Business improvement plan.

Case: Company X.
ABSTRACT

The purpose of this thesis was to provide an action plan for Company X to improve the company’s performance. Company X is planning to enter the European market and wanted to be prepared for that. The company operates on a very specific route from Russia to other countries, so the company needs to implement changes to attract more customers.

The theoretical part of the thesis was gathered from literature, articles and Internet sources. The theoretical part of the thesis built the structure for the empirical part. The author used the business improvement plan which included several steps. The author defined the mission, objectives, and goals of the company. The current analysis of the company costed of internal and external factors, competitor, customer, and marketing mix analysis. Based on research, the author created an action plan for improvement. The data for the empirical part was collected by interviews with the owners of Company X and other secondary resources.

The result of the thesis was an actual action plan and calculations of required investments. Company X should expand the number of services and type of vehicles for transportation. The goal is to raise sales by 10%. Additionally, the company should update the software and official Internet page. It is crucial to start using aggressive advertising and develop other distribution channels to improve promotion. The participation in tenders and exhibitions would allow for achieving more target customers. The company should purchase own transport and a forklift. Beneficial for the company and owners would be participating in training for employees. The author suggested having a consultation from other transportation companies operated in the European market. It would be useful to make marketing research on the European market before entering it. Based on the results of marketing research, Company X should develop a marketing plan for entering the European market. The author assumed that investments are required to improve the performance of the company. The potential investments were calculated by the author. The results lead to believe that the study would be useful for Company X.

Keywords: improvement plan, action plan, transportation
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1 INTRODUCTION

Our world is rapidly changing, markets develop dynamically and the competition between companies is growing briskly. That is the reason why companies need to adjust to the situation as soon as possible. In order to survive the competition, it is necessary to improve the company’s activities. Business strategy optimization, new products or services implementation and efficiency improvements are the most common ways for company’s development. Nowadays, because of accelerated trade processes, cooperation among countries and enterprises, the significant factor for each company is the time of the delivery of the product.

Logistics is a fast growing science and business. Logistics plays a strategically important role in modern business. From a business point of view, logistics present effective management of material, information, financial, service flows to achieve corporate goals with optimal costs of all resources. Nowadays, due to technology, traditional functional areas of logistics such as transportation, inventory management, procurement and orders, warehousing, cargo handling, and packaging have been integrated into a database. This database is the combination of common information in a computer platform. These technologies formed strategic innovation system. The implementation of logistics management methods into business practice allows firms to significantly reduce costs. Additionally, the company can achieve full customer satisfaction in quality and service. (OECD 2014, 72-73)

The transport industry is divided into two major parts – freight and passenger transportation. Transport sector takes a specific role in the world’s economy because the industry does not produce any tangible products. The industry takes participation in supplying raw materials, equipment and delivering finished products to the customers. As a result, the cost of transportation raises the cost of production. Transport logistics are the complex of tasks, which related to the movement of the required
amount of goods to the definite place using the optimal route with a minimum of time-consuming and at the lowest cost. (Snapp 2017)

Transport logistics are solving the following issues:

1. The creation of a transport system.
2. Planning transport processes (combining various types of transport if needed)
3. Cooperation between transport and warehouse processes
4. Coordinating the transport process with production
5. Choosing a transportation mode (land, water, air)
6. Choosing the type of vehicle
7. Determining the optimal delivery route

The company will achieve customer satisfaction and more profit if all issues are solved properly. The company needs to take into account the estimated delivery time, shipment frequency, delivery schedule and shipping cost. Moreover, it is crucial to transport various types of goods to any territory.

In the logistics industry, outsourcing also plays a big role. The company can use outsourcing when it has a lack of internal capabilities. The most common outsourcing can be used for accounting, human resources, IT, financing and logistics. Some of the companies are using third-party logistics (3PL) to reduce costs. In other words, the company is using an external supplier to complete the company’s logistics process.

In this thesis, the author will combine theoretical and practical knowledge to propose an action improvement plan for the company. The company is planning to enter the European market in the nearest future. At this moment, it is quite difficult because the company is unknown to the European market. That is why the company needs to make a current performance analysis and make improvements. The process of implementing an action plan will take time, but as a result, the company will be improved and become more attractive to international customers.
1.1 Introduction of the company

Before the author starts the research, there was an agreement with the company not to publish the company’s name. In that case, the company will be referred to as Company X.

Company X is still a young company, it was established in 2008. The company was built with the cooperation of two individual entrepreneurs. One of them has a large experience in the Finnish logistics market. The other one has been working on Russian logistics for a long time. During one of the logistics exhibitions, they decided to create their own company. Company X operates on the very specific transport route. It transports goods from Russia and CIS-countries to Europe. CIS-countries are former Soviet Republics. The company is providing the following logistics services: transportation, warehousing in Russia, container transportation, port forwarding containers in St. Petersburg ports and import and export customs clearance procedure. The company also provides consulting services for foreign customers about logistics. For instance, if the company wants to enter the Russian market, Company X will explain how to do it and what kind of risks to expect. From the very beginning, the company focused on serving international companies. There is a wide range of goods, which are transported by the company. They are the following: tires, timber and plywood, paper and pulp, machinery manufacturing, food, and consumer goods. The aim of the company is to reduce the distance from the stage of raw materials to deliver the products at the necessary time and place. Another target of Company X is to create a long-term relationship with customers. The company meets this target by offering reliability, high-quality service and the right price level for the customers.

Company X operates in the business-to-business market. The company still has original customers from the company’s establishment. Transportation and logistics service providers are usually selected through the tendering process. This practice is generally used by large companies. At the moment, Company X is taking participation in two tender processes
to receive new orders and customers. In addition to this, some of the customers were attracted by recommendations - when satisfied customers shared their experience.

As it was already mentioned before, Company X has two owners, who are actually doing all the work. The company is using another bigger transportation company located in Saint-Petersburg, Russia, as a third party logistics. The Russian company has approximately 43 personnel, which solves transportation issues through Russia and Company X coordinates with the final customer. Company X is benefiting from using third-party logistics, not only because of reduced costs but also for creating a larger network.

During the first ten years of the company’s existence, the business was successful. The company reported that the overall turnover for the last year was 3 175 000 euros, with a rise of 37 percent compared to 2017. Even though the company has great achievement in the market, the owners realize that the company needs to be improved. The company wants to enter the European market in the nearest future. The development will attract more customers in the European market, provide higher profit and provide a stable position of Company X.

1.2 Purpose of the thesis

The main purpose of the thesis is to provide an action plan for Company X to improve the company’s performance. In the nearest future, the company wants to enter the European market and be prepared for that. The company operates on a very specific route from Russia to other countries, so the company needs to implement changes to attract more European customers. Company X already has been working successfully in the Finnish market and the company can benefit from this experience. First of all, the author analyzed the current position in the market. The author determined the mission, objectives, and goals of the company. The combination of SWOT and PESTEL analysis covered all internal and
external factors influencing the company. The analysis called SWOT explained the strengths, weaknesses, opportunities, and threats of the company and showed an internal view. The author decided to use a PESTEL analysis to analyze external factors influencing the company. PESTEL abbreviation observed political, economic, social, technological, environmental and legal factors. The results of both analyses provided the whole picture of the company. Then it was necessary to understand who were the main competitors and which advantages they had. Before entering a new market, it could be crucial to identify the differentiation from competitors. Next significant element in business was the customer. Expectations and customer needs were determined. In addition to that, the author analyzed the key issues of the marketing mix.

The analyzing Company X’s performance, the customers, the competitors, and marketing mix helps to observe the current situation and guides the author to the action plan for improvement. The results of the action plan are implementing the changes in the company, which will lead to an increase in efficiency and turnover. Moreover, changes will attract new customers to the company.

1.3 Research question

The main research question of this thesis is «Which actions should be taken to improve Company X’s performance?»

The author of the thesis divides the research into two parts to answer the research question. For the theoretical knowledge, the author used literature, articles and internet resources related to the topic. Theoretical part built the base for the empirical data. Empirical data were gathered and analyzed by the interviews with both owners of Company X and other secondary sources.
FIGURE 1. Which actions should be taken to improve Company X’s performance?

Figure 1 illustrates how the research question was built. First of all, the author determined the current situation of Company X. Company X is presented as a successful company, which wants to be even more profitable, attract more customers and enter the European market in the future. The research question can be interpreted as «Which actions should be taken by Company X to move from the position it is now to the improved performance?». The company and owners are ready for changes. The aim of the thesis is to find out which changes will improve the company’s performance.

1.4 Research method

During the thesis process, the author divided the thesis into two major parts. The theoretical part of the thesis reveals a literature review on the research topic. The theoretical part describes in detail the analyses for the research. The empirical part of the thesis presents the actual results and analysis. The empirical part will consist of interpretations of results. The results were gathered and analyzed from interviews with Company X’s owners and other secondary sources.

The author used mixed-method research. The combination of qualitative and quantitative research methods allows the diversification of the results of the study. The results will be interpreted with numerical data and text analysis. (Creswell 2003, 17-20)
1.5 Structure of the study

In the beginning, the author introduces the topic of the thesis to the readers. The goal is to make the analysis and create an action plan for Company X’s improvement. In the first chapter, the reader will find the background of the thesis, the research question and the aim of the thesis. Next chapter will observe the research method chosen by the author. Chapter 3 will focus on the theoretical framework for the research. The author will describe company, competitor and customer analysis. In addition to this, the chapter will include a marketing tool called Marketing Mix. Chapter 4 will present the actual results of company analyses and action plan for the future development for the company. The final chapter consists of conclusions to the research question.
2 RESEARCH METHOD

The research question of the thesis was «What should be taken to improve Company X’s performance?». The answers to this question can be interpreted by numbers and opinions. That is why the author decided to focus on qualitative and quantitative methods which are typically used in business researches.

Qualitative research focused on gathering information with ideas, opinions, views, and theories. Usually, words are used to form information. The researcher needed to understand not only verbal answers, but also created non-verbal communication during the interview. Different methods of gathering information exist in qualitative research. Interviews, group discussions or observations are designed for collecting the data. (Bradley 2013, 260)

The individual discussion between the researcher and interviewed is called an interview. They are used to receive the answers and information related to the topic. The discussion with the chosen group of people to gather as much information and opinions to a certain issue is termed group discussions. Human senses are monitored and recorded by the observation method. The data is related to smelling, tasting, hearing, touching and seeing. (Pride, Hughes & Kapoor 2008, 565-566)

Quantitative research is based on facts, numbers and provided statistics. This method is considered to be more objective because actual results can be measured. Usually, numerical data are gathered by a survey, experiment or content analysis. (Pride, Hughes & Kapoor 2008, 565-566)

The survey is formed to collect answers to the same questions from many respondents. As soon as the information is gathered, the results can be interpreted into statistical data. The experiment is conducted with a number of groups. Their behavior and reactions to the same issue are monitored. The method of collecting information from publications, images
or radio programs is called content analysis. (Pride, Hughes & Kapoor 2008, 565-566)

TABLE 1. Distinctions between qualitative and quantitative. (Bradley 2013, 15)

<table>
<thead>
<tr>
<th>Distinctions between qualitative and quantitative</th>
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</thead>
<tbody>
<tr>
<td>Qualitative</td>
</tr>
<tr>
<td>Words, narrative, images, concepts</td>
</tr>
<tr>
<td>Analysis begins during data collection</td>
</tr>
<tr>
<td>Analysis adapted to each project</td>
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<td>Original ways to communicate results</td>
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</tbody>
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According to Table 1, there are significant differences between qualitative and quantitative research. Qualitative research is presented with subjective results when the quantitative method is focused on facts and numbers. Quantitative data is differed from qualitative by existing numerical data. Qualitative research is being unstructured compared to quantitative. The measurement of qualitative data is interpreted. Numerous answers and therefore statistical data are provided by quantitative research. Methods of collecting information are varied due to the method. The qualitative method is applied to understand the issue when the quantitative method is demonstrated the measurement of it. (Bradley 2013, 15)

The combination of both qualitative and quantitative methods is called mixed methods. Statistical data and text analysis are exposed in a mixed method. It is seen as the main advantage of this method. A wide range of data collection is included in the mixed method. As a result, this method is presented in closed-ended measures with open-ended observations. (Creswell 2003, 17-20)

A decision of choosing the type of research methods can be limited by many different factors. Main of them are time, costs, other resources and
accuracy of the results. The choice of the type of research depends on the features of the problem under the study. (Blackstad 2008)

The author of the thesis decided to use mixed method research. Otherwise speaking the author combined qualitative and quantitative methods. It allowed the diversification of the results of the study. The results will be interpreted with numerical data and text analysis.

Methods of the collection are divided into two major groups - primary data collection and secondary data. Primary data is the original information which has never been collected before. There are many different ways to collect it - for instance, face-to-face interviews, telephone interviews, postal interview, and an online interview. (Bradley 2013, 106-110)

Secondary data collection means is the information that was previously researched. The use of secondary data allows expanding the research and receive more information about the current issue. Secondary data are collected through books, articles, Internet sources, documentation and surveys. (Collins 2010, 120-122)

The author decided to collect the data for the research through interviews. The author had an opportunity to make online and telephone interview with each of the owners. Before designing the questions for the interviews the author made preparation searching for more information about the industry, the company, and its environment. The author used a structured interview and the questions had a sequence. The sequence was formed by the structure of the thesis. The interview consisted of only open-ended questions. This type of questions allowed to get expanded information about Company X. To complete the research, the author used secondary resources such as literature, articles, official reports, and Internet pages. As a result, gathered information and its interpretation allowed the author to find the answer to the research question.
3 THEORETICAL FRAMEWORK

Traditionally thesis consists of several blocks, one of them is the theoretical part. The author describes the central ideas and definitions that will be considered and analyzed in the empirical block of the thesis.

3.1 Business improvement plan

The business improvement plan is designed to analyze and determine opportunities to increase the work’s efficiency. Generally, it is used to create a plan to achieve the goals. The result of the analyzing process is varied. The company determined what kind of opportunities it had and how it needs to be implemented. Moreover, during analysis, the weaknesses and solutions are defined. (How to Establish a Performance Improvement Plan 2015)

![Business improvement plan](image)

Figure 2 demonstrates the implementation of the business improvement plan. First, it was important to determine the company’s mission, objectives, and goals. The second step was to provide a wide analysis of the current situation. It included a combination of the internal and external environment. In addition to that, the company is surrounded by competitors and it was crucial to identify the competitive advantage. No business could survive without a customer. The company is obliged to understand what the customer needs. To make the analysis more precise, the marketing mix is analyzed. When the analyses are completed, the stage of action plan implementation is started. The researcher provided a plan with the necessary actions to improve the company’s performance. Methods or suggestions on how to implement the recommended actions. The performance tracking and control is being considered as the last step. This step could be functioned only if the action plan is approved and implemented. It is common that the company will want to measure the changes and the company’s improved performance. These results are demonstrated by the last step of the business improvement plan. (Kunchala 2016)

3.2 Company analysis

Company X has plans to enter the European market in the future, so the company should improve its performance and attract more customers. The current analysis is used as the first step to develop an effective business. To understand which position is taken on the market, the author decided to make a situation analysis. This analysis is also called managerial analysis. The internal and external views are combined in it. A detailed analysis is carried out comprehensive and reliable information on market conditions, trends, market drivers, strengths and weaknesses of the company and potential risks of the industry. The gathered information is guided by the right business decisions and provided long-term success in the market. In this chapter, the author is focused on company analysis and presented the main principles and the correct sequence of it. Before the
analysis is started, it was crucial to identify a clear goal and objectives for the company. The more precisely the goal of the analysis is determined, the easier the data are collected. Different types of analysis are used by marketers for gathering necessary information before the decision for improvement is accepted. (Ferrell & Hartline 2011, 89-92)

The main types of analyses are distinguished by marketers. Certain business issues are solved by each of the analyses. The goals of the company are described, then the sequence of analyses is structured. First of all, strengths and weaknesses, opportunities and threats are determined. The result of this analysis is demonstrated an internal view of the company, what capabilities the company had and possibilities of the company’s growth. A comparative assessment and effective directions for development are identified from the analysis. The next analysis is called product analysis or product range analysis. Product analysis is used to measure competitiveness, find new resources and improve the range of products or services. The industry, market, threats, and opportunities for the company’s improvement are also analyzed. The dynamics of the market growth, the size of the market, market potential and market niches are indicated in the collected information. Competitors and their competitive advantages are studied in competitor analysis. It is used for developing an efficient advertisement strategy and determining the competitive advantages of the product. The customer is regarded as another important element of the business. The customer’s needs and expectations are identified in customer analysis. (Ferrell & Hartline 2011, 89-92)

Internal view of the company is presented by the analysis called SWOT. Strengths, weaknesses, opportunities, and threats are observed by SWOT. (Hollensen 2003, 265) Based on the received findings, necessary changes can be distinguished immediately. However, the business is directly affected by many external factors. External factors are described by PESTEL analysis. The political situation, economic, social, technical, environmental and legal factors are analyzed in PESTEL. (Marmol, Feys &
Probert 2015, 8-9) Both analyses are often used as the strategic development tools in strategic planning and development.

3.2.1 Mission, objectives, and goals

The company’s mission is used as a statement demonstrating the values of the company. A mission statement is shown why the company exists and its purpose. Values, beliefs and competitive advantage are generated in the mission. The role of the company in society is determined in the mission. The strategic meaning of the company and motivation for each employee are expressed in an effective mission statement. (Talbot 2003, 9-10)

To cement the statements of the results which should be achieved, the objectives of the company are used. It is crucial for the objective to be measurable. For example, the financial objective is measured easily by comparing the financial situation of the company. The objectives which are related to the market are also easily measurable. The growth of market share or increase in customer base is shown that the objectives were successfully completed. (Johnson, Scholes & Whittington 2008, 164-165)

The following concerns are required for forming objectives.

- Must be clear formulated (described as detailed as possible, in terms and obtain the required quantitative formulation)
- Must be achievable and realistic
- Must be measurable
- Must be applicable
- Must have a deadline (Inamdar 2016)

The objectives are established on the basis of identifying strength, weaknesses and competitive advantage of the company. The objectives are set for each company’s activity. The objectives are related to strategically important activities. In other cases, specific activities are monitored to measure the performance of the company. The objectives
can be corrected because of the results of the current analysis. (Johnson, Scholes & Whittington 2008, 164-165)

Goals are determined as one more important aspect of the company. The goal is identified to be the final result to which the exact action is directed. The goal is obliged to be tangible and specific. The similarity between goal and company’s objectives are presented in the following: measurability, be achievable and have a deadline. The right goals should be established and guided the business for improvement. If the right goal is settled, the company could benefit from it. The direction of the company is explained to employees and employers' expectations are followed. The company’s performance could not be measured without goals. The company is forced to set the right goals to achieve improvement. (Blair 2003, 7-8)

FIGURE 3. Anatomy of a Goal. (Blair 2003, 10)

Figure 3 is called the anatomy of the goal. All three elements have composed the goal. The goal and question “What” is presented the purpose of the action. The benefits of the final result are defined in the question “Why”. The benefits are used to motivate employees and company on the whole. The direction of the goal is explained in the
question “How”. In other words, the strategy which is used to achieve the goal. (Blair 2003, 10)

The goals are varied from short-term and long-term goals. Long-term goals are settled for a long period of time. The goal depends on the period of time and the possibility to achieve it. The owners are obliged to have a realistic view of the problem and the implementation of the actions. In some cases, the long-term goal consists of the sequence of smaller short-term goals. The achievement within a year is determined in the short-time goal. Usually, goals and deadlines are formed by the owners. The company could be forced to quickly change or develop short-term goal caused by different factors. The possibility of fast change is allowed the business to adapt to any situation effectively. (McFarlin)

3.2.2 SWOT analysis

The abbreviation of SWOT is defined as strengths, weaknesses, opportunities, and threats. The analysis is composed of four key dimensions. The analysis is applied as the most common strategic development tools. The analysis can be used for any product, company, store, factory, country, educational institution or even a person. The analysis is designed for analyzing also competitors and competitor’s products. The internal and external environment of any organization is clearly systemized by SWOT. It was formed to determine the possible strategy to follow. Companies are recommended to make a SWOT analysis once a year for strategic planning and budgeting. Usually, SWOT analysis is taken as the first step for making business and marketing plan. (Hollensen 2003, 265)

The choice to use SWOT analysis is based on the advantages. Simplicity is determined to be the main advantage. Difficult calculations, special technical skills or expensive procedures are not needed. The object, industry and internal situation within the company are required to have a clear understanding. Due to this, the strategic planning cost for the
company is reduced. The next advantage is collaboration. Open information is shared between different organization’s departments which leads to collaboration. Because of that, the company’s analytics are aware of problems and disagreements. As a result, many issues are solved by analytics when they have a full overview of what is going on in the company. Another advantage of using SWOT analysis is flexibility. As it was already mentioned before, SWOT analysis can be applied to everything. That is how strategic planning quality is raised. A wide-ranging marketing information systems are not needed by the company. If the company is using a marketing information system, all the information can be structured into SWOT analysis directly. One more advantage of SWOT is integration. The gathered information for SWOT analysis can be used in both quantitative and qualitative approaches. The information gathered can be widely known or discovered recently. (Hollensen 2003, 265-266)

On the other hand, there are some disadvantages of using this analysis. The simplicity of using SWOT can be seen as an advantage and disadvantage at the same time. In some cases, the analysis is oversimplifying the occurred issue because of non-detailed analysis. The factor, which is identified as SWOT dimension usually do not include a wide explanation. The analysis is shown as highly subjective. The company relies on analytics’ opinion, who may not fully understand the whole situation because of many external factors. The lack of direction and non-defining key aspects are determined as a disadvantage of the analysis. The managers are faced with the problems to determine the most important factors and do not know how to turn them into an efficient result. The difficulties can be caused by interpreting of outcome, especially in startups or large non-profit organizations. Another major disadvantage of using SWOT is that analysis does not provide the whole picture of how factors can influence on the company. However, the results rely on the analytic or manager. (Firth)
As it was previously mentioned, SWOT analysis consists of the macro-environment and micro-environment components of the company. To apply and create a SWOT matrix, four dimensions should be determined.

The strengths of the company are described by the factors, which shows the competitive advantages. In other words, the company is performed more effectively compared to competitors because of special features. For a better analysis, strengths should be determined from the company’s and customer’s point of view. To identify the strengths of the company the following questions should be answered. What is the company doing well? What is the main difference between the company and competitors? As soon as the answers will be given, the strengths are identified. (Fleisher & Bensoussan 2015, 113-115; SWOT analysis – Strengths, Weaknesses, Opportunities, and Threats 2002)

Company’s performance is limited by the weaknesses. For instance, lack of resources and capabilities compared to other companies are identified as weaknesses. An overview of what needs to be improved is demonstrated in weaknesses. The company should realize what should be done better and which activities should be avoided at work. The causes of issues should be determined and prevented. (Fleisher & Bensoussan 2015, 113-115; SWOT analysis – Strengths, Weaknesses, Opportunities, and Threats 2002)

Positive external factors influencing the business are presented with opportunities. The competitiveness of the company depends on the number of opportunities. The advantage of occurred circumstances should be taken by the company. Generally, if the company wants to be improved, the opportunities should be converted to the company’s strengths. (Fleisher & Bensoussan 2015, 113-115; SWOT analysis – Strengths, Weaknesses, Opportunities, and Threats 2002)

The negative effect on business is caused by threats. They are detected as potentially dangerous for a company and competition. Threats can be caused by changes in the external or internal environment. Analyzing
complications which can appear, competitor’s behavior on the market, changes are identified as the most common threats. Moreover, the financial situation within the company and the industry should be also analyzed. (Fleisher & Bensoussan 2015, 113-115; SWOT analysis – Strengths, Weaknesses, Opportunities, and Threats 2002)

As soon as all the factors are determined, the analysis is supposed to build a visualization of the whole picture. For this purpose, the SWOT matrix is usually chosen. The matrix consists of four cells, according to the four dimensions of SWOT analysis.

![SWOT Matrix](image)

**FIGURE 4. SWOT Matrix.** (Ferrell & Hartline 2014, 96)

Figure 4 presents the example of a SWOT matrix and a visual explanation of how it works. First of all, the match between strengths and opportunities focuses on the competitive advantage of the company. In addition to this, the main strengths are transformed into capabilities. At the same time, the opportunities can be converted into the company’s strengths. Both weaknesses and threats should be minimized and avoided. As it was already mentioned before, when the weaknesses are determined, the company knows what needs to be improved. (Ferrell & Hartline 2014, 96-98)
The author has suggested that SWOT analysis is the right first step of creating a business development plan for Company X. The competitive advantage and issues for improvement will be identified.

3.2.3 PESTEL analysis

All the companies must determine the external factors of the business environment that may affect business. Even though the company could not influence and control on the macro environment, it could be crucial to understand and take into account those factors. At the moment, many organizations are focused on adapting to changes caused by the external environment. The adaptation of companies is seen as a condition of survival and development. On the one hand, the company should be aware of the new nature of environmental changes for the companies and respond effectively. On the other hand, companies must keep in mind that they are generating those changes themselves release new types of goods and services, raw materials, energy, equipment, and technologies. Whenever the strategy is created or developed, the company needs to gather as much information about the external environment as possible. The external factors provided either opportunities for business growth or threats leading to failure.

Many variations exist for external factors analysis. For example -PEST, PESTEL, STEEPLE, and others. The author chose the PESTEL analysis because this analysis is wider and allows one to clearly and specifically analyze external factors influencing the operational environment of Company X. The six most important macroeconomic variables are covered in PESTEL. Political, economic, socio-cultural, technological, legal and environmental factors are clearly described. An overview of business opportunities and potential risks are shown in the analysis. Moreover, the current situation around the company is presented and an opportunity for forecasting the future is provided. (Marmol, Feys & Probert 2015, 8-9)
The history of PEST analysis began in 1967. Francis J. Aguilar established the analysis in the book called Scanning the Business Environment. During that time, only four variables were analyzed. As time goes by, many variations of the analysis were presented. The author focused on the most appropriate version of analysis for Company X. All the important environments surrounding Company X are covered. (Marmol, Feys & Probert 2015, 8-9)

An overview of the political situation is explained in the political environment. It included the stability of the countries where the business is held, changes in government structure, actions made by the government, government support and other potential political impact on the company. Due to globalization and development of international markets, the analysis of the political environment is determined as quite an important factor. The political situation can either support the businesses or build barriers to it. International trade policies are established and controlled by two main authorities - the European Commission and the World Trade Organization. (Perera 2018, 8-10)

Economic environment factors are described as very powerful factors for the company. Economic factors are included Gross domestic product, tax rates, purchasing power, factors related to the age, income, employment and unemployment rates, inflation and exchange policies and many more. The economic environment could be destructive in some countries, so companies are forced to avoid a business there. The decrease in the economy's growth can be caused by the number of new investments. The customer and his purchasing power are detected as one of the major objects in business. The purchasing power of the customer is raised if the economic situation is stable and favorable. The company is forced to adapt sales if the income of the customer is low. Tax rates had a huge influence on profits, the lower the tax rate the country had, the more profit the organization had. The exchange rate had a huge influence in doing business abroad. The economic environment played an essential role in a start-up business or development of the company. (Perera 2018, 10-11)
Customer’s buying behavior is influenced by the socio-cultural environment. The components of the socio-cultural environment are focused on History, traditions, religious beliefs and value. Every business should be adapted into the country’s culture. High performance, increase productivity and profit are kept by those factors. In addition to this, the socio-cultural environment is included life expectancy, birth rates, and age of potential customers. Customer satisfaction and needs are guided by the socio-cultural environment. (Perera 2018, 12-13)

The fastest growth is shown in a technological environment. The information is transferred from one country to another within a couple of seconds. Innovations are provided opportunities for accelerating businesses. A big role is taken by the communication between company and customer, among different departments within the company. Customer’s support to satisfy customer’s needs is provided by the company. Technologies are also reduced time in many processes, which allows increasing the profit. Employees must work faster and smarter. The company is obliged to act smartly and use technology as a competitive advantage. For example - online reservations and purchases, a database of clients and memberships, productivity analysis and development. (Allen & Maslen 2001, 63-64)

The legislative or legal environment is closely related to political and economic factors. Usually, the legal environment is varied due to the type of industry and country. Many issues that can occur are covered by the legislation. The companies are obliged to follow laws and regulations. Moreover, every company is allowed to establish their own company rules for employees. (Allen & Maslen 2001, 72)

Environmental issues are considered as highly important for companies. Climate change, weather, pollution, waste disposal, water supply, and energy saving are identified as one of the major aspects of the ecological environment. During the past ten years, companies are actively building their sustainability programs. (Allen & Maslen 2001, 73-74)
The empirical part of the thesis presents the analysis of Company X's external environments. According to Ferrell and Hartline, the author should find answers to the following questions:

- Is there stability in the political environment? Are there any changes in the government influencing the business?
- What is the economic situation right now? Is there an increase in the industry? How can it affect prices and revenues?
- Who are the target customers? Which value or beliefs affect their behavior?
- What kind of technologies Company X is using and how it affects the company?
- Which environmental factors affect Company X? How to build sustainability?
- What are regulations and laws Company X needs to follow? (Ferrell & Hartline 2011, 102)

It was quite important not only to study the external environment of Company X at the moment, but also predict the direction of changes. The company should understand the potential threats from the external environment and find the opportunities, which may open up in the future.

3.3 Customer analysis

No business could survive without customers. The business has depended on them. If the company wanted to develop, it should find and create the customers. A huge difference is determined between the two definitions of customer and buyer. The client who would like to purchase the product or service once and never come back is called the buyer. Whether customer and company are building the relationship and trust. That is how the client is identified as the company's customer. (What is difference between a customer and a buyer?)
The cooperation between the company and the customer should be built. The trust will be built if both parties mutually execute the tasks and follow the agreement. Generally, the company is influenced by the customer. The profit or failure can be brought by the customer. In the business world, the explanation of a key customer is established. A key customer brings profit to the company and planning to create a long-term agreement. A key customer is seen as a reliable partner in the company. Moreover, the customer has an impact on sales growth and affect a company’s reputation. (Schultz, Barnes, Schultz & Azzaro 2015, 100)

Before the company can determine who their key customers are, customer environment analysis should be provided. First of all, current and potential customers are identified through the analysis. Then the analysis should provide an overview of the customer’s needs. The analysis must explain how competitors attracting customers and satisfying their needs. In addition to this, it would be possible to forecast the changes in the customer’s behavior. The 5W+1H model (Who, What, Where, When, Why and How) is used as one of the most effective methods to analyze the customer environment. (Ferrell & Hartline 2014, 60-63)

Two main customer categories are existed in business. They are divided into the following: B2B and B2C. Business-to-business is explained as the transactions of money, product or services between two companies. The business-to-consumer is shown as the transaction of money, product or service, where the consumer purchases the product for own use. In other words, the consumer should be the last user. Determining the customer category would be the first step of analyzing who are the customers of Company X. (Meyer 2004, 2)

Then the question «What?» should be answered by the company. To answer the question, the behavior and actions of the customer are analyzed. Whether a customer is an active buyer, how often he makes purchases should be determined. In addition to that, a provided survey among customers allowed to understand what kind of customer journey
they have. Moreover, due to technologies, analytics, and received revenue the company can be evaluated. The interaction between company and customer are observed in the analysis. Also, the measurement who is the most profitable customer and who is the least profitable is demonstrated in the analysis. Furthermore, a customer’s motivation is observed to be another important part of the customer’s behavior. Due to that, key issues are easier to be identified in production or services and therefore improve them. The answer to the question «What?» is also estimated whether a customer wants to build a long-term relationship or not. Overall, the customer loyalty program with their key customers can be established by the company. In that case, the customer continues to use the company’s service as long as possible. (Sauro 2015, 49-51)

The next question is related to the location of the company and customers. In the logistics field, the location plays a big role. The location of most of the customers should be determined. In the case of the logistics field, the company also needs to analyze where most of the deliveries are going. Because of that, the process of delivery can be controlled better. In order to attract more customers, the company’s location can be changed or branch can be built. (Sauro 2015, 48-49)

As well as the location is observed as a significant part of the customer analysis, the regularity of purchases is also important. The company should answer when and how often the customer makes the purchase. Is there any consequence or seasonal influence? There is the possibility, that the customer needs to deliver the products once in two weeks time, or more often. As a result, the company could forecast future orders for deliveries. (Sauro 2015, 52)

As it was already mentioned before, the company should know what motivates customers to make an order. The company should be able to follow the customer’s needs and have an offer for them. In addition, the reason for the customer’s decision should be determined to understand
why the customer prefers to use your company instead of competitors. (Sauro 2015, 52)

The observation of where and how the customers purchasing the product or service should be defined. The customer is using physical attendance in the company, phone, emails or other technology to make an order. The company should use the development of creating a better website or mobile app for tracking and ordering the shipments. The company’s main weaknesses can be identified by the question - why potential customers are not using provided services. (Sauro 2015, 52-53)

The result of the customer analysis would bring knowledge of who the customers are and what they need. The company would have a deeper look at the customer’s journey. Besides that, the company realizes which improvements should be done. In addition to that, the other opportunities to bring new customers are demonstrated in customer analysis.

3.4 Competitor analysis

Any company that has operated in the modern market faces a competitive environment. In rare cases, there is no competition, usually, it has happened when the company introduces an innovative product. But since all new products are derived from existing ones, direct or indirect competition is an inevitable element of any business. Competitor analysis is used for the collection of specific information about the activities of organizations maintaining a similar niche, whose work may affect the company’s performance. Knowing a competitor meant navigating in marketing. The main goal of competitive analysis of any industry or market is to obtain sufficient information about strengths and weaknesses, strategy and opportunities in order to increase the effectiveness of own actions. Comparative analysis of competitors can be carried out in details or summarily to solve short-term problems. For competitor analysis, it would be necessary to clearly understand the goal of analysis, preliminary relief the boundaries of competition and identify key competitors.
Collecting and analyzing information could be endless, that is why it is important to gather it purposefully. Proper analysis and assessment of the competitive environment of the company allowed the creation of sustainable competitive advantage, choosing the right way of communication and reducing operational risks. (Kotler & Armstrong 2012, 528-530)

Firstly, competitors are identified. It could be more difficult than it seems. The competitors are divided into three major categories – direct, indirect and future competitors. Direct competitors are an organizations providing identical or related product and services to the analyzed company. Direct competitors are key competitors because they are targeting the same audience. Competitors are looking for each other’s activities, pricing and implementing innovative technologies, which could affect the competition. Indirect competitors had similar customers but selling another product. In other words, the same issues are solved for customers using other sources. The last type of competitors is future competitors. The organizations, which could become a direct or indirect competitor in the near future. For example, future competitors are already existing companies, which decided to widen their range of services and enter the same market. Another example, if the potential competitor could find a more effective solution with reduced costs and effort. (Barringer & Ireland 2012, 163-165)

It is obvious, that identifying all types of competitors is impossible. Especially considering the fact that the company could not predict its future competitors. As a result, to make a competitor analysis, three main competitors should be determined. In order to accomplish the analysis, the competitive analysis grid should be settled. The competitive analysis grid is designed as an instrument for systematizing gathered information about competitors. Analysis grid is used for the visualization of own competitive advantage. Moreover, the main disadvantages of competitors are illustrated in comparison. The improved strategy can be built based on the results of competitor analysis. Overall, the competitive grid is a tool for
arranging compact review on key strategic information. The main advantage of using a grid is that there are no definite dimensions for analysis. Every manager or company could decide on what are the important dimensions in their opinion. In some large companies, numerous managers created own grids, then summarized the results and emphasized the key factors. (Barringer & Ireland 2012, 165; Aaker & McLoughlin 2010, 58-59)

One of the most common strategies of competitors provided the same product or service at a lower price. Another strategy was offering more benefits for the service to compensate for the higher price. That is why the competitor's strategies should be taken into account by the company. The author delimited the research with three main competitors of Company X. The results of the analysis are illustrated in the grid. After that, it would be possible to develop a strategy against competitors to capture a strong position in the market.

3.5 Marketing mix

Nowadays the pace of change in the marketing situation for most of the products and service is increased. Because of those conditions, systematic and comprehensive marketing planning allowed the company to rationally distribute available sources, prepare in advance for possible changes in the market. It is not seen as a competitive advantage, but a stable position of the company in the market.

The marketing plan has been difficult to process for any company. To achieve valuable and high-quality results, the process of creating a marketing plan could take more time than it was expected. Usually, companies updated marketing plan annually or when the company wanted to improve the performance. A marketing plan is formed in the structured document consisting of goals, expected results, marketing strategies and budgeting. The development of a marketing plan includes four main steps - analysis, planning, implementation, and control. (Hollensen 203, 6-7)
The first step in creating a marketing plan is called analysis. It consisted of both internal and external environments influencing the company, customers and competitors. The gathered information will be used for starting to build a marketing plan. The next important step would be the process of planning. The direction which the company needs to pursue is described in the plan. This step is included forecasts about the development of the company, the dynamics for ongoing processes, measurement of capabilities based on the resources. At the end of the step, the main objectives of the work are formed and the overall corporate goal is indicated. Strategic and tactical actions also should be generated. The stage of implementation is demonstrated as one of the most challenging for any company. First of all, the marketing plan should be approved by the board of directors. Then it is necessary that every employee is acquainted with the plan. All the questions are clarified and the procedure of execution, information, and control are established. The actions are implemented in the working life of the company. The last step of control has consisted of measurement and evaluation of the marketing plan. The progress is observed in the company’s performance. The comparison between where a company was in the market and the position of the company in the market after the implementation of the marketing plan. If the current position is recognized as unsatisfactory, then it would be necessary to make changes in the development plan. The reason why a marketing plan is revised from time to time by companies. (Hollensen 2003, 6-7)

The marketing plan is based on the marketing mix. McCarchy was the first one who organized marketing activities in the system. In the beginning, the tool was called 4Ps and included four main marketing components. They were the following: product, price, place, and promotion. Later on, Boden, who was focused more on providing services, proposed the expanded version of the tool. The tool was developed with three additional components such as process, physical evidence, and people. The current marketing environment in the company is represented in this tool. In addition to this, the tool is commonly used to influence customer’s
decision-making. The main marketing concept is shown in the customer's value. The value can be built only by the customer's satisfaction. (Kotler, Keller, Brady, Goodman & Hansen 2009, 17)

![The 7Ps Marketing Mix](image)

FIGURE 5. The 7Ps Marketing Mix. (Hanlon 2018)

Figure 5 visualizes the marketing mix and how it works. The main goal of marketing mix development is to confirm the stable competitiveness of the company, gain a strong market position, attract new customers and keep loyal customers. It could be difficult to distribute the components of the marketing mix according to their importance for successful commercial activity. It has been impossible to isolate the highest priorities because the achievement of the set goals is effective only with the combination of 7Ps. (Hanlon 2018)

Marketing mix has started with the major component – product. In the case of the logistics field, the product could either be tangible and intangible. Consumer goods or industrial goods are provided with examples of the tangible type of product. An intangible product is shown in the service the company provided. The company is obliged to have a wide range of product or service. For instance - freight, packaging, purchasing, storage, customs clearance procedure, documentation, and others. Products or services are built the value for the customer. As a result, the customer's
preferences should be taken into account. In the logistics field, the company is supposed to offer service packages. The company is required to produce a high-quality product or service. In the marketing development plan, the company should answer the question of how the company can develop the service. (Lamb, Hair & McDaniel 2011, 47-48)

Price is determined to be one of the most competitive elements of the marketing mix. The price is described as a monetary transaction in order to receive the product or service. In other words, the value for the customer is indicated in the price. The best way to attract new customers and keep loyal ones is to have an affordable price with high quality of service. For the company, building a strong pricing policy could be crucial. What is more, the company should also provide discounts. (Lamb, Hair & McDaniel 2011, 48)

Due to the technological era, the element of the marketing mix called place can vary. The physical store is concerned as a place as well as an online store on the internet. The main point that the product or service should be available for customers when needed. In order to make the improvements, the company should find out new distribution options of information to the customers. (Lamb, Hair & McDaniel 2011, 48)

Promotion is indicated to be one of the most important elements of marketing. It included advertisements, public relations, and sales promotion. Promotion is seen as a reminder to the customers why they chose to use a company’s product or service. In other words, promotion is used for informing of the company’s competitive advantages by communication activities. Nowadays different technologies are used for promotion. The company should identify what are the best ways to reach customers by mass media or internet. In business-to-business trade participation in exhibitions have played a huge role the in promotion of the company. Participation is used to build networks and find more customers there. (Lamb, Hair & McDaniel 2011, 48)
Certain actions and procedures are described in the process element of the marketing mix. The process has described in detail the whole flow starting from the order to the delivery of service. It has included the standardization process and customization. In many companies, the processes are designed from the company’s perspective, which is partially wrong. The company should build the process for customers, not for themselves. To understand if the process working well or not, customer satisfaction should be measured. For instance, if the customer were not satisfied with the service, the service should be developed. On the other side, if the customer were totally satisfied with the received service, the company should determine what could be done even better. The most frequent ways for improving the process have reduced the time of the process and implemented new technologies. In the field of logistics, the process is determined to be one of the most important parts of the service. The customer would like to follow the delivery of goods from the very beginning of the service. That is why the company is obliged to provide tracking numbers for the goods and updated information. (Strydom 2004, 196)

The environment of interaction between company and customer is observed in the element called physical evidence. It has covered the atmosphere in the company and how well the company is equipped. Cleanliness, comfortability, location, interior design - examples of physical evidence. The development of this element can be done by hiring well-trained staff, developing an official web-page and changing the office location. (Masterson & Pickton 2010, 410-411)

The last but not least element of the marketing mix were people. All the people participating in the service are included in this element. They were the customers, subcontractors, etc. Each of them had an influence on customer’s satisfaction. Personnel should be well trained. Also, the personal appearance and dress code could affect on customer decisions. Especially important person could be the one who provided services and had direct contact with the customer. The people who produced the goods
produced the advertisements and somehow participated in service had an indirect influence on the customer. (Strydom 2004, 195-196)

3.6 Action plan and implementation

The action plan is a structured document with the sequence of steps to develop the change in the company. Before starting the action plan, the current situation of the company should be analyzed. During the analysis, some of the opportunities and issues are determined. It could be the first step in creating an action plan. The action plan is used for visualization of the goal. The amount of steps is varied with the financial situation, the size of the business and the objectives. The successful business has had continuous improvement. Capabilities the company has and which resources are needed for improvement are determined in the action plan and pre-analysis. (Newton 2015, 1-2)

The creation of an action plan should be structured by the company needs. The sequence of the steps is ranged from the most important changes to additional. If the financial resources of the company are limited, the action plan should be created in accordance with financial resources. The action plan is required to be specific, formed with the term and measurable outcome of the action. The actions should be expressed on how they bring improvement and success. To measure the progress of each action, the timeline should be determined. For the company’s improvement, a big role is played by the correct action plan. (Vallabhaneni 2008, 109-110)

When the action plan is established and the resources are determined the company needs to make an implementation. Each activity of the action plan should be integrated into everyday tasks. In order to motivate the employees to implement the changes, the reward system can be used. The action plan must be realistic, reliable and prevent any confusions. Accountability of results depends on it. (Vallabhaneni 2008, 109-110)
3.7 Performance tracking and control

As soon as the plan is successfully implemented, it takes time to distinguish the actual results. Tracking and controlling is the component for measuring and evaluating the result of the implemented action plan. The effectiveness of adjustment to achieve the goals of the company should be also estimated. If the timeline of the activities were set correctly, the progress should be recognizable by that time. To measure the change in the company’s performance, it is obliged to use periodic or duplicated analysis. It allowed to re-evaluate the current situation and correct the action plan. In case some obstacles could occur in the process, so they could be immediately identified and solved. (Vallabhaneni 2008, 110)

The implementation of the action plan and the control of progress can be monitored by using different software program. Wrike is one cloud-based collaboration and project management software. In other words, Wrike is used to track and control the projects with objectives. Wrike wants to help other companies to become more efficient through technical support. Another useful tool is the Gantt chart. The dynamic timeline, project progress, missed deadlines, and other required information are demonstrated there. At the moment, the software industry is highly competitive, so the company can choose more applicable software for itself. (Wrike.com)
4 EMPIRICAL PART

The fourth chapter of the thesis includes the empirical part. This chapter presents the actual results and analyses. The empirical part consists of tables, figures and the interpretations of results. This chapter is structured by the theoretical framework. The results for the empirical part were gathered from interviews with Company X’s owners and other secondary sources.

4.1 Company analysis

Modern methods and management tools are designed for measuring competitiveness and finding competitive advantages of service. Companies providing different services are located in an environment where various circumstances affect their functioning and require management decisions to avoid or adapt to them. An analysis of influencing factors is required to be analyzed. First of all, the author determined the mission, objectives, and goals of the company. The purpose of this study was to identify factors influencing the performance of Company X and propose the improvement plan. The search was carried out in two main areas surrounding the company: internal and external factors. Internal factors were determined by using a SWOT analysis. It allowed classifying what kind of strengths, weaknesses, opportunities, and threats the company had. The PESTEL analysis described the external factors influencing on the activities of Company X. The combination of both analyses provided the whole picture of what is going on within the company and the environment, which surrounds it. To complete the company analysis, the author decided to analyze the competitors and customers. The current marketing situation of the company is shown in the marketing mix analysis.
4.2 Mission, objectives, and goals

Company X’s mission was described as minimizing the distance between production and consumption stages. The company supposed that the products need to be available at the right time and place with high-quality. Even though the mission of the company was logical, it concentrated mainly on manufacturers. If the company has been planning to develop and expand the target customer group, it could be crucial to use another mission statement. The author suggested using «Our mission is to deliver goods fast, safe and with high-quality to any destination».

The main objective of the Company was to deliver reliable and consistent delivery performance. In order to provide high-quality delivery, the company was having detailed preparation of route and documentation. The second objective was to minimize the costs of the deliveries. The selection of the route allowed to reduce the delivery cost. For each of the logistics company, it has been crucial to delivering the goods with a minimum of product damage. Subcontractor of Company X was responsible for the cargo fasteners and correct loading of goods. In addition to this, all goods have had insurance, which is checked by Company X. The last objective of Company X was a quick response to any critical situation and adaptation to it. In every delivery process, the company should have an emergency plan if something goes wrong.

At the moment Company X had several short-term and long-term goals. The long-term goal was to enter the European market and get a stable position there. In order to do this, the company should complete all short-term goals. Short-term goals were the following: expand customer target groups, participate more in different exhibitions and tenders, implement groupage cargo, to purchase own transport, purchase a new Enterprise Resources Planning system, actively promote and advertise the company. The timeline for the short-term goal was established approximately 12 months. When the company could complete all short-term goals, it would be useful to analyze the company’s situation again and continue
implementing improvements. The success of the company can be achieved through continuous improvement.

4.3 SWOT analysis

Before starting to make company analysis, the author interviewed both of the owners of Company X. Employer interviews revealed the current situation of the company. The author had an opportunity to receive an internal point of view of the competitive advantages of the company. The owners also determined what are the weaknesses and threats of Company X. The results of the interviews for SWOT analysis are interpreted in table 2.

TABLE 2. SWOT Analysis of Company X.
To begin with the strengths, Company X has had a deeper knowledge of Russian import and export. It included regulations and laws about transportation, goods and customs clearance. Company X has been using outsourcing for customs clearance procedure and customs documentation. The collaboration with Russian company made transportation easier and reduced the number of mistakes within the delivery and customs process.

Another strength of Company X was a wide range of service, which was the following:

- Road transportation Russia – Europe
- Container transportation in Russia
• Port forwarding containers in St. Petersburg ports
• Selling container freight door to door basis
• Customs import and export clearance
• Selling ferry places Finland - Sweden for trucking companies
• Consult foreign customers of logistics matters who are planning to enter the Russian market

The company was focusing on certain customer groups. One of the customer groups was international companies entering the Russian market by exporting products or producing products for export markets. Also, Company X was served to the companies who are interested in transporting goods from Russia to another country.

Cooperation with Russian companies, subcontractors and other third-party logistics provided an opportunity to create a large network, which surrounds Company X. As it was already mentioned earlier, Russian companies have had a lot of experience in the customs clearance procedure in Russia.

The long-term relationship with Russian companies ensured the reliability of transport. Company X supposed that it was one of the backbones of their success on the market.

To create trust and keep good relationships with subcontractors, Company X provided the payment within 7 days of invoice. As a result, subcontractors were willing to work with Company X.

Another major strength of Company X was the availability to provide services in three languages. Languages were Russian, English and Finnish. It was one of the competitive advantages to attract customers.

To reduce the costs of transportation and labor force Company X was using Russian subcontractors. It created a highly competitive advantage of the cost of transportation compared with international companies.
The main weakness of Company X was excessive orienting to Russian customers. In other words, it narrowed the market for services. In addition to this, the company has had a lack of knowledge of the European market and as a result, the company could not expand the services for the European market. Another major weakness was focusing on full-truck delivery from one customer. If the current customer could not load the full truck, some space remained. That space could be used for other goods from another customer. The demand for transportation from Russia has been decreasing, so the turnover and profit of Company X would decrease. The Enterprise Resource Planning system (ERP) which Company X was using was 15 years old, therefore the personnel needed to update all the data manually. Thus, the company could not have a real-time situation of the system. The company did not pay a lot of attention to promotion. Therefore the company was unknown to potential customers and the European market.

At the moment the company has had a lot of opportunities for growth. First of all, the company could expand services for the European and Asian market. Even though the business environment could be quite unstable because of the crisis, the company should be adapted to changes within a short period of time. The company has been making short-term investments to reduce risks. Another possibility to develop the company was to provide tailor-made service. The service could be specially designed for the current customer. It allowed to build a long-term relationship and satisfy the customer. The company has been planning to enter the European market in the nearest future, so the company should indicate its position in the market. It could be done by participating in the European tenders and exhibitions. In order to improve the company’s performance and attract more customers, the company could have added groupage cargo transportation. Groupage cargo transportation is used to uniting different types of cargo from different customers into one vehicle to similar destinations. Groupage cargo would allow reducing transportation costs. Furthermore, groupage cargo would expand the company’s service and increase profit. At the moment, the company was using two
subcontractors providing the service of the warehouse in Finland and Russia. If the number of transportation services would grow, the company should think about renting or owning a warehouse. The warehouse could allow to keep and unite the groupage cargo at one place.

Every business is filled with threats. The biggest threat has come from the competition. Company X has been competing against a large number of bigger logistics service providers. It was crucial to identify what was the main competitive advantage and differentiation from competitors. Another threat to any kind of business was losing the customers. There were many factors which could affect a customer’s decision to change the logistics provider. For instance - reduction of service quality, raise in service price, lack of necessary services, time of delivery, bad reputation or overstated customer’s needs. Company X has been operating on transporting goods from Russia to other countries. The International sanctions against Russia, which were applied to many business fields have had a direct impact on transportation service. Another threat that Company X could not control was the changes in customs clearance procedure and regulations. The company should follow all the rules to keep a stable position in the market. So if the changes in transportation regulations would have happened, the company would have obliged to adjust to them as soon as possible. Irregular orders from the customers have been also affected the company’s performance. The company needed to keep in mind that they have not had their own transportation and needed to book transport from third-party logistics in advance. So the irregular orders could bring the company to the decrease in orders or probable delays. Company X should take into account that during every transportation there force majeure circumstances could occur. The example of force majeure circumstances are fires, floods, earthquakes, and other natural disasters. They could have caused a delay in transportation, damaging or losing the goods.

When SWOT analysis was finished and all the factors were determined, the company should understand what needs to be improved. From the theoretical part, there was a framework of how to convert weaknesses and
threats into strengths and opportunities. First of all, at the moment the company has been orienting to Russian customers, which narrowed the possibilities for growth. The company has had two opportunities. The first one was to expand the services for the Russian market and focus on it. The other one was to expand services to attract more international customers. Even though the company has had a lack of European’s market knowledge, there were many ways to change it. The company could have used consultations from other logistics providers working in the European market. To convert a weakness into strength, Company X should implement the service of groupage cargo. It would bring more customers and bigger profit. Although demand for transportation from Russia has been decreasing, Company X was a service provider familiar to many customers in Finland. One of the major changes and developments for Company X were to focus more on the Finnish and European market. The company was using an old Enterprise Resource Planning system, so it would be necessary to purchase a new one which would present the real-time situation. Company X was unknown to European market caused by a lack of promotion. It could be easily changed if the company would create a new marketing plan for the European market. Participation in different tenders and exhibitions are determined as quite useful for building new relationships with potential customers. One of the methods to promote a company was to use aggressive advertising, even though it could be costly but quite effective. As a result, the company would become more acquainted to potential customers.

To improve Company X’s performance it would be necessary to convert threats into opportunities. The company has had to take a look at the situation with another point of view. The competition has been high in logistics. So the company should identify their difference and competitive advantage and prove to the customers that they provide high-quality service for the best price. If the company were afraid of losing customers, it could be crucial to building a customer loyalty program. One of the main threats for Company X has been international sanctions against Russia. In
that case, the company could not influence the situation, but it could change the focus on other provided services to which sanctions were not applied. Whenever there would be some changes in customs clearance procedure and regulations, the company should adapt to them as soon as possible. Another way to avoid it was following the news and what was going on in a political situation. The decrease in the company’s profit could occur because of irregular orders. The company should make an agreement with customers, including all potential risks in it. The company and the customer should discuss and forecast the preliminary order plan. To avoid or minimize force majeure circumstances, especially related to weather changes, the company should take into account in what country the delivery is and what can happen. Usually, logistics providers have been planning the route for delivery according to the cargo, destinations and weather conditions. In many cases, logistics operators have included force majeure circumstances in agreements.

4.4 PESTEL analysis

PESTEL analysis determined the external factors affecting the activities of Company X. In the nearest future, the company has been planning to enter the European market. It would be crucial to understand what kind of external factors affecting Company X’s business.

There have been many political factors influencing Company X’s business. The critical issue was that the company has been transporting goods from Russia to Finland and Europe. That was the reason why the author decided to analyze the political factors of both countries Finland and Russia. The author supposed that the political situation of those countries has been formed and influencing the business of Company X. Unfortunately, Russia has been a politically unstable country. The change in the political situation is caused by the USA and Europe’s activities. Especially it concerned with international sanctions against Russia. Another major problem when the company has been doing business in Russia is corruption. The Corruption Perceptions Index 2018 shows that
Russia is ranked at 138, which meant that the country has had a high corruption level. The bureaucracy has been the next issue affected all the businesses in Russia. In other words, bureaucracy referred to the organization of professional public servants for the effective implementation of public policy. Unfortunately, effective implementation has disappeared. It could be quite hard to make the agreements because of authorities or documentation. Both political and economic factors are affected by the tax rates the business. The VAT tax has increased by 2%. (Russia Country profile) The rise of tax has increased the company's expenses for the repair of machines, the cost of components for repair, cost fuel. As a result, this has affected the cost of transportation. In November 2015, Russia has implemented a new electronic toll collection system. The system has been established for charging vehicles over 12 tons. The implementation of the system has affected negatively all Russian and international transportation companies. Ruble devaluation is determined to be one more political factor affecting business in Russia. Ruble devaluation influenced the economic situation in Russia. The international currency has been growing so the cost of transportation was rising. Another reason for Ruble decreasing was international sanctions. (Russia Country profile)

At the moment Russia is having a stagnation of economics. In other words, manufacturing has not developed and has been decreasing. The unemployment rate is identified as quite high. In January 2019, the unemployment rate reached 4.9%. The statistics showed that wages increased to 43030 rubles in a month. (Russia – Economic Indicators). In the case of Company X, it could be crucial, because the company is located in Finland but has been using the Russian labor force which was cheaper compared to Finnish. That is how the price competitive advantage was built in Company X. During the interview with the owners of the company, it was mentioned that the company prefers to make short-term investments because of the unstable situation in Russia. The inflation rate increased to 5.3%. Economical factor influencing the business of Company X has been establishments of new transporting companies.
Those companies could offer the same service at a lower price and better quality. The competition has grown and the company should adapt to the situation quite fast. The overall economic situation surrounding Company X is seemed to be challenging. (Russia – Economic Indicators)

The company is also affected by socio-cultural factors. The company is located in Finland and one of the owners is a Finnish citizen. Finland is one of the Scandinavian countries with a population of 5,5 million people. For many Finnish people, some the most powerful factors were trust, quality and company’s reputation. Company X has already existed for 10 years in the market and provided high-quality service. The trust between the company, customers, and subcontractors is built by high-quality service, lack of mistakes and on-time payment. If the company is trusted by Finns, it would have a great position in the Russian market or European market.

Nowadays the technologies have been rapidly developed and the era is called global digitalization. In most cases, technological innovations improved working life. Even though the immediate effects could be invisible to employees, the development of work should be measurable. The software made work easier and reduced process time on everyday tasks. First of all, the company should change or update their ERP system. This factor has had a direct influence because the company could not have a real-time situation. Implementations of innovations for transportation or fuel consumption had a huge effect on business. One more important technological factor was creating the transportation route with the use of different vehicles to reduce the costs and the time of delivery.

Environmental factors influencing the business have been the following: weather, climate, and environmental pollution. Transportation company should know what kind of weather conditions the possible destination has. For example, Finland is determined to be one of the Nordic countries with snowy winters. It has been obligatory for cars to have winter tires with
studs. Before the route is created, the logisticians should take into account weather conditions. One more major issue of transportation has been environmental pollution. The company should use vehicles with fewer emissions. It would show that the company is not only building a business, but also taking care of the environment.

Any transportation company has needed to follow all the regulations and laws of the destination country. Such as safety laws, transportation laws, and employment laws. For instance, if the company is transporting dangerous goods it is obliged to have a special package, labeling, necessary documentation and permission to transport dangerous goods. Employment laws have been one of the legal factors influencing the company. Because Company X has been using a lot of subcontractors, the subcontractors were taking all the responsibility to follow transportation and employment law. Company X should act in accordance with the agreement of customers and subcontractors, thus not to break any laws.

FIGURE 6. Most problematic factors for doing Business in Russia. (Schwab 2018, 248)

Figure 6 shows the most problematic factors for doing business in Russia, which were determined by The Global Competitiveness Report. Top five are identified - corruption, tax rates, access to financing, inflation and tax regulations in Russia. Due to those factors, for Company X it could be very
difficult to promote their service of transporting goods from Russia. Because the company is located in Finland, the author decided to make a comparison between the most problematic factors of Russia and Finland.

![Most problematic factors for doing business](image)

**FIGURE 7.** Comparison of most problematic factors for doing Business in Finland and Russia. (Schwab 2018, 118 & 248)

Figure 7 presents the actual results of the most problematic factors for doing Business in Finland and Russia. To compare the corruption level, there was no corruption in Finland. In contrast to Finland, corruption in Russia is highly spread out. The second position in both countries is taken by tax rates. Tax regulations could be seen as quite a problematic factor in both countries. All of the determined problematic factors should be taken into account by Company X. Some of the factors have been threatening to business and company should be prepared and adjust to it.

4.5 Customer analysis

The customers have been a key component of any business. If there were no customers, there would be no business. Therefore, if a company would
like to develop successfully, it should expand its client base. Decisions about target customers are explained as one of the most important areas for business. The company has needed to determine who are its current and potential customers. The author collected as much information as possible from the interviews with the owners of Company X.

1. Who were your customers?

At the moment, Company X had only B2B customers. So the offered services were purchased by the other businesses. Almost all of the current customers have been related to International business. Key customer groups have been operating in different fields. For instance paper industry, panel and timber producers, tire producers, house element producers, steel producers, and construction material producers. Actually, the potential customer of Company X could be any type of business which has been interested in transporting their goods to another country or to Finland. Company X provided a wide range of services and vehicles. When the relationship between customer and Company X was built, contract negotiations have been done with persons having Manager or Director status. Contract signing has been done on General Director Level. Men were typically responsible for contract and discussions. Age varied between 30 and 60 years. The woman’s share was approximately about 10%.

2. What were your customers doing? How were you building a long-term relationship? What was the motivation to purchase your service?

Product group names defined what Company X’s customers were doing. As it was already mentioned before customers have been working in many different industries and most of them were also producers. The role of Company X was to do the physical movements of the customer products as a core service. Company X was trying to establish a long term relationship with their customers. Before the companies have been made any agreements, the plan of delivery orders should be established and be
accepted by both of the parties. The company has been working for 10 years and has determined the two most important factors for its customers. It was reliability and right price level. The company has been keeping all the promises given to the customer so that shows the reliability of Company X. The price should be accepted and agreed by both of the parties. The company still has original customers when it was established in 2008. That has shown the trust and good reputation for potential customers.

3. Where did customers purchase your service?

Transportation and logistics service providers were usually selected by the tendering process every year. This was the practice of big companies. When Company X was selected as a service provider, the company got the order automatically from the customer. At the moment Company X has been participating in two tender processes and expected to reach a new customer. Medium and small size customers could find the company from internet pages and contacts. The company was also scanning for potential customers and contacted them to make an appointment and possible network. Because the company has already built trust and a good reputation among many international companies, some of them were recommended to use Company X as a service provider. Even though on the official webpage the potential customer could not form the order, there were all necessary contact information and email addresses.

4. When did customers purchase your service? Was there any seasonal reason?

Most of the current customers of Company X have had stability in making orders and have fixed regularity. However, in some businesses, there was a high demand for transporting goods for seasonal reasons. Due to the fact that Company X has been working with many different manufacturers, the forecasting of orders should be done in advance. For example, in the tire industry, two seasons are established. The first one has started in March and April when the cars were changing the winter tires to summer
ones. The same happens in September-October when the winter period was starting. So Company X could predict before and during those periods that the amount of tire transportation would be rising. Therefore, the company has been expecting to get doubled orders and increased profit.

5. Why and how did customers select your service?

First of all, Company X has provided a reasonable price for each of the offered services. One more reason to choose Company X was a high-quality service and a wide range of services. The company has kept all the promises and followed the agreement with the customer. The company has been building the route for transportation, including the minimal time of delivery with the lower price. Most of the customers of Company X were attracted by winning tenders, it was obvious that Company X’s has offered better price compared to other logistics providers.

6. Why Did potential customers NOT purchase your products?

During the analysis of Company X’s, the author has determined three major reasons why the customers were not choosing Company X. The first reason was that the company may not be known to potential customers. It has caused by the lack of promotion and non-participation in different logistics exhibitions. The second reason was that potential customers have already established a long-term relationship with other logistics providers. To change the situation, the company should offer better quality service at a lower price. The third reason for customers not to purchase Company X’s service was the non-availability of groupage cargo. Company X should realize that not every customer has been ready for ordering full-truck delivery. Many potential customers could be lost because of this reason.

4.6 Competitor analysis

The competitor analysis has been an important part of any business strategy. Without knowing the competitors, it was impossible to understand which of them provided the greatest threat, how to defeat them and where
to focus the company’s efforts. Those companies that have formed competitive analysis and have used it to develop a promotion strategy have been ahead of at least half of their competitors. Today, being competitive online have been more important than ever. Most consumers have been using the Internet to search for information about products, services or companies before making a purchase decision. Therefore, it was extremely important to identify the competitive advantage of the company from direct competitors.

The author has determined three direct competitors for creating competitor analysis. They were the following: Freeco logistics Oy, Sinkko logistics Oy, and Juhani Tuomi Oy.

Freeco Logistics Oy was established in 2013. At the moment the company has been located in Turku, Helsinki, and Tallinn. The company has been operating only in road transportation. Freeco Logistics Oy has been transporting goods in Finland, Scandinavia countries, Baltic countries, and Europe. (Freeco Logistics Oy)

Sinkko Logistics Oy was established in 2006. The company has located in Lappeenranta, but has been operating through the whole of Finland. In addition to this, the company was offering international transportation. (Sinkko Logistics Oy)

Juhani Tuomi Oy was the quite old company, it was established in 1970. The company has been offering transportation in Finland and other parts of Europe. In addition to transport services, Juhani Tuomi Oy offered storage services and renting footrests for containers. (Juhani Tuomi Oy)

First of all, the author decided to build a comparison of the services offered by each of the competitors. This comparison is presented in Table 3.

TABLE 3. Service comparison with three main competitors
Table 3 presents the actual results for the service comparison analysis. During the research, the author used secondary resources such as the official web pages of companies. To delimit the comparison analysis the author focused on the following dimensions for analysis: transportation type, container transportation, domestic and international transport, cargo type, dangerous goods, additional service, and website languages. First of all, the table shows that Freeco logistics Oy and Juhani Tuomi Oy had the competitive advantage of using different types of transport. Company X and Sinkko Logistics have limited types of transport. Company X has been using the road and maritime transportation. For example, if the potential customer would make a decision based on that, the possibility of choosing Company X has been quite small.

Container transportation was an additional advantage of Company X and other companies. The only organization who does not provide this service is Juhani Tuomi Oy.

Company X and all competitors were offering domestic transportation. The main similarity of the companies was that they have been transporting
goods to different parts of Europe. Destinations of Company X and its competitors present in the dimension of international transport in the table.

The cargo types show that Company X was having negative differentiation compared to other companies. Company X was offering only full-truck delivery from one customer at the moment. The main competitors have been offering to the customers full-load, part-load and express goods. Company X should take it into account and make a decision for improvement.

Most of the customers of Company X and its competitors were manufacturers. It could be crucial for them to transport dangerous goods. In this case, the potential customer would choose Freeco Logistics Oy or Sinkko Logistics Oy.

Some of the competitors and Company X have been also offering some additional services which were quite difficult to compare. The customer should choose what he needs. For instance, Company X has been providing customs clearance procedure for goods going from Russia. Moreover, Company X was consulting foreign customers about logistics. Generally, those companies were interested to enter the Russian market and needed consultation. To expand the target customer group, the company has been selling ferry tickets for truck companies.

As an additional service, Sinkko Logistics Oy had three combinations of forklift trucks, with truck-mounted forklift loading and unloading. Truck-mounted forklift trucks were available for renting and had a lift capacity of 2 to 2.5 tons. This was a huge competitive advantage for the company.

The company called Juhani Tuomi Oy has been providing the service of renting the place in their warehouse. In addition to that, they have had moving service, which meant helping the customer to move from one place to another. Especially it could be useful not only to companies, but also to every person who was moving to another country. In the author’s opinion, it was a great way to expand the target customer group.
The last important aspect of the web page was language. Sinkko Logistics Oy and Juhani Tuomi Oy had only Finnish language on their websites. The author made the conclusion that the companies were orienting only to Finnish customers. Freeco Logistics Oy and Company X both have English language. Freeco logistics also offered Swedish and Estonian version. It showed that the companies were interested both in international and Finnish customers.

The second part of the competitor analysis included the financial situation. Competent financial analysis of reliable data was the basis for decision-making. Table 4 presents the reported data from each of the competitors.

**TABLE 4. Financial comparison.**

<table>
<thead>
<tr>
<th>Competitor</th>
<th>Company X</th>
<th>Freeco Logistics Oy</th>
<th>Sinkko Logistics Oy</th>
<th>Juhani Tuomi Oy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover / euro</td>
<td>3175000</td>
<td>4377000</td>
<td>1113000</td>
<td>989000</td>
</tr>
<tr>
<td>Turnover change %</td>
<td>37.00%</td>
<td>19.80%</td>
<td>11%</td>
<td>80%</td>
</tr>
<tr>
<td>Annual profit / euro</td>
<td>10000</td>
<td>371000</td>
<td>24000</td>
<td>-3000</td>
</tr>
<tr>
<td>Operating profit</td>
<td>0.3%</td>
<td>9.8%</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>Personnel</td>
<td>2</td>
<td>2</td>
<td>6</td>
<td>9</td>
</tr>
</tbody>
</table>

The author delimited financial analysis of several dimensions. They were the following: turnover, turnover change, annual profit, operating profit. In addition to that, the author included personnel in comparison. The turnover - the revenue of the company in a particular period of time. To start with the turnover Company X and Freeco Logistics Oy were having a higher turnover compared with Sinkko Logistics Oy and Juhani Tuomi Oy. Annual profit results presented the amount of money, which company received from selling its services. The table shows that each of the competitors had a positive turnover change, which meant that the business has been growing compared to the previous year. Freeco Logistics Oy had the highest annual profit with 371000 euro for the last period of time. It was quite difficult to compare with other companies with a profit of 10000 and 24000 euro. That represents that Freeco company has been successful and proved its stable position in the market. Even though Juhani Tuomi Oy
had a negative profit, the company could still change the situation. To measure and evaluate the company’s performance and profitability operation profit percentage could be used. The comparison table demonstrates that Company X and Juhani Tuomi Oy had the lowest operating profit percentage. In other words, the companies were not so profitable as they could be. The best performance from those dimensions was shown by Freeco Logistics Oy. The amount of personnel demonstrates how many people were actually working in the company. Juhani Tuomi Oy had the biggest amount of personnel. The company has had 9 employees. Sinkko Logistics had 6 employees in operating within the company. To compare with Company X and Freeco Logistics Oy with only 2 personnel in the company. The author made a conclusion that the companies were using a lot of third-party logistics for their services.

4.7 Marketing Mix

The marketing mix has been a complex of tactical marketing tools. The companies have been using it to implement a marketing strategy. All the elements that included in the marketing mix could be changeable. Therefore, by manipulating them, the company could maintain a stable position in the market and be sensitive to changes in it.

4.7.1 Product

The main element of the marketing mix was a product. In our case, the company has offered services. It has had a wide range of services. They were the following:

- Road transportation Russia - Europe
- Container transportation in Russia
- Port forwarding containers in St. Petersburg ports
- Selling container freight door to door basis
- Customs import and export clearance
- Selling ferry places Finland - Sweden for trucking companies
• Consult foreign customers of logistics matters who are planning to enter the Russian market

Even though the company has offered many types of services, it could be crucial to expanding the services to attract more customers. As it was already mentioned before, the company should organize part-load delivery. In other words, the company would load the vehicle with various goods from different customers. As a result, the truck would be fully loaded and the company would acquire new customers. Another possibility to expand the services was to purchase transport for express goods. For instance, if the demand for express goods would be low, the company could use own transport for moving services.

4.7.2 Price

Before the price has been formed for the transportation of the goods, the company has calculated the price including the next costs:

• Payment for rental vehicle
• Cargo insurance
• Transit passport
• Reservation of ferry ticket
• Export documentation
• Overhead expenses
• Profit

In some cases, the price could vary due to an agreement with the customer or subcontractor. Company X has provided a relatively competitive price for the services.

4.7.3 Place

The element of the marketing mix called place could vary due to the company. In the case of Company X, the location could play a huge role. If the company wanted to be developed, it could be crucial to have an office
where potential customers could come. At the moment, the company is negotiating mainly by face-to-face, phone or emails. Usually, if the company has been planning the meeting there were two options. The presenter of Company X has been visiting the customer’s office where negotiations were going. The second option was to rent a conversational room in a suitable hotel or business center. Moreover, due to digitalization, the official company’s webpage is as important as location. Company X had a relatively good website, which should be updated. The website had own blog and news units, which have not been updated. The author determined two possibilities for the company. The first one was to remove both units from the website and leave only necessary information for potential customers. The second possibility would be updating the blog and news and constantly working on it. At the moment the author suggested the first possibility and remove the units and focus on other parts of the website. In contrast with the website which has been mainly designed for the customers, the software which the company has been using were their working place. As it was already mentioned before, the company has been using an old ERP system which did not show real-time situation. The employees were wasting a lot of time to update the data manually. Company X should purchase a new one or update ERP system, so the daily tasks and the process would be shortened and simplified.

4.7.4 Promotion

During the research and interviews with the owners of the company, the author observed that the company was uninvolved in the promotion process. The company used several ways for promotion. The company participated in tenders and exhibitions, that was how they attracted some of their customers. One of the owners mentioned that some of their current customers have been recommended Company X to their partners. Unfortunately, for most of the potential international customers, the company was still unknown. This can then, therefore, cause failure when the company would want to enter the European market. The author
suggested that a company should concentrate on different ways of promotion as soon as possible.

4.7.5 Process

The next element of the marketing mix was the process. The process included all the actions which the company was organizing or monitoring. One of the owners described the transportation process in detail. The process started with participation in tender and proposing an offer to the potential customer. After choosing the best offer the companies were signing the contract. When the order was received, Company X started the process of preparing for the transportation. For instance, the order was to load 3 trucks with necessary goods and transported it from point A to point B. Point A was a manufacturer of necessary goods for Point B’s market.

1. Company X already has had an agreement with a subcontractor to load 3 trucks of necessary goods. In the order, it was mentioned that trucks need to be loaded on 15 of February.

2. The trucks arrived at point A on 15 of February in the afternoon. It was obliged to make the weighing of each truck to have an empty weight for documentation. Loading goods in trucks required one hour each. When the truck is loaded, it was obliged to make the weighing to have a total weight for CMR waybill and export documents.

3. As soon as export documents were ready and export customs clearance has been completed, trucks were released to leave Point A.

4. Because the route from point A to point B was international and includes crossing the sea, Company X has ordered ferry ticket on 16 of February in the evening. To complete the international route, trucks needed to have transit passports.

5. The country where point A is located has cheaper fuel. That is why drivers filled their diesel tanks near Point A. The amount of fuel would be
enough for all the way. Then drivers started driving to the first border crossing point. All formalities have been carried out without problems and trucks continued towards Point B.

6. The European Driving law required to have a rest for 11 hours. After that resting time trucks continued to drive and arrived at the port in the afternoon on 16 of February.

7. The ferry was leaving at 22.30, so drivers had to wait till 21.30 to drive their trucks inside the ferry. The ferry ticket has included dinner, breakfast, and cabin. The ferry arrival time is estimated at 6.15 on 18 of February in the morning. In the morning the drive continue driving towards the second crossing border.

8. Trucks arrived after eight hours driving to the second customs border. The transit passports, which were opened earlier should be closed here. The customer who is located in Point B and waiting for the goods to arrive have made a customs clearance in forehand for these three trucks. Drivers showed export documents at the customs desk and if the documents were correct, they would be released and allowed to continue the route towards the destination.

9. As the driving distance was over 1000 Km, the driver should have rest again.

10. Trucks arrived on 19 of February at 8 o’clock to the destination of Point B. The process of unloading the goods took approximately 3 hours. A consignee signed all documentation and returned those to drivers.

11. Drivers contacted Company X and reported transportation successfully done. The order was completed.

To make the process run fast and smooth, Company X has had a detailed preparation for each order. The preparation included a check for transportation permission, vehicle insurance, and cargo insurance, load, and weight capacity. The correct documentation has played a huge role in
transportation. In the case of wrong documents, the truck would lose time and cause the delay. By this example, the company has shown that it was controlling the situation and provided great performance for the customer.

4.7.6 Physical evidence

Physical evidence has shown the atmosphere of the company and its services. To get a positive image from the customer’s point of view could be critical. There have been many different factors influencing the physical evidence of the company. The location of the office, office design, communication with the representor of the company could affect the decision-making. In other words, the element of physical evidence could increase service quality.

4.7.7 People

All people who have been participating in the process of transportation formed the image of the company. This related not only to the owners and employees, but also to subcontractors. The company should choose highly educated people to provide high-quality service. In order to develop the skills, it could be necessary to make team training, education and motivate people.

4.8 Action plan and implementation

The timeline for implementing the actual plan is established for the next twelve months. The plan consisted of the following activities:

1. Expand the range of services to attract more international customers. It can be done by implementing groupage cargo, express cargo, moving service, service of renting a pallet truck.
2. Expand the type of vehicles, purchase own transport and a forklift.
3. Increase sales of service by 10%.
4. Purchase a new ERP system or update the old version.
5. Use of Aggressive advertising and develop the promotion of the company. It is crucial to use more distribution channels. It is necessary to update the official webpage (remove unnecessary information). Improve search engine ranking.

6. Participate more in exhibitions, tenders and also participate in training for employers (different business courses).

7. Focus more on the Finnish and European market.

8. Use consultations from other logistics providers working on the European market. Before entering the European market, it is useful to make a market research. Then create a marketing plan for entering the European market

The implementation of the plan would require investments. The investments are presented in table 5.

<table>
<thead>
<tr>
<th>Investment</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery van</td>
<td>15000</td>
</tr>
<tr>
<td>Pallet truck</td>
<td>800</td>
</tr>
<tr>
<td>ERP software</td>
<td>650</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>4200</td>
</tr>
<tr>
<td>Update official page</td>
<td>200</td>
</tr>
<tr>
<td>Participation to exhibition (2 days) hotel</td>
<td>280</td>
</tr>
<tr>
<td>Participation to exhibition (2 days) travel expenses</td>
<td>200</td>
</tr>
<tr>
<td>Participation to exhibition (2 days) food expenses</td>
<td>100</td>
</tr>
<tr>
<td>Total participation to exhibition</td>
<td>580</td>
</tr>
<tr>
<td>Training for employers</td>
<td>650</td>
</tr>
<tr>
<td>Consultations from other logistics providers</td>
<td>180</td>
</tr>
<tr>
<td>Market research</td>
<td>3500</td>
</tr>
<tr>
<td><strong>Total Investments</strong></td>
<td><strong>25770</strong></td>
</tr>
</tbody>
</table>

**TABLE 5. Investments for Company X.**

The biggest investment for Company X would be the purchase of own transport. For instance, the company could buy a delivery van and a pallet truck. The approximate cost of the van and truck is estimated - 15800 euros. The delivery van would allow the company to expand services. The moving service, groupage, and express goods within Finland and the
European market would attract more customers. As a result, the company would expand the business to business-to-customer. The necessary investment was determined to be an update of the company’s software. This included ERP system and updated official page. During the analysis, the author realized that the company has had a limited promotion. At this moment, it could be crucial to advertise the company and also improve search engine ranking. The participation in an exhibition of both employers included hotel, travel and food expenses. Participation in the exhibition would also promote the company to potential customers. The business environment has been rapidly changing. It could be critical to understand it and learn the methods of adaptation. Training for employers has been a necessary part of every successful business. The investment for consultation from other logistics providers about the European market could vary due to the length and amount of consultations. Company X has been planning to enter the European market in the near future, that is why the author suggested investing money in market research in Europe. The research would allow determining benefits and useful information from it.

The action plan could be implemented step by step. The company should determine which changes it would like to implement. The author supposed that the actual results from the plan would be measurable in one year after implementation.

4.9 Performance tracking and control

The last step of the whole business improvement plan was tracking performance and control. It has been quite important to measure the change in performance. The measurement could be done with or without using any type of tool or methods. First of all, the company should analyze the change in service sales. The increase in sales would prove that the company is changing in the right direction. One of the steps of the action plan was the goal to increase sales of 10%. It could be used as a control point in the improvement plan. In addition to this, the growth of the customer base would demonstrate that more customers are attracted.
5 CONCLUSION

The main purpose of the thesis was to provide an answer to the research question «Which actions should be taken to improve Company X’s performance?». In order to answer the question, the author developed an action plan for Company X to improve the company’s performance. First of all, Company X should diversify the number of services and type of vehicles for transportation. The Company should have a goal to raise sales by 10%. In addition to that, if the company could purchase or update the ERP system, so the overall performance of the company would increase. Unfortunately, the company has been still unknown for potential customers, so it could crucial to start using aggressive advertising to change this situation. Another method to promote the company more was adopting more distribution channels. The digital performance of the company would be improved by renewing official web page. Moreover, participation in tenders and exhibitions would allow for achieving more target customers. Another action to develop the business was to purchase own transport and a forklift. Beneficial for the company and owners would be participating in training for employees and receiving more knowledge about methods to improve the business. The author suggested having consultation from other transportation companies and operated in the European market. It would be useful to make marketing research on the European market before entering it. Based on the results of marketing research, Company X should develop a marketing plan for entering the European market.

First of all, the author analyzed the current position in the market. The author determined the mission, objectives, and goals of the company. Using a combination of SWOT and PESTEL analysis, the author covered all internal and external factors influencing the company. The results of both analyses provided the whole picture of the company. In addition to that, it was necessary to understand who were the main competitors and which advantages they had. The author selected three main competitors of Company X and completed the competitor analysis. Next significant
element analysis was the customer. The author determined the expectations and customer needs. The last step of the current analysis was the structure of the marketing mix used by Company X.

In order to collect reliable information about the company, the author interviewed both owners. As a secondary source, the author used literature, articles, and internet recourses related to the research topic to complete the analyses. When the results of analyses were received, the author provided a plan with the necessary actions to improve the company’s performance. In addition to this, the author proposed on how actions can be implemented. The author realized that the improvement of the company requires investments. Moreover, the author calculated the investment costs for Company X.

The most difficult part of the study was to develop activities which would improve the performance of the company. The decision of implementing the action improvement plan has relied on the owners of Company X. The owners should determine which actions to follow or to continue the research. It would be worthy to find out how the changes were implemented, after the thesis release. The results lead to believe that the study would be useful for Company X.
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