

Requirements in Logistics Outsourcing for Small Medium Enterprises – An Empirical Investigation

Degree programme : BSc in Industrial Engineering and Management Science | Specialisation : Business Engineering
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Logistics outsourcing has been a positive trend for a long time and is accepted as a strategy to lower the costs by accessing external capabilities. Especially for large companies, extensive and profitable offers for outsourcing logistics activities are being created. On the other hand, small to medium-sized companies are increasingly demanding to focus entirely on their core competencies and enter cooperative partnerships with logistics service providers.

Introduction

Most market offers do not always match to the needs of the smaller companies as large logistics service providers understandably focus on large companies as customers. This research examines the logistics outsourcing requirements, needs and motivations for outsourcing logistics of small and medium-sized companies. To also offer smaller companies a market-driven solution, these aspects must be precisely understood. In my Bachelor Thesis, I did exploratory research and addressed these points. I considered the perspective of the smaller companies and the perspective of the LSPs.

Research Design

As part of the exploratory research, a comprehensive literature review was conducted to establish a basic understanding of logistics outsourcing. In addition, 18 scientific articles were evaluated and 231 factors were identified that have an impact on logistics outsourcing. Those factors were clustered into 86 requirements and seven categories. The empirical part conducted 18 expert interviews, from medium-sized to smaller companies, which are strongly involved in the topic of outsourcing or have been involved in the past, to gather practical insights, to gain practical insights and as realistic a picture as possible of the market's needs. Thereby, the expert interviews revealed over 25 unique requirements for outsourcing logistics. The qualitative data collected was then compared with the data in the literature and supplemented.

Results

The Bachelor Thesis provides a comprehensive insight into the outsourcing process as a whole, as well as into the services needed and desired by companies from LSPs, the different types of motivation, the existing and desired partnerships, and general advantages and disadvantages of logistics outsourcing. The motivations were divided into clusters to illustrate whether the motivation is based on internal or external pressure and whether it is of a short-term or rather long-term nature. The statistical evaluation of the requirements showed which correlations and which gaps exist between literature and practice. Smaller companies place value on a good long-term partnership and great flexibility, for example in warehousing or scalability. The companies are afraid of losing control and want the partner to provide services such as a final product check before the last shipment and the proactive involvement of the partner in the integration of new innovative solutions in logistics. The literature prioritises the reduction of costs significantly more than the companies surveyed, which are more concerned with handing over operational activities to be able to concentrate more on their core competences.

On the one hand, this Bachelor Thesis can provide guidance for smaller companies that are thinking about outsourcing logistics activities with assistance and important knowledge about outsourcing logistics. On the other hand, it offers the opportunity for LSPs to better understand smaller companies and derive suitable solutions for them.



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«We need a partner who understands us and wants to grow with us.»
«Those who do not outsource logistics have not included the opportunity costs.»
«The international conditions for shipping are a disaster.»
«I'm afraid of losing control.»

Figure 1: Statements from the interviewees concerning outsourcing logistics