

Introduction and overview of dhl management essay



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The aim of this research is to explore the link between DHL' operating resources and capabilities (core competencies) and its competitiveness in the light of the resource – based theory.

With more and more firms outsourcing their logistics activities, the significance of third party logistics providers (TPL) in global supply chain management has increased substantially in recent years. However, the strategic significance of the operational resources and capabilities of these logistics providers that affect their performance and competitive advantage has received very little research attention (Wong and Karia, 2009). Relying on the market – based approach of competition, several researches view operations as a perfectly adjustable system focused to successfully follow the rules dictated by markets (Wong and Karia, 2009). However, many researches have found that competitiveness and high performance is not

achieved by simply following the rules dictated by the markets, but in fact more profitability is achieved by focusing on developing, protecting and leveraging a firm' unique operational resources and capabilities (Bourne et al., 2003). In other words, high performance and competitiveness of a firm is not explained by the strength of its market position, but by the strength of its operational resources and capabilities. This latter view is the resource – based approach and it emphasises on the link between core competencies and competitiveness. This research aims at empirically confirming the resource based view by focusing on the case of DHL, a leading third party logistics services provider.

1. 1 INTRODUCTION TO DHL

DHL Founded by Adrian Dalsey, Larry Hillblom and Robert Lynn 40yrs ago in San Francisco. DHL stand as one of the global market leader of the international express and logistics industry.

DHL employs some 300, 000 employees and its international network links more than 220 countries and territories worldwide. DHL services include air and ocean freight, it offers expertise in express, contract logistics solutions, overland transport and international mail services.

Their brand is known for personal committment, proactive solution and local strenght. The company based their success on excellent customer service.

DHL is a Deutsche Post DHL brand. The group generated revenues of more than 63 bn Euros in 2007. (www. dhl. com)

Small, medium and large organizations have an operations function. The objectives of most organizations entail producing goods and/or services. For this to be possible, the strategy to manage the procurement of assets, convert it into outputs and allocate it to the users has to be in place.

The term operations management embraces all the activities required to create and deliver an organization's goods or services to its customers.

Andrew Greasley defines Operations management as the way organizations produce or deliver the goods and services that provide the reason for their existence". (Source Andrew Greasley 2008)

DHL is a global leader in logistics, it is an international air express industry, whose business includes courier services, contract logistics, air and ocean freight, engineering and consultancy to different business such as electronics, life sciences, financial , automotive , industrial , consumer and other value-added services. DHL provides related supply chain analysis such as network and facility design, integrated IT solutions warehousing, transportation management and consolidation, primary and secondary packaging, customs clearance services, security and cargo insurance.(see Diagram 1) DHL Global forwarding manages the flow of goods and information across a customers' global supply chain, connecting suppliers, carriers, customs brokers and end-users through a seamless supply of distribution services.

As an express carrier, timely delivery and customer satisfaction are its objectives. These objectives can be met by effective operations management. However, problems commonly arise in a company and through

operations management problems can be tackled by observation, formulation, analysis and implementation. .

Diagram 1 DHL Supply chain model

A supply chain is the flow of goods, information and finance. It typically starts by sourcing raw materials or semi-finished goods, which are scheduled and transported into factories to be made into finished products (see Diagram 1. 0). These then pass through warehouses or distribution centres and are delivered to retailers, wholesalers or direct to consumers' homes or business premises. Finally, aftermarket activities involve the maintenance and repair, or the return and recycling, of products at the end of their life. Supply chain planning optimises overall flows and inventories, by balancing resources with demand at all stages. (www. dhl. com)

ANALYSIS OF THE INUSTRY

In analysing the courier industry, the logistics operations of two players(FedEx and TNT) which are also competing with DHL will be briefly discussed.

FedEx is a US company, the world's largest express transportation company of almost 290, 000 employees. It services includes, freight, business support, and overnight courier services and logistics solutions. FedEx US express delivery service enables delivery within one to three business working days within the US. The company has three overnight delivery services. The distributing system operated by FedEx is called the hub-and-spoke sorting and distributing system. Its operations are primarily conducted through owned-operated vehicles and company owned trailers. FedEx has an <https://assignbuster.com/introduction-and-overview-of-dhl-management-essay/>

integrated global network which is made up of 53, 000 vehicles and trailers, 53, 500 drop-off locations and 669 aircrafts and its agents are located in almost 220 countries. The tracking system of FedEx has a unique feature of mobile communication (www. fedex. com)

TNT is a transportation services company which headquartered in Amsterdam, Netherlands and has employees of about 13, 222. TNT provides mail and express delivery services and operates primarily in North America and Europe. TNT has his business operation in two segments; express and mail, The company provides door to door express delivery services for customers and regional, worldwide delivery services to B2B customers. The company has a distribution network of 546 mail depots, 23, 462 vehicles and 1, 231 express hub. TNT has an optimised staffing level which enable the company to manage its network efficiently and support from outside is also used in managing its staffing need.(www. tnt. com)

1. 2 RESEARCH QUESTION AND OBJECTIVES

The primary research question of this dissertation is: ‘ What are DHL’ unique operating resources and capabilities and how are they linked to the firm’ competitiveness?’

The three key objectives of this research are –

To identify the unique operating resources and capabilities of DHL (core competencies).

To evaluate the link between DHL’ core competencies and its competitiveness.

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To use research in developing competitive strategy

1. 3 RATIONALE

1. 3. 1 IN A BUSINESS CONTEXT

The findings of the study will reveal the different dimensions of competitive advantage of the firm that the operational resources and capabilities of the firm affect, thus emphasising on the need for logistics providers to develop unique operational capabilities in order to gain competitive advantages. The research will also provide useful insights to the operations managers in DHL and other players in the courier business

1. 3. 2 ACADEMIC USE

This study is important to the understanding and body of knowledge because it will contribute to the existing body of operations management literature on existing resource- based theories and also provides valuable insights on how to use research to develop competitive strategy.

1. 3. 3 PERSONAL VIEW

This study is of particular interest to me because cost control and logistics are critical success factors for every organisation. My keen interest from this topic stems from my fascination and understanding of how organization can maximize its operational resource and capabilities to achieve competitiveness and to gain high performance in the industry it operates.

1. 4 PLAN OF THE RESEARCH

The rest of this research will be in 7 Sections. Chapter two is the literature review of the research topic this will help to acquired more knowledge on the research problems.

Chapter three will give the research methodology used in the course of this research work. The chapter will also bring in the philosophy, sources, objectives and strategy used in the successful examination of the research work.

Chapter four will outline the findings gotten from various secondary and primary data of the research.

Chapter five will be based on the discussion of the findings from the research work if they actually deal with the research questions.

Chapter six is the conclusion of the research.

Chapter 7 will focus on self reflective learning, this is personally learning from the research work and how it will be used in whichever area that best suit me.