial security of every single company in the industry.

C) CORE PROCESSES

2.6 SYSTEMS

2.6.1 RASCI MODEL

As mentioned in 2.2.1 the RASCI model is used to display the roles and responsibilities of persons involved in either a project or organization. It points out who is involved in certain processes and tasks. It also shows the nature of involvement with the process or task. In order to identify and display the role divisions at Louwarse, the RASCI model is the most suitable tool. Not only does it allow a connection to be made between processes and those responsible, but it also displays the difference between the current position and the desired position. This model was chosen because it focusses on the procedures and regulations, how quality is monitored within the organization and the relationship between the systems and shared values. It will be used to answer the second and third research question.

D) STRATEGY

2.7. STYLE

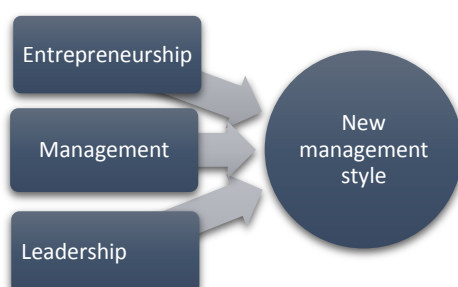
2.7.1 MANAGEMENT STYLE

Management functions can be found on all organizational levels. Regardless of the size of the unit, people need to be guided towards achieving the organizational goals. The word “guide” can be regarded from different perspectives. In this case it can be expressed through participative exploratory leadership or through dictatorial leadership. Each organization needs a certain entrepreneurial spirit in order to identify and seize opportunities.

Fiedler's contingency model describes the added value of selecting a leadership orientation that matches the situation's favourability. For example, a very unfavourable situation and a low structured nature of the task, will call for a leadership orientation that relies heavily on the power position.

	Very favourable		Intermediate				Very unfavourable	
Leader-Member Relations	Good	Good	Good	Good	Poor	Poor	Poor	Poor
Task Structure	High		Low		High		Low	
Leader Position Power	Strong	Weak	Strong	Weak	Strong	Weak	Strong	Weak
Situations	I	II	III	IV	V	VI	VII	VIII

Figure 9



“The modern manager combines three guiding activities: Entrepreneurship, Leadership and Management”.

(Kor et al, 2007). Below it is displayed in schematic form``

Figure 10

Fiedler's contingency model and the new management style both focus on situational management instead of having a single approach to each situation. This brings us to the current situation at Louwerse.

Based on the processes that take place the organization is roughly divided in three parts⁶. The issue at hand is what connects these three parts. Effective management and clear and direct communication are crucial to keep the organizational processes running optimally. When thinking about the concept of management, one might think of a set of organized, contemplated and well calculated actions that guide sub-ordinates or a project to a certain goal. However, the actual behaviour of managers is hardly systematic and ordered. The activities of managers are often large in quantity and variety, and take place within a small time frame. Despite of all the available management theories and techniques, managers are almost always action-focussed. They share a strong affinity for sharing information verbally, and often decisions are made based on incomplete information. Management techniques are often not applied, or done so ad-hoc or selectively⁷.

"If you ask managers what they do, they will most likely tell you that they plan, organise, coordinate, and control. Then watch what they do. It looks more like calculated chaos and controlled disorder. Celebrating intuition."

Mintzberg, 1980

2.7.1.2 ORGANIC SYSTEM VS. MECHANIC SYSTEM

This model categorizes the organization as either an organic or mechanic system. These have different characteristics, especially in terms of problem solving and structure. Assessing the company will create an understanding which type of organization it is and how it behaves. This will provide some of the necessary information required to answer the third research question.

The organic system is one that easily adapts to a changing environment and changing conditions. Organic systems survive in difficult and unstable environments in which problems that arise cannot be resolved by mechanistic systems. Instead of having a fixed and defined structure, employees each contribute to the organizational goals and purpose. Communication flows freely upstream and downstream. This type of system stimulates the learning process and improves communication flows.

The mechanic system is much more structured and defined. The organization comprises several departments and specialties that focus on solving specific issues. Each employee has a job to perform. Managers are to ensure that each employee fulfils his or her task in a way that contributes to the organization. Tasks are coordinated and monitored, and often performed isolated. Communication does flow upstream and downstream, but it does so through pre-defined authoritative lines. This type of organization is much more vulnerable to change because it is so specialized. The Burns and Stalker hypothesis: *"The bureaucracy of mechanistic organizations impedes organizational learning and communication"* is generally accepted. The organic system however is applauded as a general organizational structure (Bierly and Spender, 1995).

⁶ 4.3.1 Management processes; Primary processes; Supporting processes.

³ Kor, R., Wijnen, G., Weggeman, M., (2008) *Meesterlijk organiseren, handreikingen voor ondernemende managers*

2.8 STRUCTURE

2.8.1 ORGANIZATIONAL STRUCTURE

The way an organization is structured may well be related to problems and issues that take place within it. Firms with good structure/environment fit perform better than those without good fit (Habib and Victor, 1991; Ghoshal and Nohria, 1993). This is also confirmed by Deal and Kennedy (1982) who suggested strong cultures have a positive effect on organizational performance. Achieving this good fit however can be quite challenging. It raises unique problems, because employees, internal conflicts and inefficiency have to be managed in such a manner that delivers maximum output of value. Understanding the type of organization and its structure will allow management efforts to be much more effective. This leads us to the question how organisations structure themselves. Organizational structuring can be defined as the sum total of the methods organizations use to divide and coordinate its labour force into set out tasks.

Below you will find a model of Louwerse's organizational structure. This structure shows the form of hierarchy within the organization. It involves authoritative lines, which ensure that employees receive guidance and information from the right person. It also points out to whom they are accountable. The organization has its functional areas at its core. It is founded on functional areas of business, such as production. The purpose of analysing the (multifunctional) organizational structure is to identify any inefficiencies. These could have an adverse effect on the organizational behaviour. Knowing these inefficiencies will help to answer the third research question.

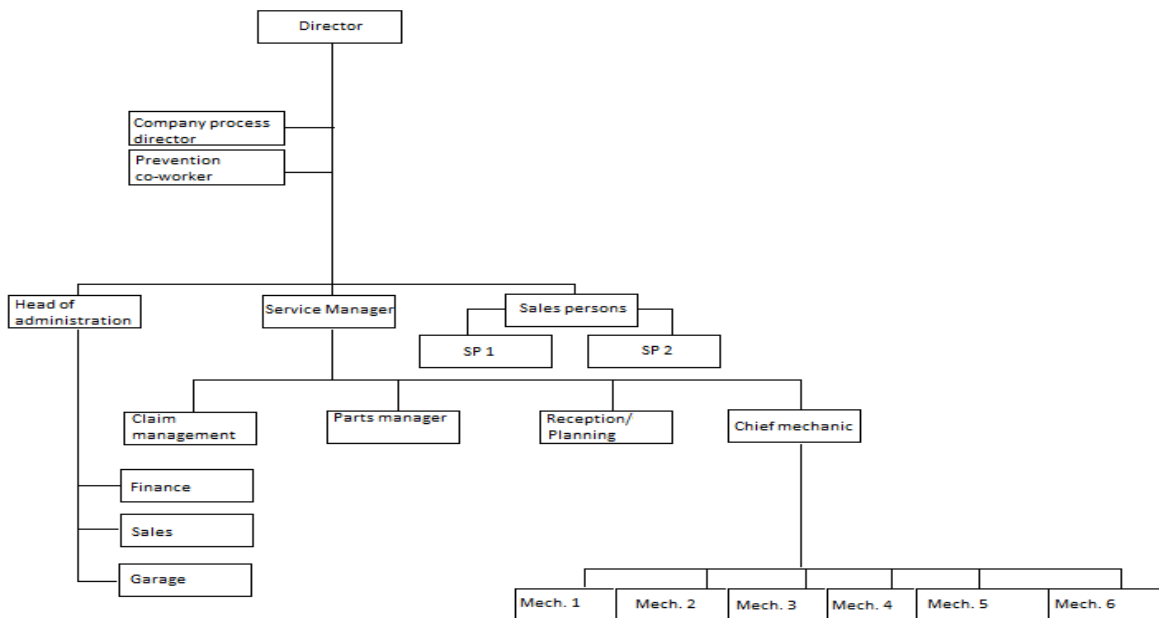


Figure 11

2.9 LITERATURE

The literature that will be used to gather and analyse the required information is displayed in the table below. Each research question has a specific background in terms of the models and theories necessary.

Research question	Method	Tool(s)	Subject(s)	Model/Theory
What are the essential operational processes in this industry?	Primary	Interviews	Company director	
	Secondary	Desk research	Industry analysis	Porter's 5 forces
What are the current operational processes applied by Louwerse?	Primary	Interviews, observation	Service manager, Accountant, Chief mechanic	
	Secondary	Desk research	Staff/ Company guideline, Process chart	RASCI Model
What is impeding Louwerse to be lean and agile?	Primary	Interviews, observation	Mechanics, Claim manager, Service manager / Strategy,	Colour Thinking, Group dynamics
	Secondary	Desk research	Case study/ Organizational behaviour	Culture, Organic vs Mechanic system, RASCI model

CONCLUSION

This chapter introduced the theoretical framework used for this dissertation. It briefly discussed the dimensions of the 7S-model and the added value to the research. Chapter 3 will discuss the methods used to conduct the required research. It will discuss the limitations and opportunities to collect relevant data.



CHAPTER 3. METHODOLOGY

CHAPTER 3. METHODOLOGY

INTRODUCTION

This chapter will discuss how the research will be conducted. It will describe the research design and tools that will be used. This will be supported by a framework and related figures.

3.1 RESEARCH METHODOLOGY USED

The research methodology that will be used for this case study is based on qualitative research. The data that will be used will be collected by different approaches. These approaches are discussed below.

- Interviews with employees
 - o Director - Pieter Louwerse
 - o Director's representative - Marianne Collet
 - o Accountant - Hugo van der Steenhoven
 - o Chief mechanic - Jan Ketting
 - o Claim manager - Jan Ringelberg
- Secondary research: case studies, analysis of Dutch car-dealership industry, articles on change management, organizational behaviour and positioning strategies.

3.1.1 INTERVIEWS WITH EMPLOYEES

The interviews will take place face-to-face. This will provide an interactive platform and allow room for conversation, which helps to place information in the right context.

Director/owner:

In order to get an understanding of the company's direction and philosophy behind the current management style business model, the director will be interviewed. This will not be limited to the company itself, but it will also discuss the market environment it is in. For instance, the impact of competition and the economic stability of the industry.

Director's representative:

The director's representative is responsible for some of the management tasks of the director. She also handles a fair part of the external communication and supporting processes. The purpose of this interview is to gather information about the division of the processes throughout the company.

Accountant:

In order to get all the financial data required for this research the accountant will be consulted. This will include the gathering of sales figures, expenditures and financial forecasts. Besides the financial data, this interview could create an understanding of the motives behind the current division of labour.

Chief mechanic:

The chief mechanic is mainly responsible for correctly dividing the workload among the mechanics and managing them throughout the process. This ensures continuity and is essential to maintain a motivated and productive workforce. The chief mechanic manages the processes take place and an interview could prove to deliver a valuable contribution to this research.

Claim manager:

The claim manager is responsible for handling all faulty materials, warranty claims and billing. These essential activities affect the company's cash flow and thus its financial health.

3.1.2 SECONDARY RESEARCH

For the secondary research different approaches will be used to collect the required data. The annual sales figures will act as a source beside articles on SME management strategies. Especially those concerning communication and organizational behaviour. An industry analysis will be conducted in order to benchmark and compare the output of the organization with its environment.

3.2 RESEARCH STEPS

The methodology of this research was divided into four different sections. These acted as a guiding concept throughout the case study.

1. Information

The first step is creating a foundation, consisting of the research background and company orientation. Based on this foundation the problem and required theory are defined.

2. Data collection

The primary and secondary data required for the research is collected in this stage.

3. Analysis & conclusion

This stage analyses the collected data and draws conclusion.

4. Recommendation

This stage transforms the conclusion into realistic actions for the company to apply over a short, mid, or long-term period.

3.3 RESEARCH DESIGN

The research steps and processes that are involved in this case study will be presented in a framework in subchapter 3.3.2. This research framework will present all topics in a clear overview. Subchapter 3.3.1 will discuss the merits of the relevance tree.

3.3.1 RELEVANCE TREE

The purpose of the relevance tree is to create a visual understanding of the subject at hand. It connects all the related topics and sets boundaries at the same time. In this case the first difference was made between internal and external factors. This way of dividing the topic into smaller related matters creates a helicopter view.

Once applied to this study, the research topics became clear. The research questions and fishbone diagram were derived from this relevance tree. It also assisted in the selection of literature and theoretical models. Not all of the matters mentioned in the relevance tree have been included in this research.

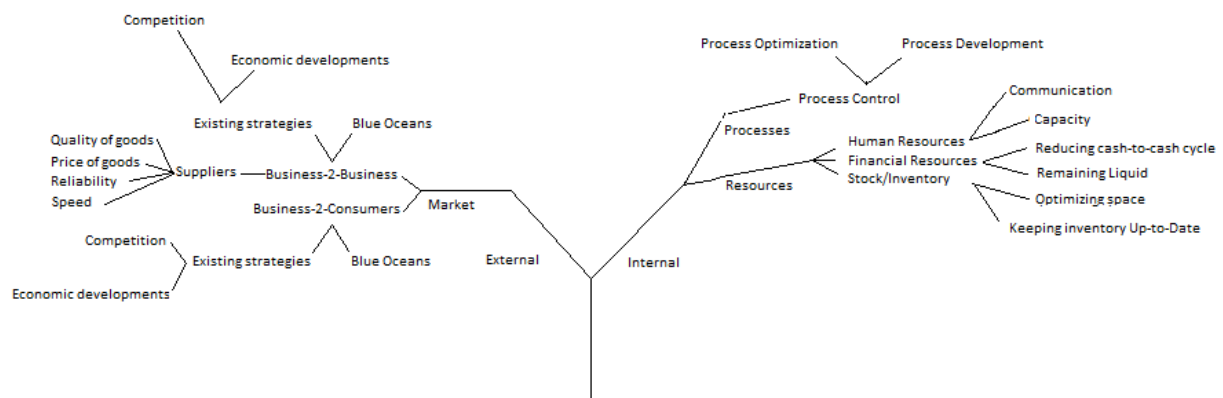


Figure 12

The external factors focus on Louwerse's market environment. Its customers are divided into the B2B market and the B2C market. Besides the already existing strategies and channels there are blue oceans which could change their nature and position in the market in a significant way. As for the existing strategies in both markets, these are always subject to two external influences: competition and economic developments. Louwerse operates in a market structure with homogeneous sellers, where there aren't any big differences between the types of good and services sold and the consumers/businesses that purchase these goods and services. Which means that the threat of competitors is very real. Apart from that, the Dutch economy has suffered severely over the last five years, which has proven to have a significant negative effect on the organization (see chapter 1.2).

The internal factors focus on the processes that take place at Louwerse and the resources that allow them to take place. Process control is about ensuring that no events occur that could harm the organization. Whether this is caused by outdated work methods or plain poor judgement, process control allows these processes to be further developed into new methods, or to be optimized to either speed up the process or cut down on spills.

3.3.2 RESEARCH FRAMEWORK

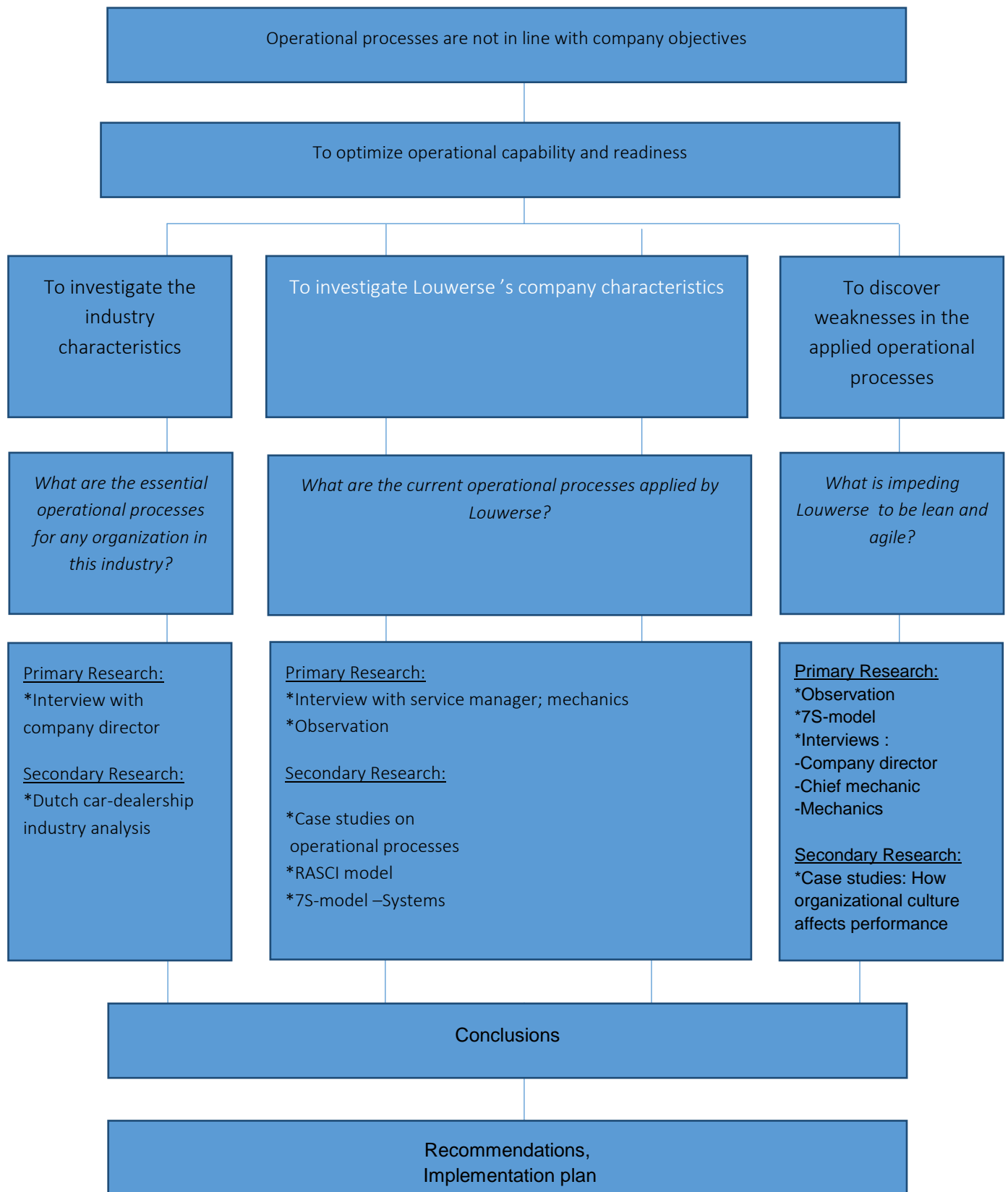


Figure 13

CONCLUSION

This chapter explained the research methodology. It discussed the primary and secondary data collection methods. It contains the boundaries and measures taken to ensure the collected data is valid. The content which has been discussed will act as an introduction for Chapter 4: Research Findings. Chapter 4 will discuss the collected data from interviews, observations, journals, industry analyses and related business articles.



CHAPTER 4. RESEARCH FINDINGS

CHAPTER 4. RESEARCH FINDINGS

INTRODUCTION

This chapter contains the research data which has been collected. It will briefly discuss the research objectives and continue to discuss the collected data. This chapter will answer the research questions and explain the relation between Louwerse and the models and theories that were discussed earlier in chapter 2: Literature review.

4.1 RESEARCH OBJECTIVES

The research objectives that were mentioned in the Fishbone diagram have set the stage for the research. The outcome of the research will be discussed per theme.

A) Resources

To have a better understanding of the organizational structure and culture. To identify the company resources and find weaknesses in the current management strategy

B) Market dynamics

To increase Louwerse's understanding of its market and define their market position.

C) Core processes

To identify the operational processes in the organization and find means to realign them.

D) Strategy

To determine a strategy that should add structure to the operational processes. To focus on the right customer segment which should reduce costs.

These research objectives were formulated to fit the dimensions of the 7S-model.

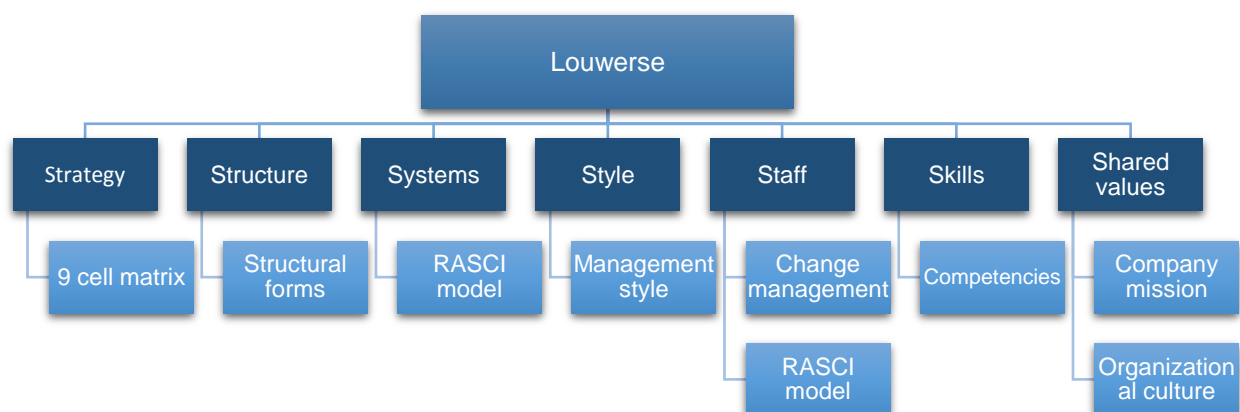


Figure 14

4.2 STRATEGY

4.2.1 9-CELL MATRIX

From a basic product perspective we were able to identify the top 3 types of products/services that are particularly interesting for Louwerse. These have been further analysed with the 9 cell matrix. Not only has this categorized their characteristics but it also allowed us to develop a Product Market Combination.

Company vehicles, small transport/vans 23%

This particular category proves to be a steady source of income for Louwerse. Over the past 4 years there seems to have been an increase in the number of freelancers. Especially the financial sector and the construction sector account for a large percentage of this growth. Those in construction often require reliable and affordable transport vehicles and vans. Focusing on this segment could prove to be a lucrative businesses opportunity that Louwerse should sincerely consider.

Personal vehicles 46%

This category of products is responsible for the largest contribution to the company's revenue. However the profit margin is smaller compared to the other categories. Nevertheless, this is a strong business unit, even though the market attractiveness has decreased due to the economic downturn.

Maintenance/Spare parts 29%

We figured that maintenance/spare parts were the most interesting for Louwerse on the long term. As a certified Mercedes-Benz dealer the company enjoys privileges some of its competitors have to do without, for instance the direct access to original Mercedes-Benz spare parts, which normally have to be ordered. Louwerse should put this to good use. It is the only certified Mercedes-Benz dealer on Schouwen-Duiveland and has a customer base spread out across the entire country.

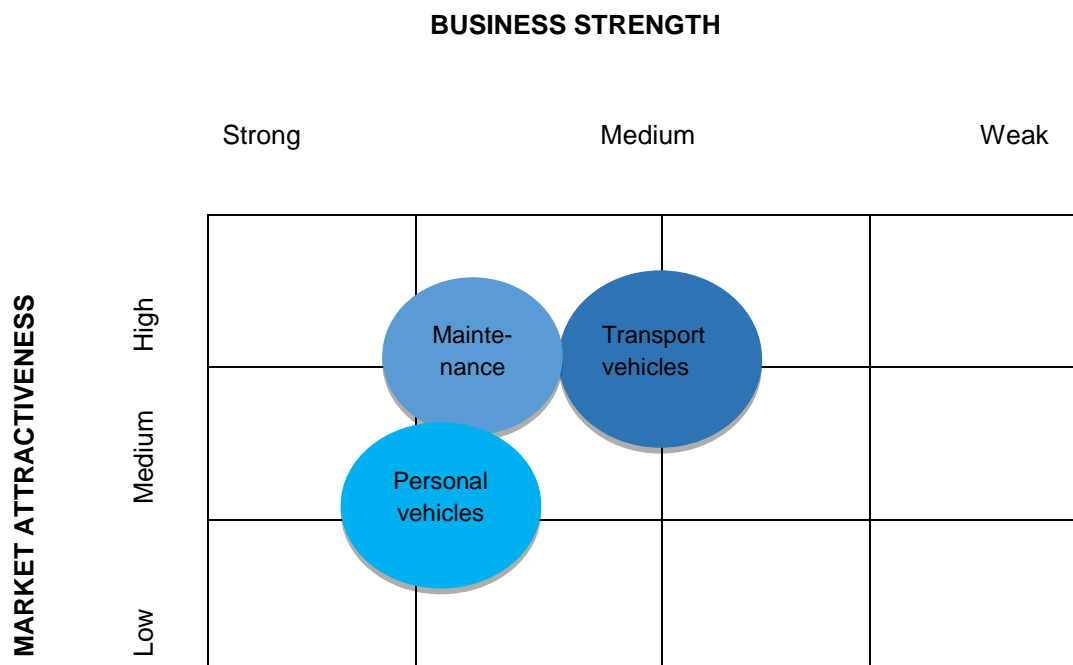


Figure 15

4.3 STRUCTURE

4.3.1 ORGANIZATIONAL STRUCTURE

The organizational structure cannot be described completely without discussing its context. The analysis of the research literature has been used to create a framework. This framework synthesises the organizational structure with the actual way the organization functions.

The organizational structure adopted by Louwerse is the Simple Structure. This structure is often the SME's operating system of choice. This centralized structure does not have formal departments or different management layers. However, as the company grows so does the need for a more functional structure. This has led to the current structure we see at Louwerse. This structure consists out of five basic parts:

- Operating core
- Strategic apex
- Middle line
- Technostructure
- Support staff

These are all connected and held together by a combination of formal authority, regulated flows, informal communication, work constellations and ad hoc decision processes⁸.

Multifunctional structures

As mentioned above, the organization consists out of different functional parts. These differ between companies, depending on the nature of their business, size and other variables.

At Louwerse there are basically three functional parts of the organization. These support the primary, supporting and management processes. Subchapter 4.4.1.2 will present these three functional parts and highlight the processes that cause difficulties.

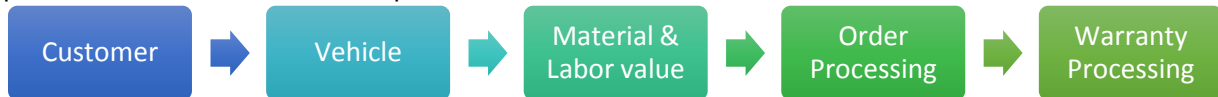
⁸ <http://smallbusiness.chron.com/simple-organizational-structure-63451.html>

4.4 SYSTEMS

4.4.1 PROCESSES

4.4.1.1 ESSENTIAL OPERATIONAL PROCESSES IN THE INDUSTRY

The essential operational processes in this industry have been organized into 5 segments. These segments follow up each other and contain a set of processes or activities that add value to the end product/service. These processes and activities are described below.



4.4.1.1.2 CUSTOMER

- Customer data management
- Processing of actions (mailing campaign)
- Processing of contacts (sales calls/ letters/ telephone calls)
- Crossmatching
- Customer credit limit check

4.4.1.1.3 VEHICLES

- Vehicle model management
- Vehicle management
- Vehicle search

4.4.1.1.4 MATERIAL & LABOR VALUE

- Material data management
- Availability check for parts
- Labour value management
- Service package management

4.4.1.1.5 ORDER PROCESSING

- Creation and processing of orders
- Pricing
- Processing of confirmations
- Handling of goods movements and invoice receipts
- Billing
- Order split
- Printing of documents
- Processing of return and credit memos
- Cash deck functions for sales of parts

4.4.1.1.6 WARRANTY PROCESSING

- Creation & monitoring of warranty claims for the order
- Status check for parts to be returned
- Recall check

4.4.1.2 CURRENT OPERATIONAL PROCESSES APPLIED BY LOUWERSE

Below you will find a basic company model of Louwerse. This model illustrates the types of processes that take place in the organization. These processes are all numbered, and divided into the following three segments:



These processes add value to the products and services. Interviews with employees and observations have shown that on several occasions company procedures were not followed. The purpose of this model is to display the entire list of processes and pinpoint any abnormalities. The processes that have been marked will be discussed to discover what causes the inefficiencies and deflections from the standard procedures.

Management processes	
310 - Policy and Strategy	✗
311 - Director assessment	
314 - Internal Audits	
315 - Measuring/Monitoring	✗
316 - Hiring/Introducing new staff	✗
317 - Training	

Figure 16

Supporting processes		Primary processes	
210 – Supplier Assessment		120 - Customer contact	
211 – Third-party activities		121 - Execute proceedings	✗
212 – Equipment and tool management		122 - Replacement transport	
213 – Notification management		123 - Recall actions	
214 – Faulty product management		124 - Submit claims	
215 – Corrective and preventive measures		125 - Aftercare after sales	
216 – Project management and improvement	✗	130 - Receive goods	
217 – System files and registration management		131 - Managing stock	
218 – Registration absence(illness) and (near) accidents		132 - Distribute parts	
219 – Waste material management			
220 – IT-system management			
221 – Emergency control			
222 – Receive mail			

Figure 17

Figure 18

4.4.1.3 WHAT IS IMPEDING LOUWERSE TO BE LEAN AND AGILE

310- Policy and strategy

These management processes are essential to keep the organization running as it should. After careful analysis of the activities that take place during these processes, some inconsistencies appeared. Process 310 – Policy and Strategy is the responsibility of the general director. The company has a code of conduct which guides all processes and activities. However, some of the activities that take place in the organization tend to deviate from the original guideline. Group dynamics influence how employees behave and perform. Within any group of people, certain members of that group eventually embody a role due to specific contributions or actions. These roles carry expectations with them that are likely to grow as time goes by⁹. In terms of formalisation Louwerse has written policies which describe procedures and the code of conduct. However, due to these group dynamics, the actual conditions have changed. They do not correspond with the set out rules, regulations and job descriptions.

315- Measuring/Monitoring

This management process falls under the responsibility of the director's representative. During this case study it appeared that the measuring and monitoring of the processes that take place is not consistent. As mentioned earlier in *chapter 1.2 B)* some activities take place that deviate from the company guideline. These activities are not documented, reported or necessarily approved of. However, management is unaware of these activities that take place within the organization. These hidden parts or “grey areas” where those activities take place affect the company's transparency and the production processes of the organization. The insufficient level of measuring & monitoring activities has also stimulated the effect of group dynamics. Under normal conditions there are two ways in which these roles can come to exist. It can be linked to a certain position one has in a group, e.g. somebody can be assigned as a group coordinator. Employees will expect this person to lead group meetings, provide them with information, set the direction, implement changes and make decisions. The role of the group coordinator is already determined because of these different expectations on how he is supposed to behave¹⁰.

Roles can also start to form due to the interaction between group members. In a new group, some members will remain in the background. Other members quickly start making contributions and take a pro-active position when decisions have to be made. There will also be a member that tries to steer the conversation and who will fulfil a leading position. In groups where members share positions in an organization, different roles start to form through a process of interaction between these members. The roles that are formed depend on both the way members profile themselves and the reactions they trigger of others¹¹.

316- Hiring/Introducing new staff

As mentioned earlier in *Chapter 1.2 B) Company resources*, the current organizational structure counts more job- positions than actual employees. Below you will see the organization structure. The red crosses mark employees that need assistance with their activities. The current policy has a contingency plan which ensures vital activities can be performed at all times. However, due to the

^{9, 2, 3} Alblas, G., Wijsman, E., (2009) *Gedrag in organisaties*

insufficient amount of employees this contingency plan is not adding the value it should. Priorities shift and other activities are left aside in the meanwhile. This gives rise to various potential problems. The output of the organization would increase if certain areas were to be reinforced.

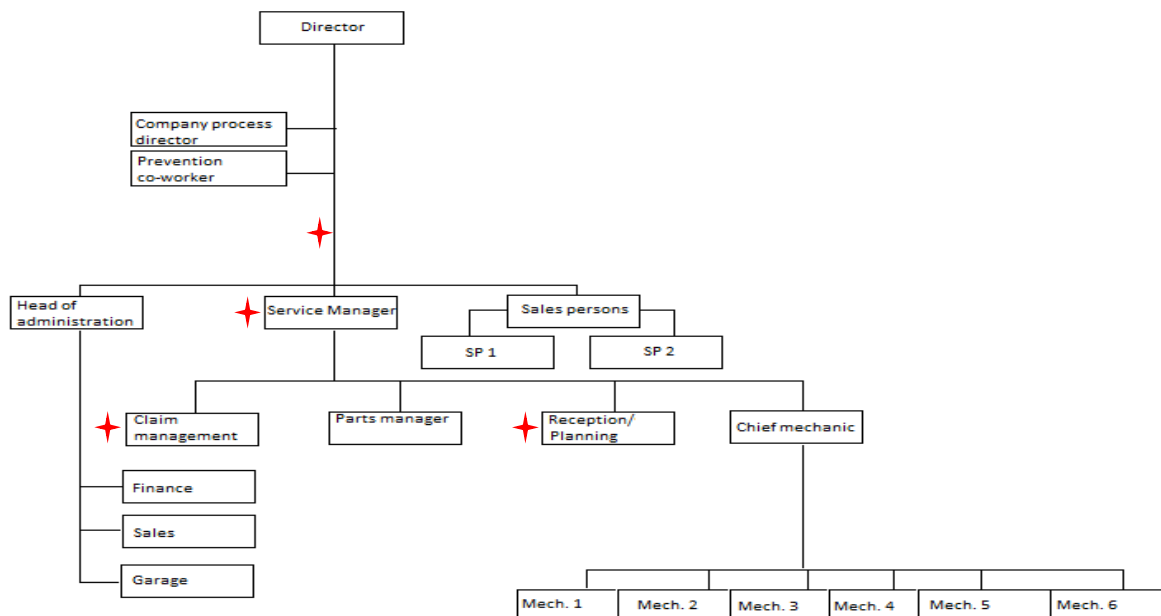


Figure 19

216- Project management and improvement

The current project management and improvement is done very moderately. This is a process of trial and error. What the organization requires is a stable factor which constantly monitors activities in all parts of the organization. By steering and motivating its employees and speeding up the decision making process and reaction time customer needs could be met more efficiently.

122-Execute proceedings

Louwerse has a centralized organization structure. The benefit of this structure is that important decisions are made at the centre of the organization. This centralization is likely to lead to a more consistent decision making process. Jobs at a lower level in the organization are simplified, as they no longer need to make the important decisions. As a result proceedings are executed swiftly, under normal conditions.

The negative effect is that when the conditions change, it affects the speed and agility of this otherwise, dynamic SME. Important decisions cannot be made by front-desk employees. Any issues that arise first have to be communicated to the director or his representative. This takes time and reduces the efficiency.

4.4.1.4 RASCI MODEL

The RASCI model was used to display the roles and responsibilities of the employees at Louwerse. It pointed out who is responsible for certain processes and tasks. The processes which have been discussed in chapter 4.4.1.3 can now be linked to those who are responsible.

RASCI-model

Process number	General director	Service manager	Receptionist	Chief mechanic	Mechanic	Parts manager	Head administration	Director's representative	Claim manager	Prevention
120										
121										
122										
123										
124										
125										
130										
131										
132										
210										
211										
212										
213										
214										
215										
216										
217										
218										
219										
220										

Process number	General director	Service manager	Receptionist	Chief mechanic	Mechanic	Parts manager	Head administration	Director's representative	Claim manager	Prevention
221										
222										
310										
311										
312										
313										
314										
315										
316										
317										

Figure 20

4.5 STYLE

4.5.1 ORGANIZATIONAL CULTURE

One of the key factors when it comes to effecting the performance and culture in an organization is the structure. In order to maintain a healthy business, besides its surrounding one must also sharply monitor what takes place inside the organization.

The way an organization is structured may well be related to problems and issues that take place within it. Firms with good structure/environment fit perform better than those without good fit (Habib and Victor, 1991; Ghoshal and Nohria, 1993). Achieving this good fit however can be quite challenging. It raises unique problems, because employees, internal conflicts and inefficiency have to be managed in such a manner that delivers maximum output of value.

4.5.1.1 CENTRALIZATION

Louwerse has a centralized organization structure. Important decisions are made at the centre of the organization. This centralization is likely to lead to a more consistent decision making process. Jobs at a lower level in the organization are simplified, as they no longer need to make important decisions. Centralized structures can also lead to increased unnecessary bureaucracy. Important decisions are made further away from their origin, which takes more time and could be less effective. Decentralization counters these effects in theory, by greatly motivating employees and speeding up the decision making process and reaction time. This way customer needs can be met more efficiently.

4.5.1.2 DIFFERENTIATION

The extent to which an organization structure comprises out of different levels of authority is referred to as vertical integration. The extent to which the organisation is divided into specialisms is referred to as horizontal integration (Wilson and Rosenfeld, 1990). Louwerse has three vertical levels of authority. These exist out of the director, middle management and supervisors. Due to their small product focus area there is little horizontal differentiation. The employee's activities are divided into administration, car maintenance & services, and sales.

4.5.1.3 SPECIALISATION

The extent to which specialisation takes place at Louwerse is limited. Due to the small size of the organisation, the work variety is also low. As a result some employees are able to switch between jobs when necessary. This increases their versatility and in theory, should ensure vital activities of the organization can take place. However in some cases employees deviate from these written procedures. One example would be the way work is handed over between employees. Certain priorities, such as billing and creating work orders, are handed over from employee A to employee B, causing delays to employees B other activities. Whether this is due to sheer time pressure or other influences, it adds bottlenecks to the productivity.

4.5.1.4 FORMALISATION

In terms of formalisation Louwerse has written policies which describe procedures and the code of conduct. These rules and regulations include job descriptions, and ensure continuity in the organization. However, group dynamics influence how employees behave and perform. Within any group of people, certain members of that group eventually embody a role due to specific contributions or actions. These roles carry expectations with them that are likely to grow as time goes by.

4.5.1.5 SPAN OF CONTROL

The span of control refers to the number of employees that report directly to a manager. This varies between sizes of organizations and the specific industry in which they operate. In SME's such as Louwerse the span of control is commonly kept small, as a larger one creates more difficulties in controlling and coordinating activities and subordinates. This is also due to the multiple channels which are available for communicating.

4.5.1.6 BUREAUCRACY

As an official Mercedes-Benz dealer, Louwerse wears the “Mercedes-Benz uniform”. This means it operates according to the rules and regulations set by MB-Headquarters. This safety measure ensures continuity, and creates a stronger brand image. The “uniform” is not only worn in the visible parts of the organization, and remains important behind the scenes.

4.5.1.7 MULTIFUNCTIONAL STRUCTURES

Louwerse has an organizational structure which combines four functional parts of the organization. These parts, or departments, each deal with a specific aspect of business.

Starting from the top, the first department is “Prevention”. This covers all safety procedures and hazards. The second department is “Administration”. As the name already implies this department monitors all cash flows and documents them. The third department “Services” includes the management of claims related to Mercedes-Benz products. For instance faulty products, accessories and equipment, but it also serves as a continuous beacon for the customer. Mercedes-Benz’s policy ensures that any product related communication with the customer is conducted via the service manager to avoid communication static. “Services” also covers the reception of; and handing-out of (spare) parts, reception and planning. Last but not least, “Services” also includes the actual activities that take place in the garage, such as maintenance, repairs and quality checks. The fourth department “Sales” deals with the purchasing and selling of automotive vehicles. The activities of this department also include the handling of documents and certificates, and the communication with third parties which are involved in the process, such as the RDW.

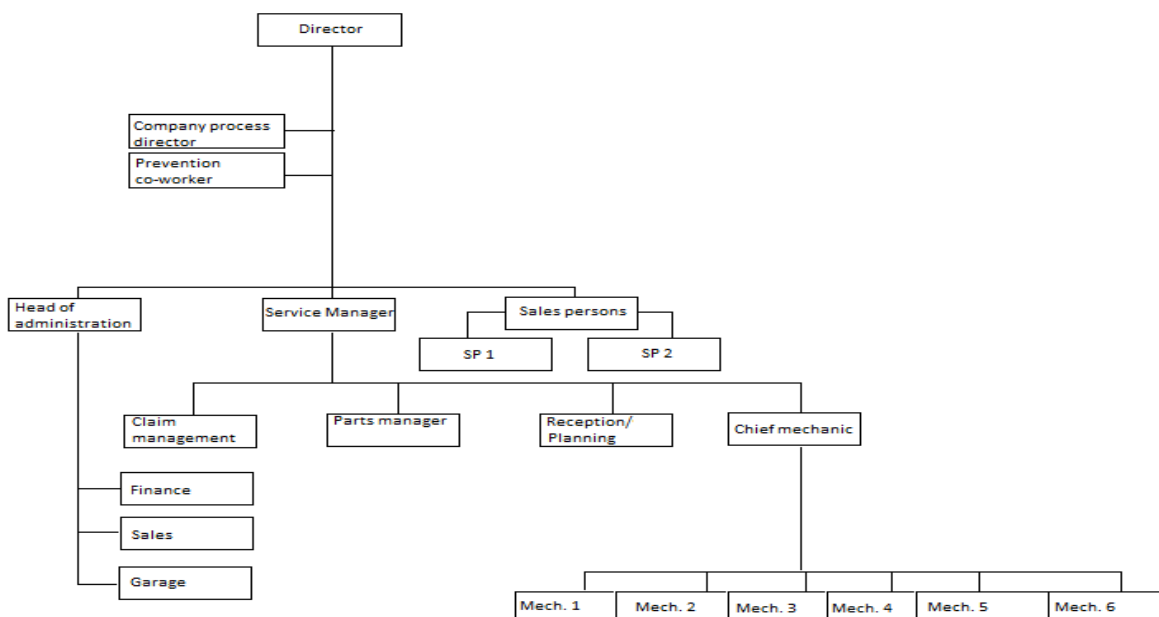


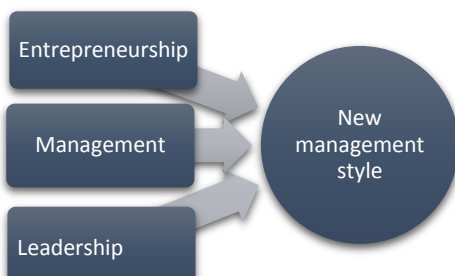
Figure 21

4.5.2 MANAGEMENT STYLE

Management functions can be found on all organizational levels. Regardless of the size of the unit, people need to be guided towards achieving the organizational goals. The word “guide” can be regarded from different perspectives. In this case it can be expressed through participative exploratory leadership or through dictatorial leadership. Each organization needs a certain entrepreneurial spirit in order to identify and seize opportunities. Fiedler’s contingency model describes the added value of selecting a leadership orientation that matches the situation’s favourability. For example, a very unfavourable situation and a low structured nature of the task, will call for a leadership orientation that relies heavily on the power position

	Very favourable		Intermediate				Very unfavourable	
Leader-Member Relations	Good	Good	Good	Good	Poor	Poor	Poor	Poor
Task Structure	High		Low		High		Low	
Leader Position Power	Strong	Weak	Strong	Weak	Strong	Weak	Strong	Weak
Situations	I	II	III	IV	V	VI	VII	VIII

Figure 22



“The modern manager combines three guiding activities: Entrepreneurship, Leadership and Management”.(Kor et al, 2007). Below it is displayed in schematic form`

Figure 23

Fiedler’s contingency model and the new management style both focus on situational management instead of having a single approach to each situation. This brings us to the current situation at Louwerse.

4.4.2.1 ORGANIC SYSTEM VS. MECHANIC SYSTEM

Louwerse’s current style management can be viewed as a combination of Burns & Stalker’s organic and mechanic systems (1961).

The organic system is one that easily adapts to a changing environment and changing conditions. Organic systems survive in difficult and unstable environments in which problems that arise cannot be resolved by mechanistic systems. Instead of having a fixed and defined structure, employees each contribute to the organizational goals and purpose. Communication flows freely upstream and downstream. This type of system stimulates the learning process and improves communication flows.

The mechanic system is much more structured and defined. The organization comprises several departments and specialties that focus on solving specific issues. Each employee has a job to perform. Managers are to ensure that each employee fulfils his or her task in a way that contributes to the organization. Tasks are coordinated and monitored, and often performed isolated. Communication does flow upstream and downstream, but it does so through pre-defined authoritative lines. This type of organization is much more vulnerable to change because it is so specialized. The Burns and Stalker hypothesis: *“The bureaucracy of mechanistic organizations impedes organizational learning and*

communication” is generally accepted. The organic system however is applauded as a general organizational structure (Bierly and Spender, 1995).

The current integration of the mechanic and organic system at Louwerse sometimes makes it difficult to determine the right course of action. As a relatively small company it has a flexible structure, and the characteristics of an organic system. However, the organization itself is much more rigid due to the centralized decision-making process. The pre-defined authoritative lines exist, but this does not apply to the communication lines. Tasks are interchanged between employees even though each employee has a fixed set of tasks to perform. The uniform approach that is set out in the company guide does not correspond with the actual way the business is run.

4.6 STAFF

This dimension focusses on both the current and future employees of the organization. This is important because:

- *People* use strategies and develop systems
- *People* design structure and manage
- *People* create a strong organization based on mutually shared values.

In brief, *people* ensure company targets are reached. This once again points out the importance of selecting, hiring, training, assessing, rewarding and developing (future) staff members.

Chapter 4.7 describes the core competencies all employees must have at Louwerse. By determining what these core competencies mean for the employees and functions of Louwerse, a competency profile has been developed for each position. Within this job profile the necessary knowledge and experience for the function is also processed. By looking at how the employees function and meet their job profile in conjunction with the abilities and wishes of these employees, the training plan for each employee is determined. Each function and each employee has a competency profile drawn. Employees whose activities have a significant impact on the environment, are additionally trained. This strategy should ensure that each department has the skills and competence required to function properly. The one thing that is not covered by this strategy however, is acquiring sufficient staff members.

4.7 SKILLS

This view is used to determine a company strategy, which stimulates sustainable competitive advantage. It focuses on aspects of the organization that create an understanding of the source of their competitive advantage. These resources and capabilities are essential to any business, in order to be successful in their industry.

Other than the outside-in approach which helps to assess a business from its clients' perspectives, these core competences focus on the internal strength of the organization and its employees. These core competences play an important role which affect two aspects of Louwerse's business. On a staff-level it concerns competences. These competences can be managed and improved, thus not only increasing the functionality and skills of the employees, but the organization itself by reaching new levels of excellence (Doelen & Weber, 2006).

On the organizational level it shares some similarities with the organic system (Burns & Stalker, 1961), and is about learning to deal with- and benefit from- change: The learning organization.

The competences which have been identified during the research are what connect and motivate the employees at Louwerse. These competences are formulated as the following:

- A goal-driven attitude

- A flexible attitude towards work
- A customer friendly approach
- Self-added value in terms of customer satisfaction

4.8 SHARED VALUES

The shared values relate to the organizational culture. These concepts are mostly abstract, simple, and form the heart of the organization. Even though these values are mostly invisible to outsiders, the behaviour of the employees reflect the company mission, vision and ethics. According to Homan (2005) defining the “real” organization is impossible, because everybody involved constructs a definition based on their own perception. However, the values are mostly commonly shared and create cohesion and direct other dimensions of the 7S-model. This is done by:

- Motivating employees
- Focussing on relevant activities
- Creating a framework which guides employees

CONCLUSION

This chapter discussed the research findings and the context of the models and theories which were used. The foundation which has been created in this chapter will serve as an introduction for the next one: Conclusions. This chapter will summarize the previously discussed research findings and apply them directly on an operational level.



CHAPTER 5. CONCLUSIONS

CHAPTER 5: CONCLUSIONS

INTRODUCTION

This chapter contains the conclusions of this dissertation. The research data has been presented in the previous chapter, and the essence will now be discussed. With the 7S-model serving as the backbone of this dissertation the four research themes will be discussed.

5.1 RESOURCES

Human Resources

Louwerse is suffering from a shortage in human resources. When the actual employed workforce is compared to the required workforce described in the company policy it becomes clear the administrative and service departments need reinforcement. The organogram in chapter 4.4.1.3 marked the areas of the organization that require assistance. The gap between the director and his direct sub-ordinates, which are the head of administration, service manager and salespersons is too large. Even though one might argue the limited size of the organization reduces the necessity of continuous management to be present, the absence of it affects the dynamics and precise execution of tasks. Due to poor communication methods, the strategy of shifting responsibilities between employees leads to unclear priorities and task descriptions. This leads to an ineffective usage of the resources available. A good illustration of this bottleneck, would be the position of the current service manager. The service manager also acts as the receptionist. These two full-time positions require full dedication to ensure company policies are followed and to maintain continuity. However, interviews with the claim manager revealed that on several occasions his activities (billing and other essential processes) couldn't take place because the claim manager had to take over the tasks of the service manager/receptionist. This has a direct effect on the company's cash flow. The current state of the company makes it even more vulnerable to external influences

5.2 MARKET DYNAMICS

Market

Louwerse does not have a clear understanding of its market environment. It now offers a broad variety of products and services that appeal to a large market. By further defining its market and their position within this market, Louwerse will be able to focus on the products and services that create the (most) stable source of revenue.

Louwerse's market environment is subjected to several developments. According to the PEST-analysis these are either politically, economically, socially or technologically based. In this particular case only the social and economic developments have been integrated. Due to the limited size of the company and the nature of the political influences (industry oriented), these do not have a direct impact on the company's wellbeing. In terms of technology; the hardware (e.g. equipment, machinery and tools) available at Louwerse is sufficient to say the least.

Social

In its enthusiasm to deliver nothing less but the absolute best, Mercedes-Benz is often perceived as a brand only reserved for posh people, who "like showing off how fortunate they are". This perception, false as it may be, is causing the brand to be less approachable and poses a threat towards Mercedes-Benz and its dealerships.

Economic

The downturn of the economic climate which the nation is still recovering from, has affected the behaviour of consumers, suppliers and other organizational stakeholders. The lack of stakeholder confidence is fuelled by the low spending power of consumers and high rate of unemployment. In order to remain a successful organization Louwerse needs to better respond to these economic conditions by seeking new markets and anticipating stakeholder behaviour.

Market segments

Louwerse's market is divided into the B2B and B2C market. Within these separate markets various segments exist.

Primary target segment

We can conclude that most vehicles are sold in the B2B market compared to the B2C market. These sales are more stable and consistent. Most products sold are small transport vehicles, such as vans and mini-busses. The services provided to this segment are mainly regulated by long term agreements. This segment offers more transparency when compared to the B2C market.

Secondary target segment

Within this target segment one will find leasing services, personal-financing arrangements, and promotional activities to attract very specific potential customers (old-timer car meetings).

5.2.1 PRODUCT PERSPECTIVE

From a basic product perspective we were able to identify the top 3 types of products that are particularly interesting for Louwerse. These have been further analysed with the 9 cell matrix in chapter 4. Not only has this categorized their characteristics but it also allowed us to develop a Product Market Combination.

Company vehicles, small transport/vans

This particular category proves to be a steady source of income for Louwerse. Over the past 4 years there seems to have been an increase in the number of freelancers. Especially the financial sector and the construction sector account for a large percentage of this growth. Those in construction often require reliable and affordable transport vehicles and vans. Focusing on this segment could prove to be a lucrative businesses opportunity that Louwerse should sincerely consider.

Personal vehicles

This category of products is responsible for the largest contribution to the company's revenue. However the profit margin is smaller compared to the other categories. Nevertheless, this is a strong business unit, even though the market attractiveness has decreased due to the economic downturn.

Maintenance/Spareparts

We figured that maintenance/spare parts were the most interesting for Louwerse on the long term. As a certified Mercedes-Benz dealer the company enjoys privileges some of its competitors have to do without, for instance the direct access to original Mercedes-Benz spare parts, which normally have to be ordered. Louwerse should put this to good use. It is the only certified Mercedes-Benz dealer on Schouwen-Duiveland and has a customer base spread out across the entire country.

9-cell matrix

The 9-cell matrix pointed out the strengths and weaknesses of Louwerse's business units. Based on the economic developments and forecast Louwerse has two business units that it should focus on. The first unit consists out of company vehicles (small transport/vans). Due to the increased number of freelancers that require reliable and affordable transport vehicles, focusing on this segment could prove to be a lucrative business opportunity. The second business unit consists out of the maintenance of cars and selling of spare parts. As a certified Mercedes-Benz dealer Louwerse has direct access to spare parts. Other dealers would first have to contact certified Mercedes-Benz dealers to order the parts. This means Louwerse has a competitive advantage. Not only can they supply the spare parts quicker, they can choose to either offer discounts to customers to stimulate the relationship, or may choose to maintain a higher profit margin.

Porter's 5 forces:

Bargaining power of customers:

Louwerse's customers do not have a very large influence on the prices and volumes of the goods which are sold. It is always possible to negotiate about the price, but this does not pose a threat to the company. The same goes for B2B purchases, if several vehicles are bought at the same time. In this case the buying party has slight leverage over the selling party, but this is a matter of negotiating.



Bargaining power of suppliers: The bargaining power of suppliers is limited in this industry. Brand new vehicles are often ordered at the factory for specific customers. These prices depend on the particular wishes and preferences of the customers. As with the bargaining power of customers, there is always a certain room for negotiation. These margins however are calculated in advance and do not pose a threat to the organization itself.

Threat of new entries: Car dealerships are a common type of business. However, each car dealership distinguishes itself by focussing on a specific market segment. As a Mercedes-Benz dealer and garage the majority of its customers consist out of Mercedes drivers. Louwerse maintains a steady and friendly relationship with its customers, and seeks to create an experience besides making just another sale. This relationship may last well over a decade because of the brand loyalty it creates. The formula of Louwerse is hard to mimic because it aims to create a long term relationship and sells products and services as well.

The threat of substitutes: The threat of substitutes in the automotive industry itself is relatively low. However within the automotive industry are lots of different manufacturers. As technology keeps improving, the differences between the modern day high-end vehicles keep on diminishing. When applied to Louwerse's market environment this development is far less of a threat. Louwerse has little to fear of substitute products, as there are no substitutes. Similar vehicles in this price range do exist, with little difference between them in terms of quality, durability and performance. However, these do not aim to serve as a substitute.

Competitive rivalry within an industry: As for the competitive rivalry within the industry, this solely depends on the specific positioning strategy of the other companies. Each dealership has a specific strategy to attract and retain customers. Besides, most car owners visit the car dealership where they purchased their vehicle so there is already a form of brand loyalty. As for direct competitors, Louwerse should be careful not to lose sight of its direct competitor 'van Oeveren'. Even though the companies differ in strategy, the sheer size and available resources of this competitor allow it to easily gain the upper hand.

5.3 CORE PROCESSES

Louwerse is suffering from a deficit in resources. When compared to the listed job descriptions and filled job positions, there are not enough employees to keep up with the amount of work. This deficit manifests itself in the way employees perform their tasks. They tend to deviate from the set out rules and methods to save time in the process. However this has decreased the company's efficiency on several occasions (see chapter 4: research findings). The RASCI model showed which of the employees are responsible for the processes that are not executed according to the company policy. Process 310 is the responsibility of the general director. However the current size of the company and the limited staff available force the employees to take "shortcuts". These deviations influence the company strategy and policy because each employee eventually creates a method of their own to speed things up. The result is a gap between the set out direction (set out by the company director) and the actual way it's going.

The policy which is supposed to protect the company and ensure continuity, is now suffocating the company. Louwerse currently lacks the necessary resources and struggles to maintain the high level of service quality its customers have become accustomed to. Management process 315 is the responsibility of the director's representative. The measuring and monitoring of processes is inconsistent. This also stimulates the effect of groupdynamics, mentioned above. These cause grey areas in the organization and the production processes. Process 216 focusses on project management and improvement, but is done on a very moderate base. The company lacks a stable factor that monitors the activities in all parts of the organization. Speeding up the decision making process and reaction time will lead to a more efficient way of meeting customer needs. Improving process 122 is also a part of the solution. The benefit of the current centralised structure is that important decisions are made at the centre of the organization. Jobs at a lower level in the organization are simplified and as a result proceedings are executed swiftly, under normal conditions. However the conditions often change due to the dynamic work environment at Louwerse. This often results in postponing decisions because they can only be made by the company owner. This not only reduces the overall efficiency but also restricts Louwerse from using its employees to their full potential.

5.4 STRATEGY

Management strategy

The current integration of the mechanic and organic system at Louwerse sometimes makes it difficult to determine the right course of action. The relatively small sized company has all the characteristics of an organic system. However the rigid and centralized decision making process counters effect some of its positive aspects. The pre-defined authoritative lines exist, but communication flows freely up and downstream. The informal communication between employees and departments has become part of the company culture. However, poor communication in combination with the reduced transparency and dynamic work environment leads to misunderstandings. Things are often assumed by the employees, instead of clearly communicated and checked. Tasks are interchanged between employees even though each employee has a fixed set of tasks to perform. The uniform approach that is set out in the company guide does not correspond with the actual way the business is run. The controlling aspect of management is too inconsistent. The company lacks the continuous presence of a guiding and controlling factor.

Structural forms

Louwerse's current structural form is not the direct cause of the problems and issues at hand. However it does amplify the effects of shortage of human resources. Due to this shortage the current service manager also functions as receptionist. On several occasions the claim manager had to combine all three positions. Instead of acknowledging and dealing with these problems they are stored in a "trashcan". All across the organization there are "trashcans" full of unsolved issues, problems and still to be made decisions that- instead of being emptied- are repeatedly transferred into even bigger "trashcans" (Cohen, March and Olsen, 1972). The results are make-shift solutions, while creating

bottlenecks in the process. In order to make management efforts more effective Louwerse needs to acknowledge the bottlenecks which are created down the road first hand, and reinterpret its solutions.

MERCEDES-BENZP.LOUWERSE



CHAPTER 6. RECOMMENDATIONS

CHAPTER 6: RECOMMENDATIONS

INTRODUCTION

This chapter will present the recommendations derived from the previous chapters. It will formulate the final conclusions of this dissertation into a solution which Louwerse can adopt to improve its operational capability. This chapter uses the EFQM excellence model to convert the recommendations into a visual tool. The layout of this chapter is similar to those before and briefly discusses each research theme separately with a follow up of recommended activities.

6.1 RESOURCES

Louwerse has to improve its current resource management strategy. The current situation the company is in adds strain to the operational processes. This affects the company's ability to create value, meaning that either their profit margins or level of customer service are decreasing. In order to counter these effects Louwerse should:

- **Critically review current organization structure**
 - Increase involvement with departments and employees
 - Identify processes that take too long
 - Understand why these processes take too long
 - Take necessary measures to speed up these processes
 - Take precautions to prevent reoccurrence
- **Reinforce human resources**
 - Assess essential processes and increase overall security by reinforcing the workforce.
 - Interns, part-timers, full-timers, temporary workers
- **Increase floor management to improve communication and eliminate grey areas¹².**
 - Increase involvement with departments and employees to increase transparency
 - Converse, motivate, guide and control employees

6.2 MARKET DYNAMICS

In order to better understand its market environment and its influences Louwerse should further define their market position. This can be achieved by:

- **Increasing market awareness**
 - Conduct a proper market study to increase competitive intelligence
 - Assess and market their own USP's
- **Tracking developments of selected market segments**
 - Anticipate trends/developments and stay ahead of the competition
 - Seek new investment opportunities and markets
- **Reassessing current product/market combination**
 - Monitor sales periodically and respond accordingly to changes
 - Focus on steady selling products/services

¹² Grey areas, refers to chapter 4.4.1.3³¹⁵

6.3 CORE PROCESSES

The operational processes at Louwerse are not fully aligned with the company policy. In order to close the gap between the current and desired situation Louwerse should:

- **Reassess current company policy**
 - Increase involvement of management
 - Increase transparency, improve quality and frequency of communication
 - Hold group meetings periodically
 - Find means to convey the current policy or;
 - Re-develop it to match the current company culture.
 - Increase involvement of management;
 - Reassess the execution of each process;
 - Apply changes where necessary and reinforce core processes

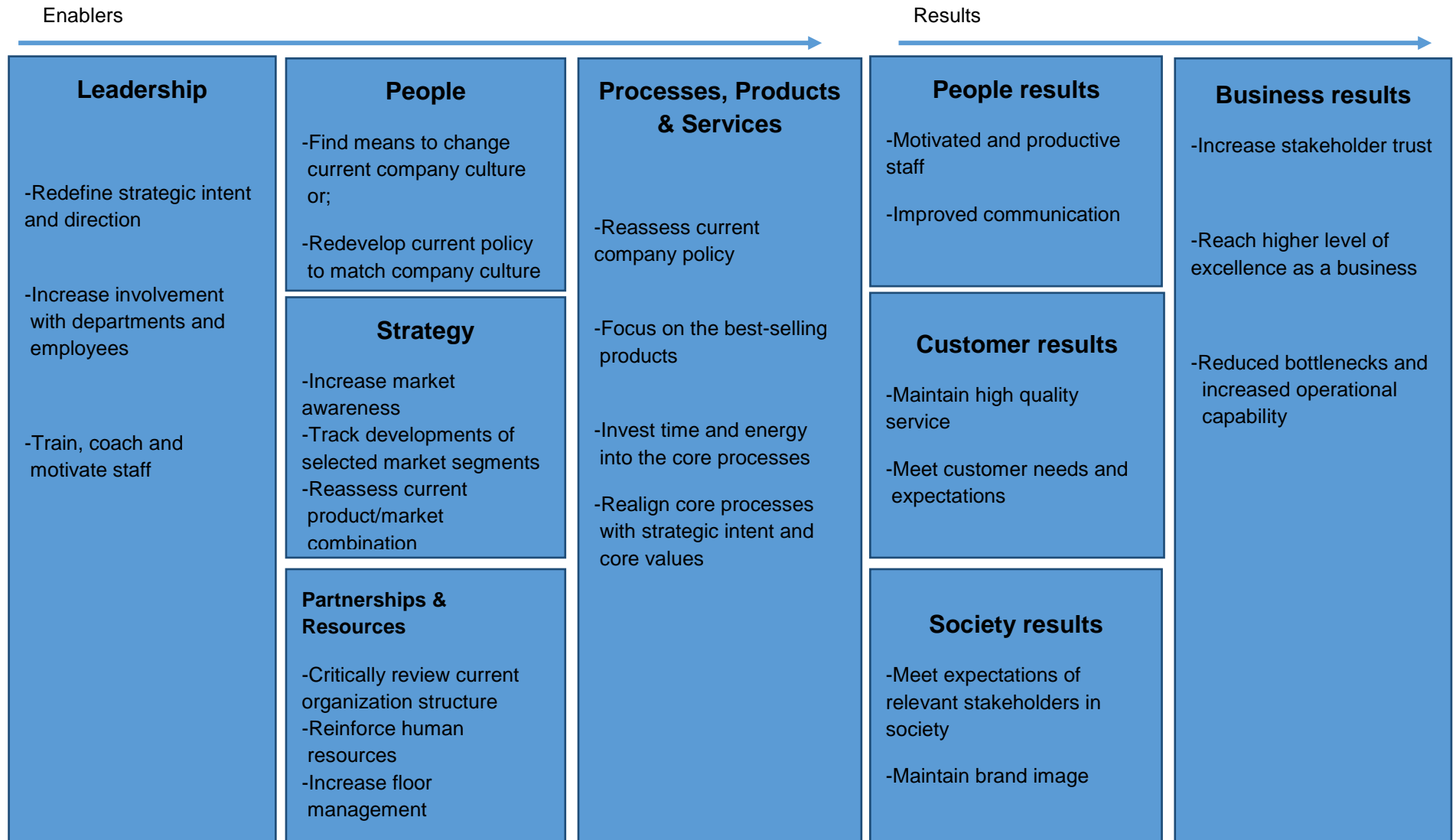
6.4 STRATEGY

As mentioned in 6.3 the operational processes need added structure. Focussing on the right target segment and creating a mutual goal will not only cut down on unnecessary spending, it will also create a common sense of direction. In order to achieve this Louwerse should:

- **Increase market awareness**
 - Conduct a proper market study to increase competitive intelligence
 - Identify the right customer segment
 - Reassess the product/market combination
- **Focus on the best-selling products and services**
 - Channel time and energy into the core processes involved
 - Stop investing in shrinking markets
- **Reassess current company policy**
 - Redefine strategic intent and direction
 - Have group meetings to inform staff
 - Train, coach and motivate staff towards change

Chapter 6.5 will discuss the EFQM model and how it can be applied to Louwerse. An additional theoretical framework has been included in the appendices. It includes three of the research themes selected earlier. It includes the necessary models required to gather the appropriate information over time. This will help Louwerse to follow the recommended steps and provide a platform for any future interns.

6.5 EFQM MODEL



6.6 RECOMMENDATIONS: TIMELINE& FINANCES



Short-Term 0-6 months

- ✚ Increase floor management to eliminate grey areas and increase transparency
- ✚ Critically review organization structure
- ✚ Reinforce key positions where necessary
 - Receptionist
 - Claim manager

Annual Labour costs :

- ✚ Receptionist €25.800,-
- ✚ Claim manager €27.600,-

Total : €53.400,-



Mid-Term 6-18 months

- ✚ Increase market awareness
 - *Market research by intern (first 6 months)*
- ✚ Track developments of selected market segments
 - *Market research by intern (last 6 months)*
- ✚ Reassess current product/market combination
 - No third parties involved

Annual Labour costs:

- ✚ HBO/MBO Intern (6/12) €1.500,
- ✚ HBO/MBO Intern (12/18) €1.500,-

Total : €3.000,-



Long-Term 18-36 months

- ✚ Reassess current company policy
- ✚ Redefine strategic intent and align with company culture
- ✚ Realign core processes with company culture
 - No third parties involved
 - No costs involved



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- ✚ <http://www.12manage.com> 12 Manage the Executive fast track



APPENDICES

Appendix 1 – Organizational charts

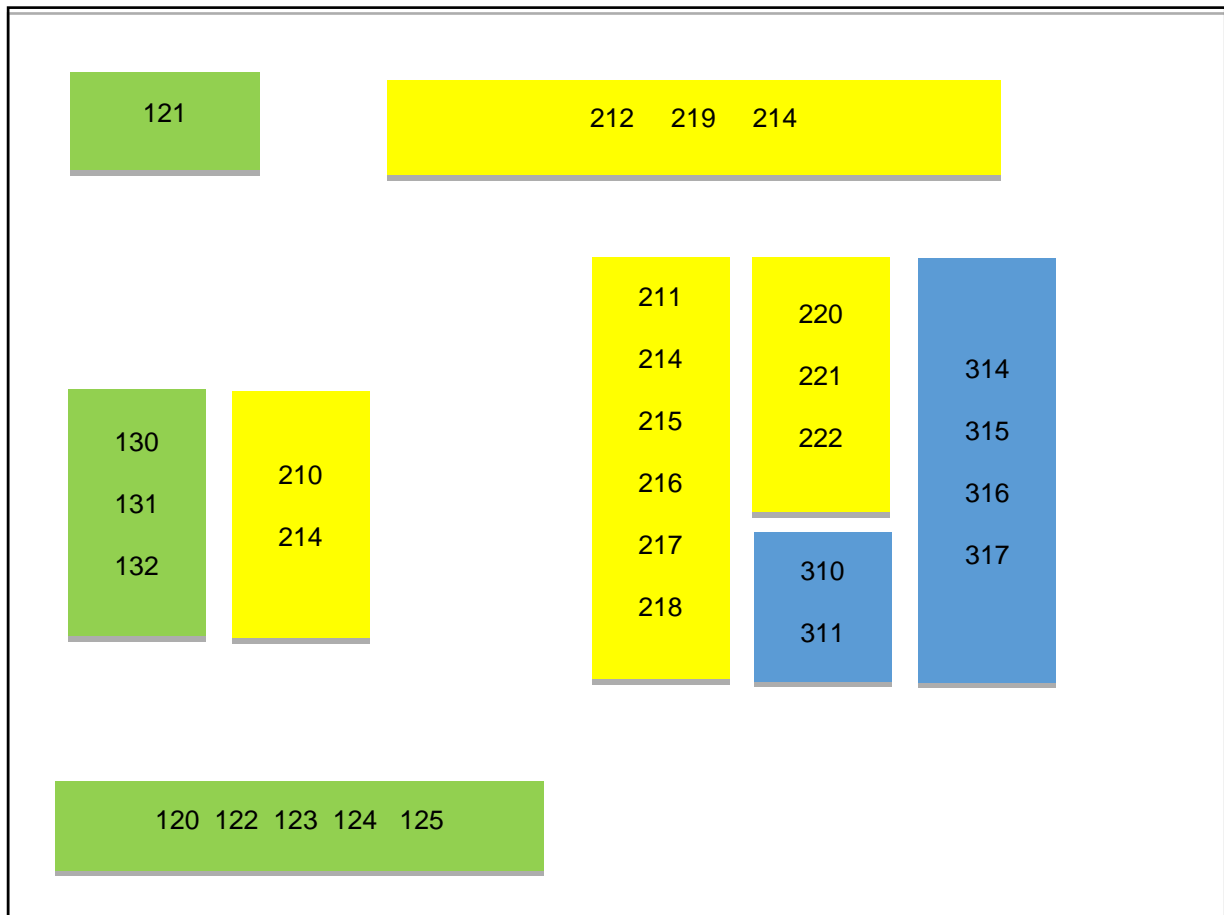
Appendix 2 –Company Guideline

Appendix 3 – Additional models

APPENDICES

Appendix 1 – Organizational charts

PROCESSES: Location



Primary Processes : 120– 121– 122– 123– 124– 125

Supporting Processes: 210– 211– 212– 213– 214– 215– 216– 217– 218– 219– 220– 221– 222

Management Processes: 310– 311– 314– 315– 316– 317

Replacement Matrix

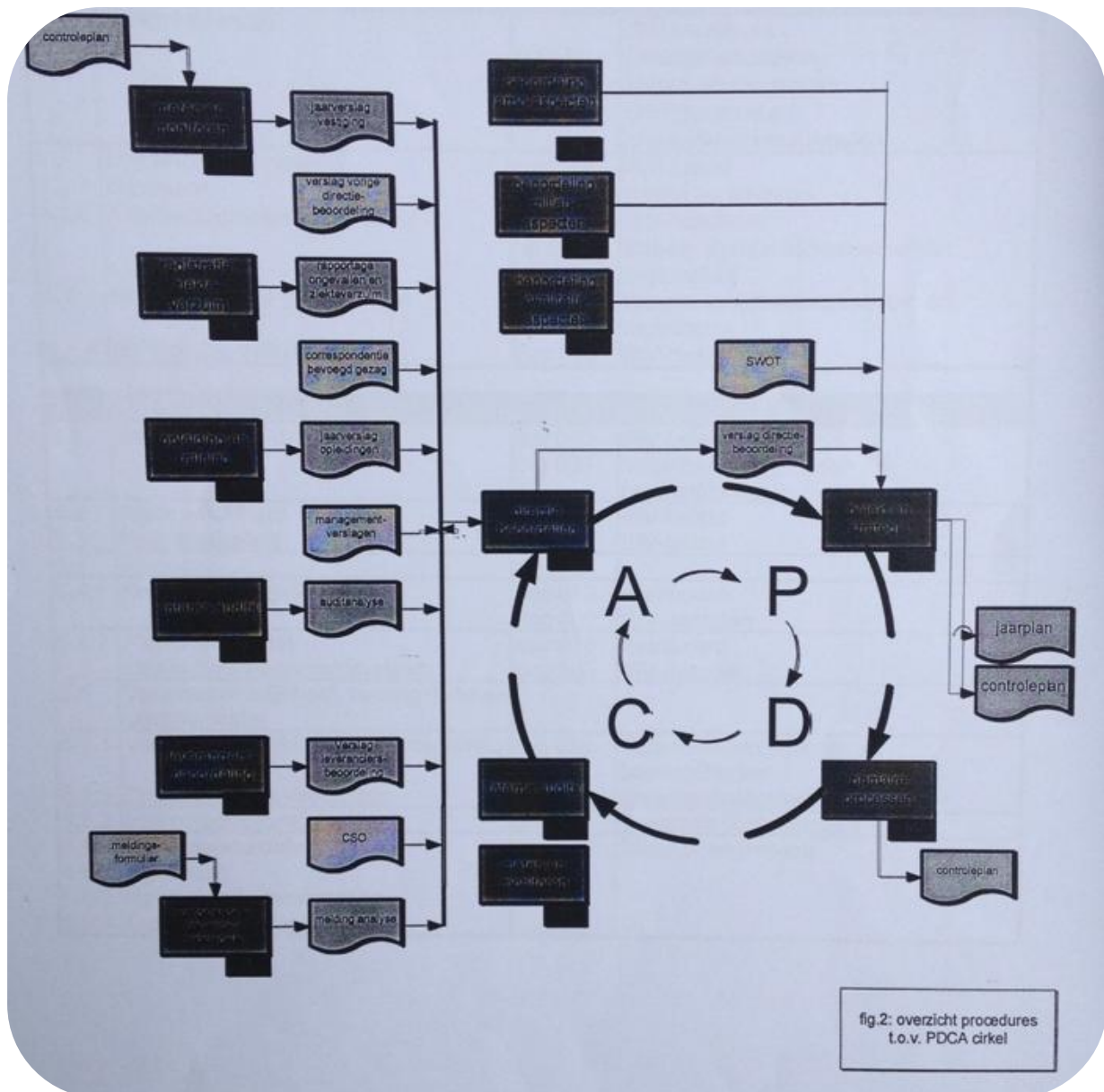
Function	Director	Service Manager	Receptionist	Chief Mechanic	Mechanic	Parts-manager	Head of Administration	Claim manager	Director's Representative	Preventative measures-
Director									X	X
Service Manager				X						
Receptionist				X				X		
Chief Mechanic		X			X			X		
Mechanic				X						
Parts manager		X								
Head of Administration	X									
Claim manager			X							
Directors representative	X									X
Preventative measures-employee	X								X	

Appendix 2 – Company Guideline

1. Business administration:

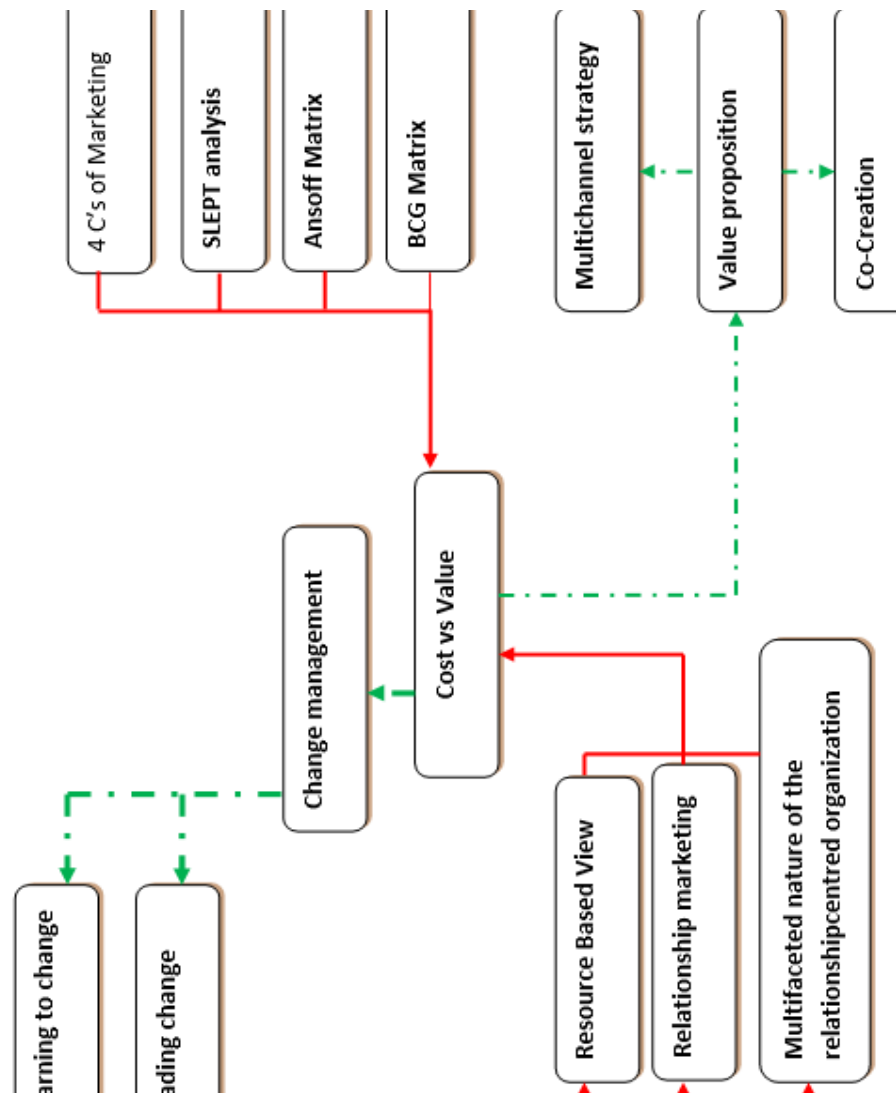


2. Business administration cycle:



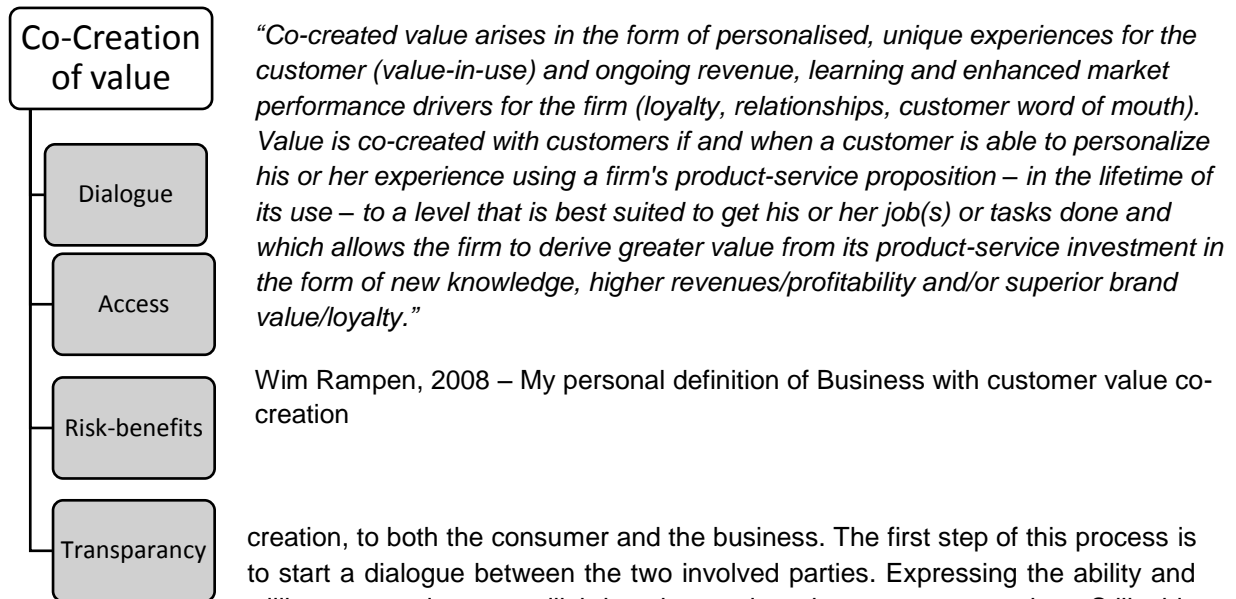
Appendix 3 – Additional models:

1. Theoretical framework



2. DART-model of Co-creation

This definition of value co-creation is the most appealing. It immediately points out the merits and conditions for co-



creation, to both the consumer and the business. The first step of this process is to start a dialogue between the two involved parties. Expressing the ability and willingness to interact will bring the parties closer to one another. Still, this dialogue cannot be maintained without access to information. Transparency and access are the keys to establish a genuine dialogue between the consumer and business. Only with these two aspects in sync can a clear risk/benefit analysis be made.

3. VRIO – Framework

The VRIO-framework determines whether a company's resources and capabilities have a sustainable advantage over their competitors.

Valuable

In order to employ a value-creating strategy, a resource must outperform the direct competitor's or reduce its own weakness(Barney, 1991).

Rare

To create value, ones resources and/or capabilities should be rare by definition.

Inimitable

In order to minimize imitation and create a sustainable advantage over direct competitors, resources and/or capabilities should be difficult to replicate.

Organization effectively exploiting these resources/capabilities

In order to use resources and/or capabilities in their advantage, the company has to be ready and fully capable to employ these resources and capabilities.

Louwerse's distinctive capabilities that will allow them to create a sustainable advantage over their competitors are:

- **Quality of customer handling** – Strategy retains customers
- **Product variety** – inventory prices vary and appeal to large market

