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Recommendation on Potential Sources of Synergy Realization of Operative Factors of Production

Case of Posti Group – Mail and Postal Services and Parcel and Logistics Services as Strategic Business Units

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My acknowledgement goes first to the school for accepting students without age barriers but meeting criteria to qualify was the focus. I think this is a good idea to keep and promote so that individuals who for one reason or another could not catch up with academic qualification at their teenage age can as well measure up and get their dream come through. Many will reach out this opportunity to attain their dream as more attention is given so that tuition fee is not an impediment.

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team for approval and acceptance. This initiative should continue, and I will be very glad to be an alumni to keep the candle lit

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Vantaa

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<p>The objective of this thesis was to propose recommendations for the identification of potential sources of synergy of operative factors of production in the case company, Posti PLC.</p> <p>The thesis is based on Applied Action Research, a Current State Analysis and a solid Conceptual Framework. The study investigates optimal ways of working together, working together better and working together enough in the delivery process of <i>Early Morning Delivery of Journals</i> and in <i>Mail & Postal Services</i>. Questionnaire, observations, workshop, email, SMS and informal discussion with experienced workers were all used as methods to collect data in a triangulated manner at three different stages of the study.</p> <p>The Findings of the CSA and CF were used to co-create with the stakeholders an initial proposal for potential sources of synergy and this proposal was then validated to build the final proposal. The outcome is Recommendations on Potential Sources of Synergy of OFP.</p> <p>Decreasing the wage rates is just one way to deal with cost-effectiveness in the Operative Factors of Production (OFP). This thesis exposes elements of synergy that the case company can exploit to effectively ensure profitability. The elements of OFP are not static and an extrapolation to other companies and users of potential sources of synergy identification is possible with the help of this thesis.</p>	
Keywords	Cost, Delivery, Distribution, Synergy, Process, Production, OFP

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Acronyms

<i>CSA</i>	<i>Current State Analysis</i>
<i>EFQM</i>	<i>European Foundation for Quality Management</i>
<i>eBicycles</i>	<i>Electronic Bicycles</i>
<i>eKey</i>	<i>Electronic Key</i>
<i>eWorklist</i>	<i>Electronic Worklist</i>
<i>ePaySlip</i>	<i>Electronic PaySlip</i>
<i>EMDJ</i>	<i>Early Morning Delivery of Journal</i>
<i>IM</i>	<i>Industrial Management</i>
<i>IT</i>	<i>Information Technology</i>
<i>M&PS</i>	<i>Mail and Postal Services</i>
<i>OPF</i>	<i>Operative Factors of Production</i>
<i>P&LS</i>	<i>Postal and Logistic Service</i>
<i>SBU</i>	<i>Sub Business Unit</i>
<i>SBU's</i>	<i>Sub Business Units</i>
<i>SCM</i>	<i>Supply Chain Management</i>
<i>SC</i>	<i>Supply Chain</i>
<i>SMS</i>	<i>Short Message Service</i>
<i>TQM</i>	<i>Total Quality Management</i>
<i>HS</i>	<i>Helsinki Sanomat</i>
<i>HBL</i>	<i>Hufvudstadsbladet</i>
<i>Kaup</i>	<i>Kauppalehti</i>
<i>VN</i>	<i>Västra Nyland</i>
<i>BB</i>	<i>Östnyland</i>

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1 Introduction

Companies usually engage in cost saving initiatives to be competitive in the markets. By competitiveness in the market we mean the need to stay in the industry doing the business and generating profits for the shareholders. In this light, salaries of personnel have suffered more than enough as they are usually the first target in cost cutting measures as a response to needs to stay in the market. Exploring the other factors of production usually do not see enough attention in all attempt to overcome competitiveness in the market. Synergy could be an option to meet these challenges. The challenges of competitiveness drives Synergy in other operative factors of production as it is not given enough attention to address cost saving effectiveness in industries. Reasons for this might be lack of management skills in synergies, its complexity in identification, visualization, realisation and effective evaluation. Other Operative Factors of Production (OFP) here refers to land, capital and entrepreneurship in the classic definition of factors of production. Today one could talk tangible assets, non-tangible assets and management to shift from the classic definitions of the other operative factors of production. And operative means that these factors of production are being used in the company for the day to day running of the company.

This thesis gives opportunities to Posti management to explore the concept of synergies in operative factors of production in a more general sense. A focus on Posti is chosen as a case company for this study. The two Strategic Business Units (SBU) chosen for the study are Mail & Postal Services and Parcel & Logistic services. Hence exploration of synergy of other operative factors of production from both units permits management to have an insight on how synergy models in operative factors of production could be better understood and digested. Questions like can synergies of the operative factors of production drive cost reduction in a management decision making process regarding efficiency in cost reduction will be given an answer. Reasons for top prioritization of synergies in other operative factors of production than salary cuts are part of this writing exploration. This because Posti focus is gradually

shifting to recruitment day in day out as worker come and go in all endeavours to overcome market competitiveness.

1.1 Business Context

Posti is a leading postal and logistic service in Finland. Posti core businesses include postal services, parcels, freight and logistics. It is important to note that [Post Group Annual Report \(2018\)](#)¹ is own by the state of Finland with four business units namely: Postal Services, Parcel and eCommerce, Logistic Solutions and Itella Russia. Posti operates in 11 countries and the number of personnel stood at 18500 in Finland by the end of the 2018 financial year. Posti Group Net Turnover stood at Euros 16103 million in 2018 a 2.2% less when compared to the 2017 financial year.

1.2 Business Challenge, Objective and Outcome

Posti Group includes several operative units or SBU, two of them being Postal services made up of 1) Mail & Postal Services and 2) Parcel & Logistics services as Strategic Business Units. These two units operate quite independently from each other and do not sufficiently share information and resources to support each other when sharing would be beneficial for efficiency and cost saving reasons.

Sharing information on the availability and possibilities to use a business premise in the same location by various units than various units having various business premises in a location needs to be addressed. Underutilization of vehicles that is, vehicles are not put sufficiently at the disposal of workers in another units in times not in use by the unit owners.

Cloud technology or cloud systems are still to be used in some Postal services for a Posti worker can carry for example, as many login rights and passwords as the number of units he is engaged in with Posti.

Online Smart systems for job taking and offerings are still to be used in some Postal services. Instant visualization of job, job offers and consequently selection of a recruited worker interested to do extra work for example is still a night mail.

Print rights and authorization are limited to supervisors even in times of delivery systems network failure when volumes of work routes need to be printed out and in a short time interval. In addition, printout is happening in a location, say main office in Pasila for it to be delivered in various workstation in the Helsinki Metropolitan area. In some situation prints do take the whole delivery period and some customers are left with no journal for the Early Morning Delivery of Journals (EMDJ).

Harmonization, tolerance and standardization in employee contractual agreements are still to be address. These because internal movement of workers tend to be rampant as workers move to Postal units of production where pay incentive looks favourable without prior consent of the supervisor of their main or previous work unit.

Posti makes use of buildings, keys and private cars of workers for their workspace and tools. Same customers and two set of keys for the two SBU in the same location. Standardised distribution route definition for both SBU saves duplication of keys for the same customers.

Posti can impact or be part of developmental design process for building and building construction to suit the customer delivery needs of Posti. Customer automatic integrated delivery in building especially those with 10-15 levels is still an open window. 10-15 levels here refer to the height of the building. That is 10-15 storey buildings. Posti needs to lead and own some of the developmental process and design in building construction, solicit some forms of acquisition or mergers that still need to be exploited with other specialized stake holders.

The **objective** of this thesis is to propose recommendations on how to realize synergy potentials between Mail & Postal Services (M&PS) and Parcel and Logistics Services (P&LS) focusing on workforce, equipment, IT-systems and

other operative factors of production. By other operative factors of production, I am referring here to other means of production that could not be identified in the classic factors of production namely: land, labour, capital and entrepreneurship. In the process of reaching out to recommendations on how to realize synergies in operative factors of production, a start will be to identify and outline potential areas of synergy in a visible manner

The **Outcome** of this thesis is Recommendations on Potential Sources of Synergy of OFP.

1.3 Thesis Scope and Structure

Synergy in the Mail & Postal Services and the Parcel and Logistic Services will not only be identified but emphasis on the need of identification of synergies in operative factors of production will be detailed. This thesis contains as well explicit mechanism on how to realize synergy in the operative factors of production in an organization. What are the drivers of such synergies, visualization of the drivers of synergies and possible recommendations of synergies in the operative factors of production? Recommendations on Realization of synergies in operative factors of production is presented as cost reduction initiatives and efficient realization of capacities and resources optimization. Synergy models in operative factors of production as cost reduction drivers will be developed in detail and elaborated. Benefit of synergy within organization and beyond will be given a closed look to distinguish the different form or types or sources of synergies in operative factors of production. Extrapolation mechanism and approach of such synergy model of operative factors of production to other areas and organizations is examined as well.

The thesis contains seven chapters.

In Chapter is the introduction, business context, challenges, objective, outcome and the structure of this thesis.

In Chapter two is the research approach, research design and data plan all to expose how this project plan is carried out

Chapter Three covers existing knowledge on Synergy. Synergy definitions, Sources of Synergy linking it to Cost Savings Theories and Models, Synergy in Mergers and Acquisitions and as well other forms of synergy. A synthesis on the current knowledge of Synergy will be presented as well in this part of the writing.

Chapter Four presents the current state or start analysis of the case company Posti exposing and identifying potential synergy. Detailed description of the company operations, Analysis of the Potential Sources of Synergy and a Summary of Identified Sources of Synergy will be exploited to exhibit the current state of the matter concerning synergy in Posti.

Chapter Five describe the proposal building stage and provides recommendations on realization of synergy. Some classification, forms and types of Synergy will be used for a proper visualization of synergy operative factors of production.

Chapter six describes the validation of the initial proposal based on the feedback and necessary correction needs from decision makers on proposed potential or recommendation on the realization of synergy. The data at this stage will exhibit the strength and acceptance level of this project work. A Summary of Final Synergy Realization Recommendations will be highlighted as well.

Chapter Seven concludes the thesis with immediate practical next steps needed to realize synergy, Evaluation of the thesis and Executive Summary.

2 Project Plan, Method and Material

The project plan is illustrated in three phases namely the research approach, research design and data planning

2.1 Research Approach

There are two forms of research approach models namely: basic or applied research. While Basic research otherwise named Fundamental or Pure Research aim at developing new or improved theory, Applied Research aims at finding a solution to an immediate problem facing an industry or business organisation (Kothari, 2004:3). Applied Research therefore distinguishes itself from basic research in purpose and context (Saunders et al 2002). The key consumers of basic research are academic community as relatively little attention is given to its practical application.

Basic research approach is usually taken to theoretically understand the processes of business management and their outcomes undertaken largely in traditional universities and to meet an academic agenda. On the other hand, applied research addresses issues that have direct and immediate relevance to managers, and it is presented in such a way that managers can act on them. The purpose of Applied Research is thus, to give as a result a solution to a problem while improving an understanding of a particular business or management problems. Applied Research is usually carried on a tight time scale and the objectives of the research are negotiated with the originator which could come from various backgrounds including organisations and universities (Saunders et al 2012). Applied Research is original investigation undertaking in order to acquire new knowledge. It is however directed primarily toward a specific aim or objective Christer Karlsson (2006) gives the same insight as Saunders except for the fact that Karlsson added a third element of Research and Development that is, Experimental Development. Karlsson sees experimental Development as systematic work, drawing on existing knowledge gained from research and / or practical experience that is directed to producing new materials, products and services, or to improving substantially those already produced or installed.

This thesis focuses on functional and practical solutions, combine development and research and is conducted in an organisation in order to improve operations. Tushman & O'Reilly III (2007 : 769), made a clear classic distinction between Basic Research and Applied Research, The former is “performed without practical ends, intended to develop general knowledge and an understanding of nature

and its laws” and the latter “performed in the service of some immediate end”. Consequently, Applied Action Research or Research Design is the right appellation for this thesis research approach. The nature of the study is developing a delivery process in the exploration and recommendation in the realization of synergies of operative factors of production for Early morning distribution of Journals (EMDJ) and Mail and Parcel Services(M&PS) in the Helsinki Metropolitan Area. POSTI is the case company. The research plan is detailed below.

The plan is to have three official meeting points with some personnel of Posti, therefore dealing with organisational issues, implementation of change and working with those who are directly involved all draws near to (Kananen J. 2013) thoughts of Applied Action Research. Due to the empirical nature of the study, quantitative and qualitative practices will be used to collect, analyse and present findings. Other practises such as longitudinal and basic approach see (John Adams et al. 2007) chapter 1, section two will not be exploited in the thesis.

2.2 Research Design

The research design as a progress to execute thesis work could be seen in three stages of data collection and analysis. **Figure 1**, the flow chart on the Recommendation Realization of Synergy of operative factors of production gives an illustration on how this thesis project is carry out in a sequential manner. The objective gives an orientation on goals to attain and hence sets the targets. Data 1 enables to get an inside view from some of the actors in the company thus it permits an establishment of the current state analysis of the company.

For the identification of the synergy potential in Posti, observation for working for 19 years in Posti was the method used and some documentation of the company was exploited to get this information. Collecting Data 2 focuses on enabling the development of synergy. This results in a draft proposal on the different categories and forms of synergy. Collecting Data 3 is for collecting feedback on the initial

proposal. That is data gathered to validate the final process in Synergy recommendations.

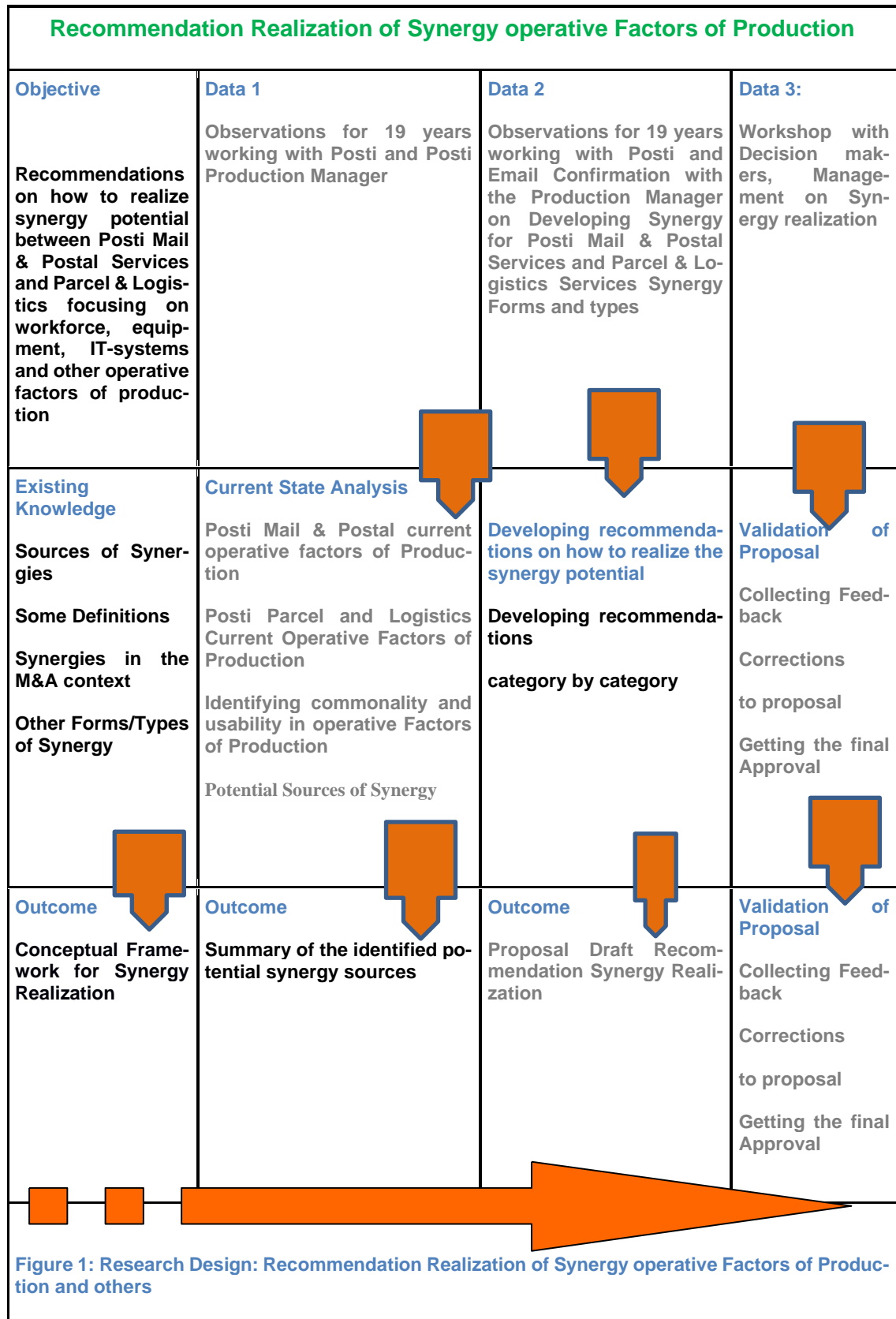


Figure 1: Research Design: Recommendation Realization of Synergy operative Factors of Production and others

2.3 Data Collection and Analysis

The data plan as illustrated in Table 1 below gives details on the data collection points, methods of collection, topic and description of data collected, estimated date and some of the documents used. It is a guide to ensure that the Project plan meets targets and content and thought. As seen in table two below the data was collected with the use of observation method powered with my 19 years of work with Posti. Some documents of the company as well as were used to capture these data. Production Manager EMDJ and a very experienced verbal discussion with a Field Worker were very useful in this phase of data 1 collection. There was a group of respondents as focus group. That is, the experienced Field Worker and the Production Manager. An hour and 30 minutes were the maximum time allocated for the workshop. Data was ready by the first week of February 2020. Data two was as well on observations for my 19 years working with Posti. Observation did not only embody field notes taken but as well random conversation with experienced field workers to get an inside information needed for Data two. The focus group here was The Production Managers and an experienced field worker involved in the day to day operations of Posti. The Proposal Draft on the different forms of synergy and synergy categorization was ready by third week of April 2020 due to holidays of the production manager. Data 3 inputs on feedback on the draft Proposal Recommendation on the Potential Sources of synergies. This final workshop was done via Email /SMS and the target group was the Production Manager with the potential to make this work gain an acceptable level in the company. The workshop lasted for two hours. Due to COVID - 19 issues we could not meet physically to present the matters and then alternative digital platform was initiated like SMS and email to get total feedback on fill out table. Third week of April was reserved for data 3 inputs and conclusions

	Participation /Role	Data Type	Topic, Description	Date, length	Documented As
1	Data 1: for the Current State Analysis				
	Respondents 1-2 Experience Field Worker and Production Manager EMDJ SBU OFP usage	<ul style="list-style-type: none"> - Observation for 19 years work with Posti - One Workshop with the Production Manager EMDJ - Email from Production Manager and Noted Discussion from an Experience Field Worker and Supervisors 	<ul style="list-style-type: none"> -Detailed description of Case Organizations operations and delivery process maps -Analysis of potential sources of synergy 	February .2020 1-1:30hours	Field Note and no Recoding
2	Data 2: Developing recommendations on how to realize the synergy potential				
	Unit Production Managers and 1-4 Supervisors	<ul style="list-style-type: none"> - Observation for 19 years work with Posti - Email and SMS from Production Manager An Experience Field Worker verbal discussion 	<ul style="list-style-type: none"> -Developing recommendation Potential Synergy Sources category by category 	March 2020 1-1.5 hours	Field Note and No Recording
3	Data 3: Validation of Proposals				
	Unit Production Managers Re-spondent	<ul style="list-style-type: none"> SMS/Email from Production Manager. No physical workshops due to COVID 19 issues Final Presentation 	<ul style="list-style-type: none"> -Collecting Feedback -Getting the final Approval -Corrections to proposal 	April 20201-1.5hours	Notes and no recording

Table 1: Data Collection: Details of Interviews, Workshops and Decision makers

2.4 Thesis Evaluation (Plan)

The research evaluation criteria used here was that of validity, reliability, logic and relevance. It is important to note that Management research was the key area of my research area and I do have lots of interest not to deviate from such.

Considering the validity as a research criteria interest in planning was focus on high quality sources. Most of the books and publication I plan to use for this study would be from well-defined recognized academic sources and the library or Metropolia will be very useful for this purpose.

To meet reliability, I plan to use only sources related to the topic. Synergetic potentials are vast in many areas, but I do plan to focus on synergy publication related to supply chain, general management, distribution, logistics and resources management books and publication.

Considering the logical and logic construct I do plan to keep to objective. That is the aim to give recommendation of how to realize potential synergy of operative factors of production. In doing this, planning at the first stage is to get an understanding of what synergy is all about from vast literature of business, management, logistic and supply chain research. The outcome in this planning stage that is, after reading literature related books and publication is to get the conceptual framework of the thesis as an outcome...The conceptual framework outcome gave an opening in the planning to treat current state analysis or start analysis of the case company. In the planning here focus will be to get the potential sources of synergy of OFP in the company identified. Data one will carry details of the state of the matter at this stage of the thesis. After that, next in the planning is to make proposal recommendations on how to realize such sources of synergy identified. Planning here was to exploit the workshop, email and SMS to get this done. Data two is design in this planning stage to capture all the information relevant. Next in the logic was to get this proposal draft of recommendation validated in the company. Here planning is designed to have as outcome final proposal on recommendation potential sources of synergy of OFP. Data three is designed to capture all information relevant. Data one, two and three carries information that will give the logic construct as the thesis progress.

And finally, for the thesis to be relevant I planned to really have it done in a company. That is written on a real time situation. This is not fiction. This time the case company is POSTI. Post is a big group, so I plan to deal with only the SBUs that I do have familiarity and have some mastery of their operations. All company issues cannot be solved in one written and given the one-year timing of the program, that is why the thesis is planned to carry some limitation as to the scope to make it relevant. Recommendation on potential Synergy Sources as the scope is planned to be very detail and implementation that actual realization of the potential synergy can be a next step in future action applied research. You will accept with me that this plan is like this to permit that all matters related to potential synergy is well address. It is in this way that I plan not only to limit myself to the big words or big category of potential synergy sources but to explode those big categories to capture all subtitles related

3 Current Knowledge on Synergy

The current Knowledge on Synergy is developed in four sub-sections namely Definition of Synergy, Benefits of Synergy, Potential Synergy Sources and Conceptual Framework

3.1 Definition of Synergy

Synergy is derived from a Greek word meaning 'Working Together' and according to Harris and Moran 2000, it represents ' a dynamic process; it involves adapting and learning; involves the joint action of many in which the total effect is greater than the sum of effects when acting independently; creates an integrated solution; does not signify compromise; yet in true synergy nothing is given up or lost.' (Katsioloude 2006 :140).

The writer went further to distinguish low synergy firm from high synergy firm. "A high synergy enterprise is one in which employees cooperate for mutual advantage because the culture of the organization supports such behavior. Employees work towards personal improvement as well as that of the group' A low synergy firm has difficulties to adapt quickly to change. Employees within the organization are not subject to empowerment, and in this case customers or people in general are less important than the rules and regulations." "In cultural Synergistic organization the best of each culture is melted together without infringing on the order.' Yes, Cultural synergistic organization knowledge will be very useful in building the conceptual framework for this study working together, working together enough and working together better. The author went further to confirm the allegation that "it is not particularly difficult to envision situations whereby synergies might be realized; it appears to be extremely difficult to actually realize them in practice. Katsioloude (2006: 166, 356) also reiterates the fact that "synergy should be sought across product markets and across functional departments within the business," and that synergistic partnership, such as joint venture, can do much to contribute to the development of the area and the peoples. This thesis would be doing just what it takes to illustrate during the company start analysis that Synergy do really cut across departments, units and functions. Posti has

been doing some acquisition and mergers and more avenues will be expose in this writing enabling synergetic partnership. Kaplan, Norton (2006: 39-40) with the use of the four balanced Scorecard perspective categories the various types of enterprise value proposition that can contribute to corporate synergies namely: Financial Synergies, Consumer Synergies, Business Process Synergies and Learning and Growth Synergies. He further explains the four categories as can be seen below.

Financial Synergies:

- Effectively acquiring and integrating other companies
- Maintaining excellent monitoring and governance process across diverse enterprises
- Leveraging a common brand (Disney, Virgin) across multiple business units
- Achieving scale or specialized skills in negotiations with external entities such as government, unions, capital providers and suppliers.

Consumer Synergies

- Consistently delivering a common value propositions across a geographically dispersed network of retail or wholesale outlets
- Leveraging common customers by combining products or services from multiple units to provide distinct advantages: low cost, convenience or customized solutions

Business Process Synergies

- Exploring *core competence* that leverage excellence in product or process technologies across multiple business units. Consider competencies in microelectronics fabrication, optoelectronics, software development, new product development, just-in-time production and distribution systems that lead to competitive advantage in multiple industry segments. Core competence can also include knowledge on how to operate effectively in particular regions of the world.
- Achieving economies of scale through shared manufacturing research, distribution, or marketing resources.

Learning and Growth Synergies

- Enhancing Human capital through excellent HR recruiting, training and leadership development practices across multiple business units.
- Leveraging a *common technology*, such as an industrial leading platform or channel for consumers to access a wide set of company services that is shares across multiple product and service divisions
- Sharing the best practice *capabilities* through knowledge management that transfer process quality excellence across multiple business units.

Collins and Montgomery (1995) summarize such effective corporate strategies. An outstanding corporate strategy is not a random collection of individual building blocks but a carefully constructed system of interdependent parts Collins and Montgomery (1998)

In a great corporate strategy all of the elements (resources, businesses and organizations) are aligned with one another. That alignment is driven by the nature of the firm resources that is - its special assets skills and capabilities (Collins and Montgomery 1998: 72)

3.2 Benefits of Synergy

To give a better view of Synergy it is good to look at Synergy as one of the 12 drivers of competitive advantage and as detailed by the author Mentzer (2004: 22), with the use of table 2 below. Amongst the twelve drivers, synergies come in the third position as could be seen in table 3 below.

Mentzer (2004: 65) confirms that synergies seldom happen unless they are actively sought, identified and managed collaboratively and the result of the first two drivers is the synergist effects (the whole is greater than the sum of the parts) can results. The author details as could be seen listed below on Figure 2 a mixed of Supply chain (SC) collaborative enablers, SC collaborative Impediments and SC Collaborative Benefits to assist companies develop their own supply chain Mentzer (2004: 66-67). This thesis will exhibit the usefulness of the Mentzer

knowledge in Posti that is, look for Supply chain synergies in the two units of Posti namely Mail and Postal Services and Parcel and Logistic Services. Supply chain synergies do exist in Posti and working enough on them will be useful in the company to meet competitiveness. Those Mentzer guideline is an add to this exercise.

Driver Number	Driver
one	Coordinate the traditional business function across the company and across the supply chain
Two	Collaborate with supply chain partners on noncore competence function
Three	Look for supply chain synergies
Four	Not all customers are created equal
Five	Identify and manage the supply chain flow cycle
Six	Substitute Information for Assets
Seven	Manage demand (not just for the forecast) in the supply chain
Eight	Systems are template to be laid over processes
Nine	Not all products are created equal
Ten	Make yourself easy to do business with
Eleven	Do not let tactics overshadow strategy
Twelve	Align your supply chain strategies and your reward structure

Table 2 the twelve drivers of SCM competitive Advantage

Mentzer (2004) as a summary urges us to take care of some of the impediments that occur and disturbs enablers to reach out to the benefits of synergy. The red arrow is used to indicate disruption or element that contribute to disruption of synergy and the green arrow indicate enablers or elements that favor synergies realization

SC collaborative enablers	For the SC collaborative Impediments
<ul style="list-style-type: none"> • Common interest in the relationship • Openness with the other party • recognizing who and what are important • Helping Each other • Clear Expectations • Leadership (Champion) • Working together and adjusting to one another • Problem Solving not punishing • Trust • Sharing Benefits • Technology • Longevity 	<ul style="list-style-type: none"> • Doing things, the old way • Conventional Accounting practices • Tax laws • Antitrust Laws • Limited view of the entire supply chain • Annual negotiation process • Time investment • Betrayal • Inadequate communication • Inability to consistently meet requirements
<div style="text-align: center;">  </div> <p>Collaborative Benefits</p> <ul style="list-style-type: none"> • Reduction in Inventory • Reduction in Personnel • Improve customer services • Better deliver through reduced cycle times • increase speed to market of new product • Focus on core competence • Public image • Strengthen trust and interdependence • Increase sharing of information, ideas and technology • Working towards the goals of the supply chain and not the individual companies 	

Figure 2: A mixed Supply chain (SC) collaborative enablers, SC collaborative Impediments and SC Collaborative Benefits

3.3 Potential Sources of Synergy

The author Kaplan & Norton (2006: 84) categories synergy in four as can be seen on Table 3 below

Categorization of Synergy by Kaplan		
Synergies	Enterprise Value Proposition	Typical Score Card Measures
Finance	To define the cross-business value proposition made possible by the integration of the SBU services	% Revenue from integrated services Life cycle cost reduction
Customer	To define the new customer value proposition made possible by the integration of SBU services	Length of relationship Value chain services used (#, %) Share of wallet
Internal Process	To define the new processes required to seamlessly integrate activities	Order Management - Productivity Customer Management effectiveness Key process cycle time
Learning and Growth	To define the knowledge, systems and culture required to integrate the value chain	Cross Business knowledge Teamwork Shared incentives

Table 3: Strategic Architecture Value Chain Integration

Table 3 above shows a generic corporate value proposition for value chain integration strategy. Virtually every organization is part of a broader competitive or cooperative environment in which customers combine the products or services of

one business with those of another service provider to achieve some high-level value proposition. Kaplan & Norton (2006: 77-82) discuss the four types enterprise value propositions namely: Shares processes and services, vertical integration, intangible assets and corporate level strategic themes. Deducing synergies from shared processes and services the author explains is gained in two ways, first by value of economies of scale by centralizing processes and secondly by capturing the benefits of creating centralized resources having specialized knowledge and expertise on how to operate key processes. Management of Information Technology (IT), the economies of purchasing and operating large processing centers ensure opportunity to reduce cost, achieve critical scale in expertise and improve productivity. Sharing the sophisticated capabilities required for effective IT also allow organization to improve data center security, adapt flexible standards for operating platforms and remain current with the never-ending wave of new technologies. Gaining economies of knowledge in business processes offers similar potential to large organization. Physical management of processes may remain decentralized, the sharing of common philosophies (TQM, EFQM, most recently Six Sigma), program and competencies (Activity Based Management for example) can create significant benefits

The author also did an exposure on synergies from leveraging intangible assets. By intangible assets here he is referring to human capital which accounts to nearly 80% of organizational value therefore the need to offer an effective process for developing human assets. The author with the use of the Strategic Business Units (SBU) concept articulated on leadership, organizational development, human capital development and Knowledge sharing to expose sources of synergy.

Kaplan & Norton (2006: 11) illustrates as can be seen in Table 4 below some Sources of Synergies.

Sources of Potential Synergy as Per Kaplan	
The enterprise Scorecard	Sources of Enterprise Derived Value (Strategic Themes)
Financial Synergies	<p>Internal capital management: Create synergies through the effective management of internal capital and labor markets</p> <p>Corporate Brand: Integrate a diverse set of businesses around a single brand, promoting common values of themes</p>
‘How can we increase the shareholder value of our SBU portfolio?’	
Customer Synergies	<p>Cross-Selling: Create value by cross selling a broad range of products and services from several business units</p> <p>Common Value Proposition: Create a consistent buying experience, conforming to corporate standards at multiple outlets</p>
‘How can we share the customer interface to increase total customer value?’	
Internal Process Synergies	<p>Share Services: Create Economies of Scale by sharing the systems, facilities and personnel in critical support processes</p> <p>Value Chain Integration: Create value by integrating contiguous processes in the industry value chain</p>
‘How can we manage SBU processes to achieve economies of scale or value-chain integration?’	
Learning and Growth Synergies	<p>Intangible Assets: Share competence in the development of human, information and organizational capital</p>
‘How can we develop and share our intangible assets?’	

Table 4: Sources of Synergy

3.4 Conceptual Framework

The summary as seen in Figure 2 below gives an insight to what synergy is all about, the potential sources of synergy and well-defined sources.

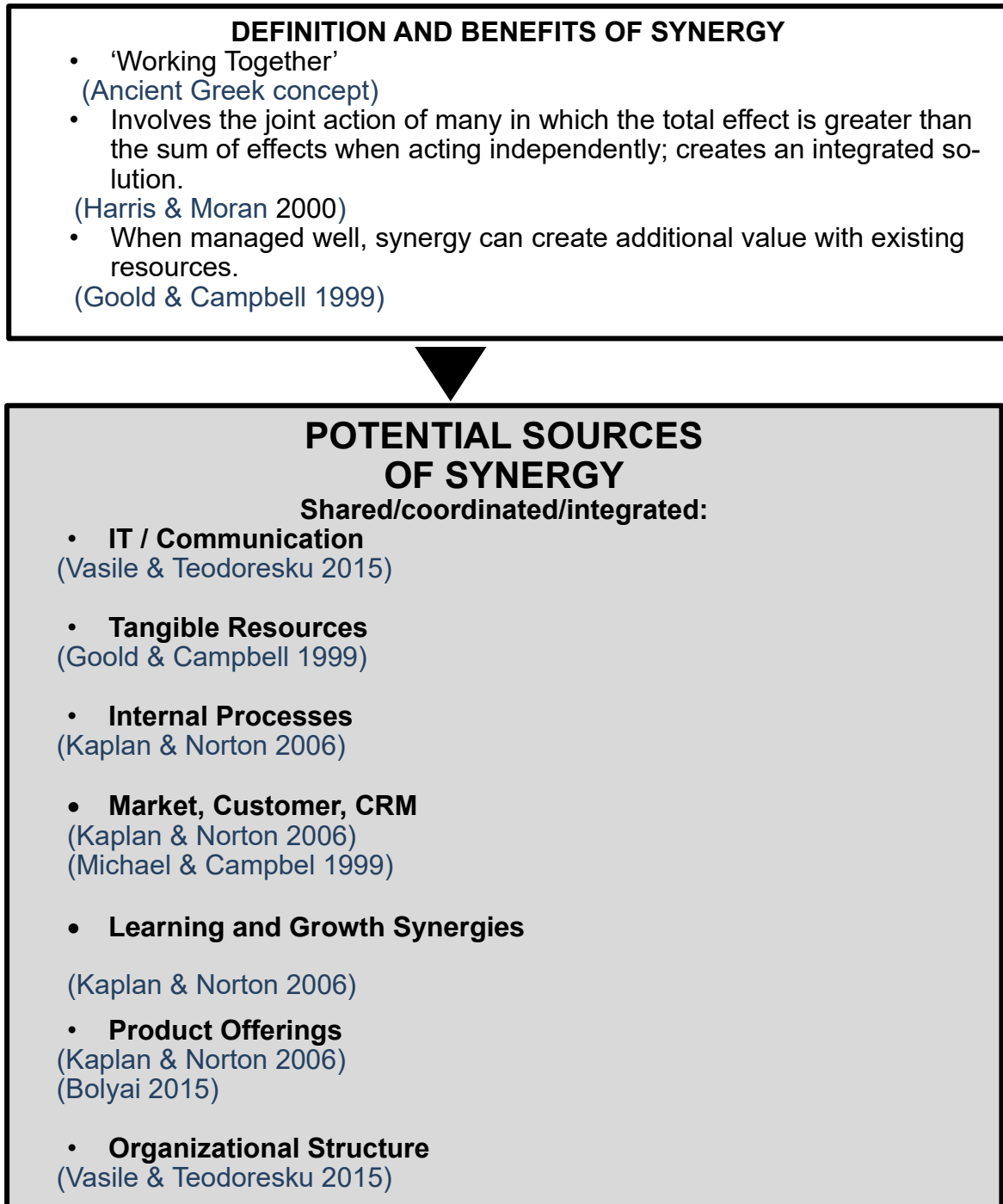


Figure 3: Outline of the conceptual framework

The seven sources of potential synergy will be capitalized on in deducing synergies in the case company POSTI and therefore develop recommendations on how to realize them. In continuity an analysis of the potential sources of synergies in the next chapter, the Current State Analysis or Start Analysis is very inspired from this conceptual framework that forms its foundation. It is important to note that from literature readings benefits of synergy go beyond or might go beyond is highlighted above and as the case company may be. This research work obliges the author of the thesis to accept and highlight those benefits of synergy deemed useful for the case organization. This does not underscore the other sources of potential synergy not mentioned or used for this action applied research and the case company in consideration

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4 Analysis of Potential Synergy Sources at Posti

This section provides an overview of data 1, detailed description of the case company operations, an analysis of potential synergy sources and a summary of identified sources of synergy

4.1 Overview of Data One

Data one was collected with the use of observation as method. Video and note taking with the use of pen, paper and smart phone in some situation as a backup officer EMDJ. My personal phone and the work phone were used as space allow to take some of the video. I do roam the offices and each time I could count, take note and sometime take pictures to be sure and compliments note taking

There are five a minimum of 4 Night supervisors seated Pasila and informal discussion with some of them was useful to conclude and affirm on the list of operative factors of production below. It is important to note that The Helsinki Metropolitan area is supervised as 4 main operative areas at night for the EMDJ. That is Center, Espoo, Vantaa and East Night operative areas. Interactions with Supervisors and some of the ten Back Up workers have been useful to conclude on Table 5 below

Respondent ABC says, “there are 10 Back Up workers for EMDJ Center.” Some use own cars, some use bicycle and some are assisted by those with Posti cars to shuttle between roots and as need be.

Respondent ACB say “You have done good work with your presentation! I read it once quickly, later today I take longer break and read it with “magnifier” so if there is something, I let you know. But like I said, first glimpse showed that it is good”

Table 5 below illustrate the state of OFPs as per CSA in the Annankatu, Elielinaukio. Kauppiankatu. Museokatu, Laivurinrinne Köydenpunojankatu and Kasarminkatu for the center.

Anankatu, Elielinaukio, Kauppiankatu, Museokatu, Laivurinrinne, Köydenpuojankatu, Kasarminkatu		
	Operative Factors of Production	Number
1	eTrolley	30
2	Trolleys	30
3	Posti Car	1
4	Route Packages Workers EMDJ	52
5	Back Up Workers EMDJ	10
6	Use of Own Cars	10
7	Use of eBicycles	3
8	Number of offices or SBU	7
9	Types of Keys	>6
10	Number Keys Coloring and Differentiations	>10
12	Number of Keys	>500
13	Work Smart Phones	52
Table 5: Distribution of factors of Operative Factors of Production (OFP) as per CSA		

Table 5 above reads some numbers of OFP as it is in the Helsinki Metropolitan Area center. The data above is to give the reader an idea in numbers of the OFP. Use the above numbers as average numbers as we are in a very competitive market where there is a continuous shift to digital consumption and tools for physical delivery also facing a continuous decline in need. It is imperative to see how some of this data will change when proposal draft Recommendation of Potential Sources of Synergies will be engaged in the next chapter. Due to the classified nature of some of the data at Posti as informed by a respondent I am obliged to

offer only what is at my disposal. The questionnaires developed (see appendix 1) to get an in-depth to some of the data did not help this time due to the classified nature of the information

4.2 Detailed Description of Company operations

Posti company operations is mapped out in figures 1 to 25. It is important to note that the operations here concern only Mail, parcel and EMDJ in the Helsinki Metropolitan Area. The design and conception of the delivery process map was done with intuition of past work experience in the company for 19 years. Observation and note taking has been the key. The validation of this mapping was done via email from the Production Manager confirm the value chain void of any error.

Value Chain

Mail & Parcel and Early Morning Distribution of Journals

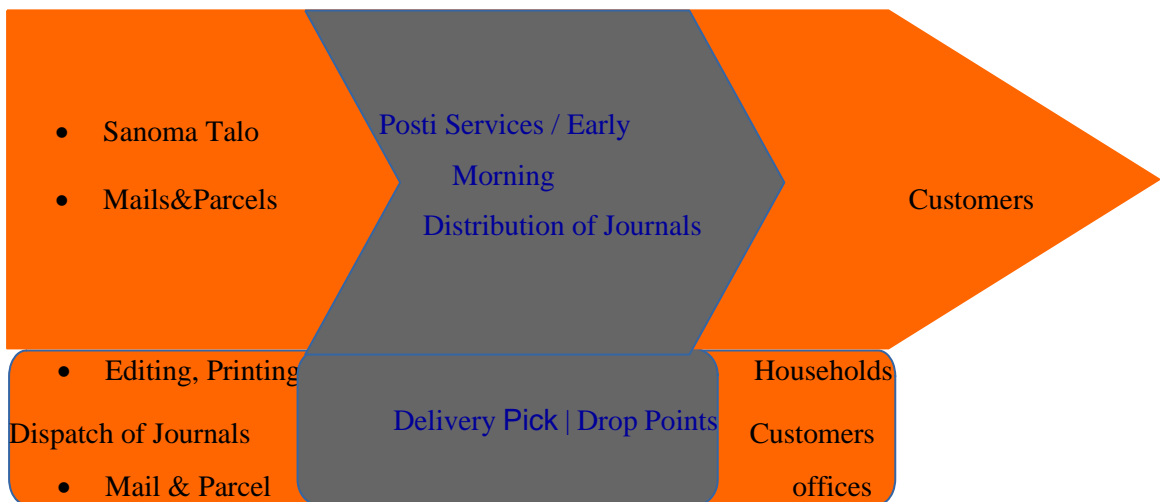


Figure 4: Delivery Process Value Chain

Figure 4 above depicts the value chain of Mail and Parcel Postal services and Early Morning Distribution of Journals (EMDJ) Strategic Business Unit (SBU) for the Helsinki Metropolitan Area. EMDJ have products prepaid Journals that is Helsinki Sanomat (HS), Hufvudstadsbladet (HBL), Kauppalehti (Kaup), Västra Nyland (VN) and Östnyland (BB) which are edited and printer at SanomaTalo Vantaa and then dispatch to the various delivery points or offices as map out or as could be seen on the various figures below. These journals pick up

and delivered with the use of digital smart phones with predefined routes to the customers. Prepaid Journals are owned by Sanoma and Posti is only engage in the door to door and mailbox to mailbox delivery to customers. Mail and parcels do have channels of distribution not usually the same as that of journals. Mail and parcels do not usually have same drop and pick points even though they are delivered in the same area and same customers. The figure below gives a better illustration of mail, parcel and EMDJ flows.

Figure 5 below is explicit of the forms of the different Strategic Business Units (SBU) of Posti in the Helsinki Metropolitan area and the operative factors of production (OFP) identified. The Main Post, name Category A do have as operative factors of production Sorting center for parcels and mails, Printers outlet, Pc workstations, Electronic Trolleys spare and Charge Points, Spare Non-Electronic Trolleys, Spare Keys, Spare Smart Phone and Charge points and Managers of the different Strategic Business Units of Posti are seated in the main Post Office.

Category B takes all the OFC of A except that it is not the main office and those not function as such. There are usually Area Sorting Units of mail and parcels and some do act as drop and pick points for EMDJ.

Category C are usually sales points. Some are smart sale points and usually do not house EMDJ functions

Category D exhibits subcontracted sales point of Posti. Some R Kioski fall in this category. They deal with stamp sales, prepaid mails and parcels and usually has nothing to do with EMDJ functions



Category E are a mixed of drop and pick offices of Journals and Sorting offices.

Category F are exclusive offices for the drop and pick points of EMDJ. There are usually equip with trolleys and key safety box.

Category H are Posti yellow boxes where light pre-stamp letters and very light parcels could be drop.

Category I are exclusively drop and pick points of EMDJ. They are not offices for only trolleys and drop/pick boxes are in an open air.

Category J are used for high volume distribution for example, advertisements are taken nearest as possible to boxes next to household where exclusively Posti workers do have access. Posti workers take the product from those boxes to the customers in the surroundings.

Category K are exclusively delivery points of journals and usually meant for second deliveries. Usually they are power with only drop and pick boxes in the open air.

Category L are again meant for second delivery of journals and are usually located next to buildings and carry no sign indicating that it is a post office workstation.








Process Maps Signs	
Symbols	Names
	EMDJ to Customers (Outbound)
	Parcel and Mail Deliveries to Customers
	EMDJ Customer Back Up
	EMDJ to SBU from SanomaTalo
	Delivery of sorted mail and parcel to SBU
	Delivery of mail and parcel to Customers
	Delivery of sorted mail and parcel to Pasila Main Sorting Center
	Mail and Parcel from Suppliers
Table 6: Product Flow Symbols and Definitions	

Table 6 above give definitions of all the arrow signs used in the process maps details in symbols and names that is, what it means. Figure 6 describe a process map distribution chain in the Eira - Keskustaa area. There are five distribution points. One serves as first delivery point and five serve as second delivery points. Keys, trolleys and other OFP are in two addresses offices that is, Kasarminkatu and Laivurinrinne, Annankatu and Elielinaukio postal SBU are not used for EMDJ operations. It is important to note that a worker EMDJ is entitled to route package consisting of 3 – 5 well defined delivery routes as work list delivery to customers household or offices. EMDJ Work schedules or delivery promise is from 00:50 am to 6 am from Mondays to Fridays, 2 – 7 pm on Saturdays and 2:30 am – 7:30 am on Sundays for the EMDJ. Back up of missing and wrong deliveries start from 9 am daily. These delivery promises are valid for the SBU for the EMDJ Helsinki metropolitan Area. While M&PS workers function full time as day delivery to customers with shift starting from 7 am.

Sorting could take three full time shifts depending on the units. It is as well important to note that not all workers do have specified defined delivery routes for example back up workers. Back-Up Workers do respond to absent workers, missing and wrong journals deliveries. That is back up workers are standing for regular workers who are sick, workers absent due to car failures, workers who could not catch up with public transport and other valid reasons. Those offices marked in green are those that their existence could be encouraged and those in red need to be closed for cost savings reasons and efficiency. Delivery of mails, parcels and EMDJ can happen from the same offices for the same customers. 2nd delivery points could be maintained to take care of volumes EMDJ and as well where production of journals does not work as plan

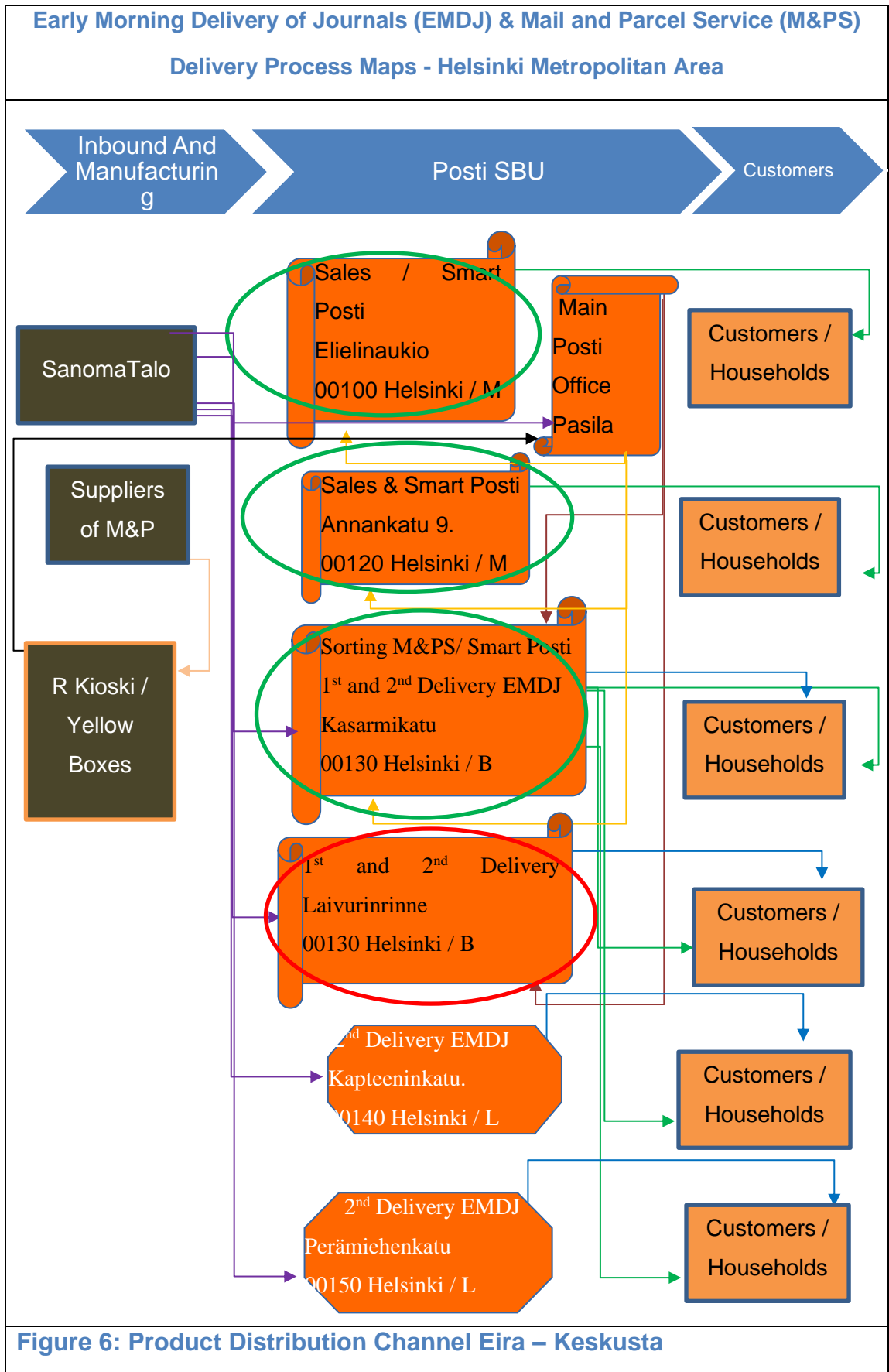


Figure 7 above illustrates a process map distribution chain in the Lapinlahti - Keskusta area. There are seven distribution points in that area. Elielinaukio serves as sales point only. Annankatu has smart Posti operations only. Köydenpunojankatu serves as first and second delivery point office and three others serve as second delivery points EMDJ. Safety box for keys, keys, trolleys are in Köydenpunojankatu. The other five points serve as drop points for journals from SanomaTalo and Route Workers pick up points for EMDJ only. One Postal SBU Porkkalankatu is used only for sorting and distribution of M&P. It as well serves EMDJ for Posti van could be pick up from Porkkalankatu for EMDJ operations. The office in red serves the same customers as the Porkkalankatu offices even though the products are not the same. Offices in red illustrate area of heavy improvement needs while yellow circles illustrate light improvement needs. Green circles illustrate SBU that could be kept and its example taking advantage of.

Early Morning Delivery of Journals (EMDJ) & Mail and Parcel Service (M&PS)
Delivery Process Maps - Helsinki Metropolitan Area

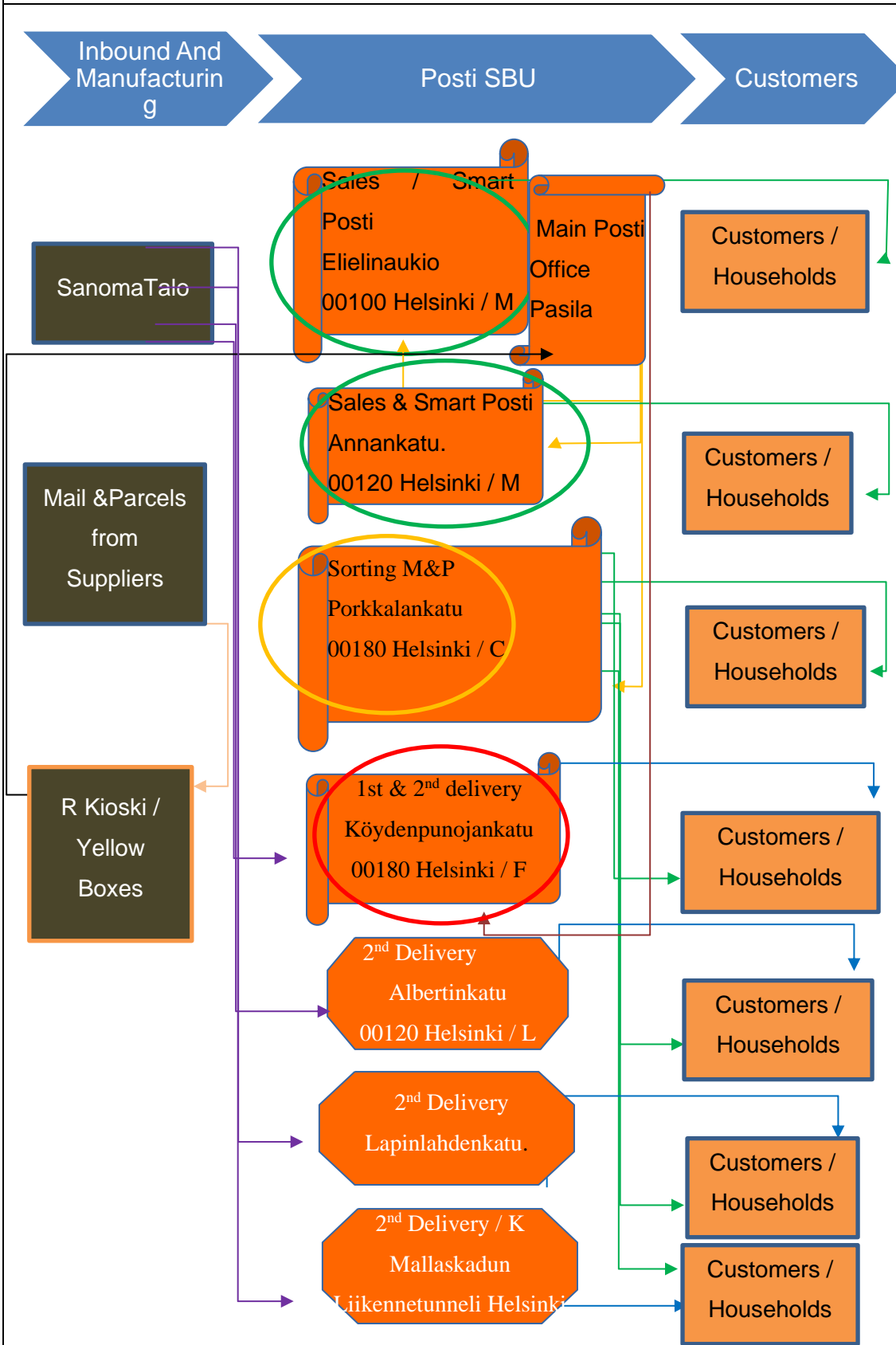
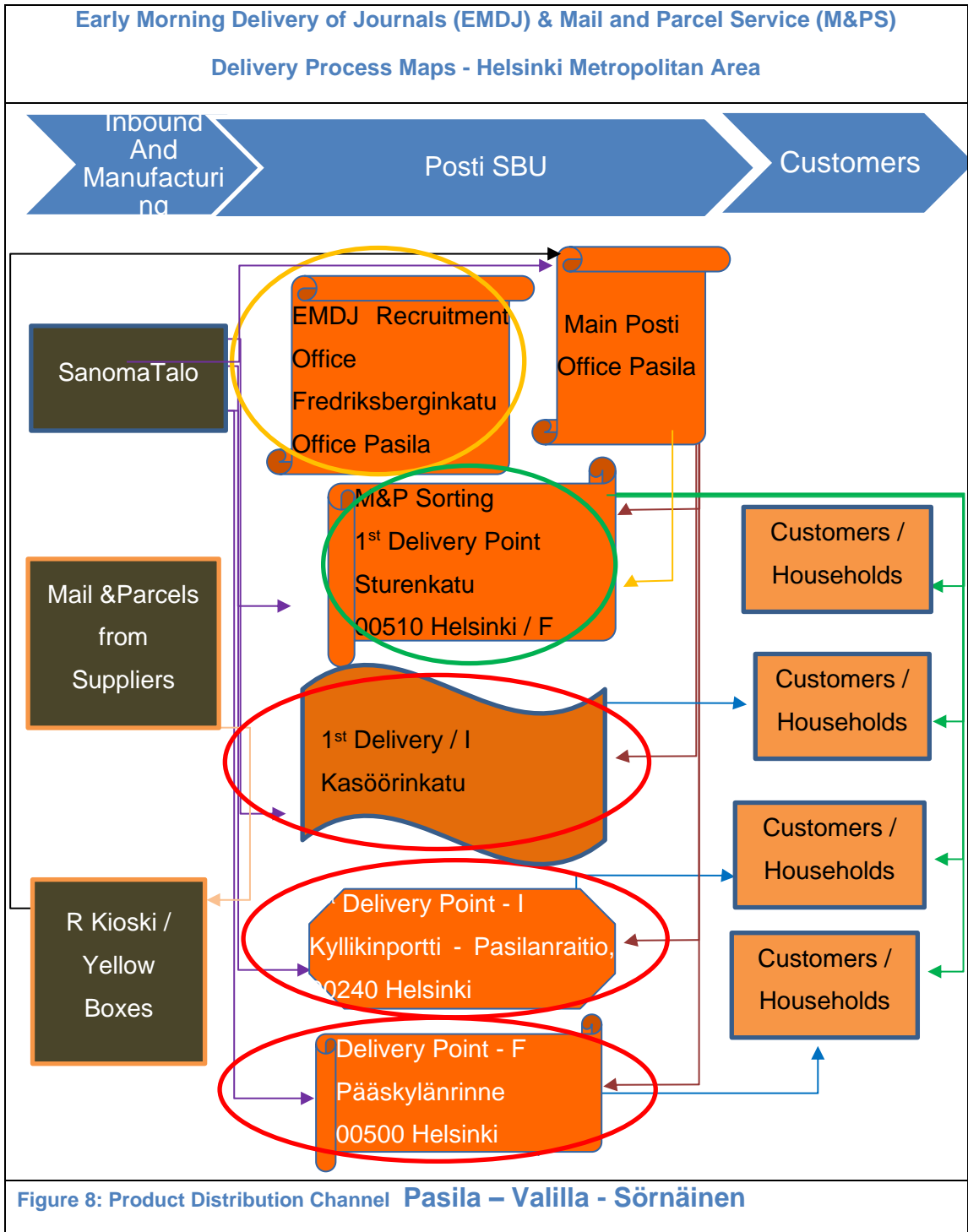


Figure 7: Product Distribution Channel Lapinlahti – Keskusta

Figure 8 below is a process map distribution chain in the Pasila - Vallila area. There are four distribution points. All serve as first delivery points EMDJ were keys safety box. Keys, trolleys kept except Fredriksberginkatu that serves as a recruitment office only. Kasöörinkatu drop pick points is a semi office and provides some shelter while Kyllikinportti – Pasilanraitio is in the open air.



Those SBUs circle in red do need some improvement, those circle in yellow some light improvement those circle in green is to be encourage as they handle both functions or could be organizes to handle operations.

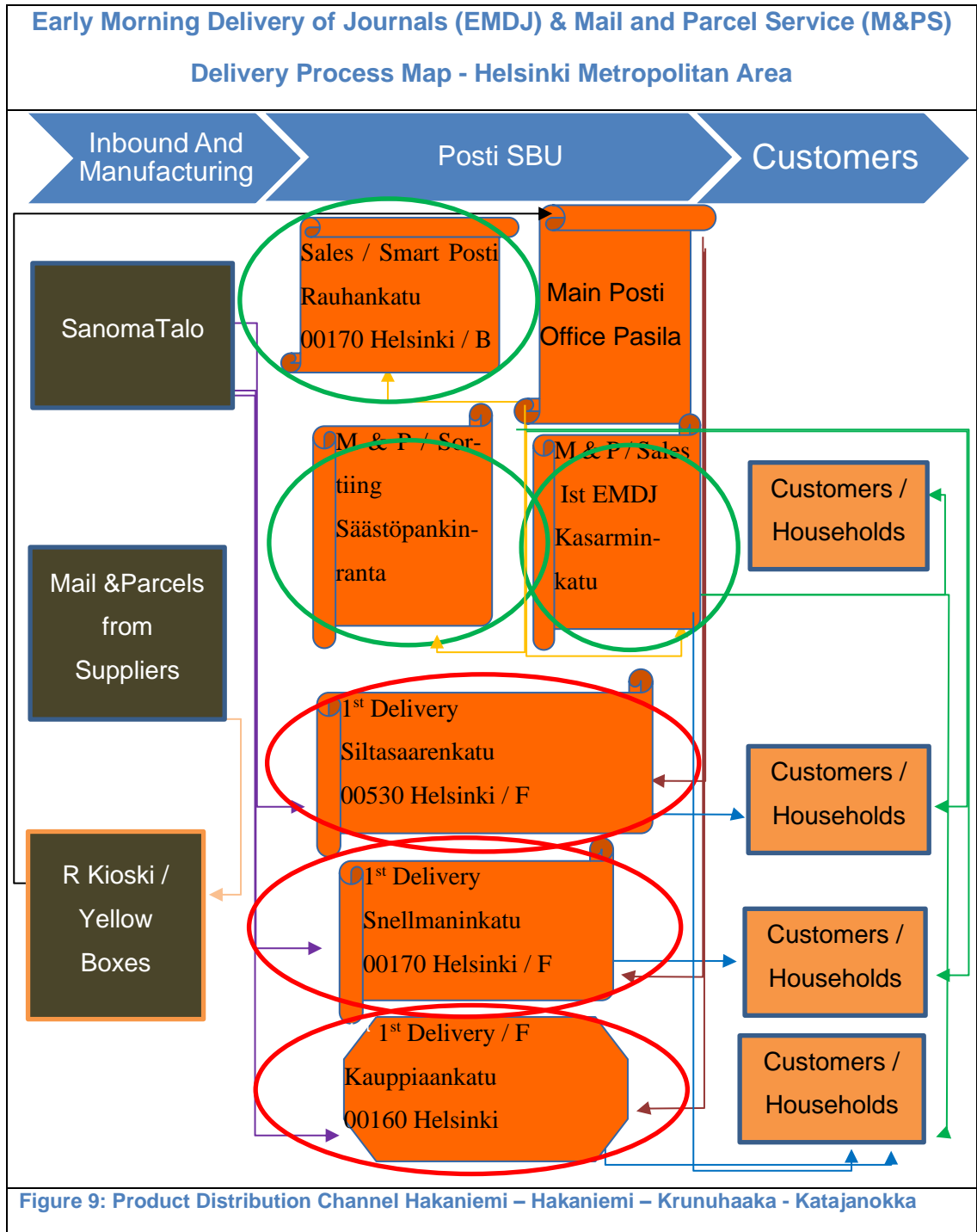


Figure 9 above describes a process map distribution chain in the Hakaniemi – Krunuhaaka and Katajanokka area. There are six distribution point offices. All serve as EMDJ delivery drop – pick points except Rauhankatu and Säästöpankinranta which is a sale point for M&PS only. Kasarminkatu serves as well sorting M&PS operations. The other three offices serve as EMDJ drop - pick points. Keys Safety Boxes, Keys, trolleys are in all offices except Rauhankatu offices. In addition to the above listed OFP Kasarminkatu is powered with eTrolley, PC, print outlet station and smart posti. EMDJ offices circle in red serve the same customers as those circles in green even though the products might be different. SBUs circle in red needs some improvement and could work together better if reorganized

Figure 10 below is a process map distribution chain in the Etu-Töölö area. There are six distribution points. Mechelininkatu serves as sales sorting and EMDJ points. Elielinaukio serves only as sales point and the others serve only EMDJ. Keys Safety box, Keys and trolleys located in Mechelininkatu and Museokatu for EMDJ. Runeberginkatu, Runeberginkatu, Töölöntorinkatu, Topeliuksenkatu and Ilmarinkatu serve as 2nd delivery drop – pick up points for EMDJ only.

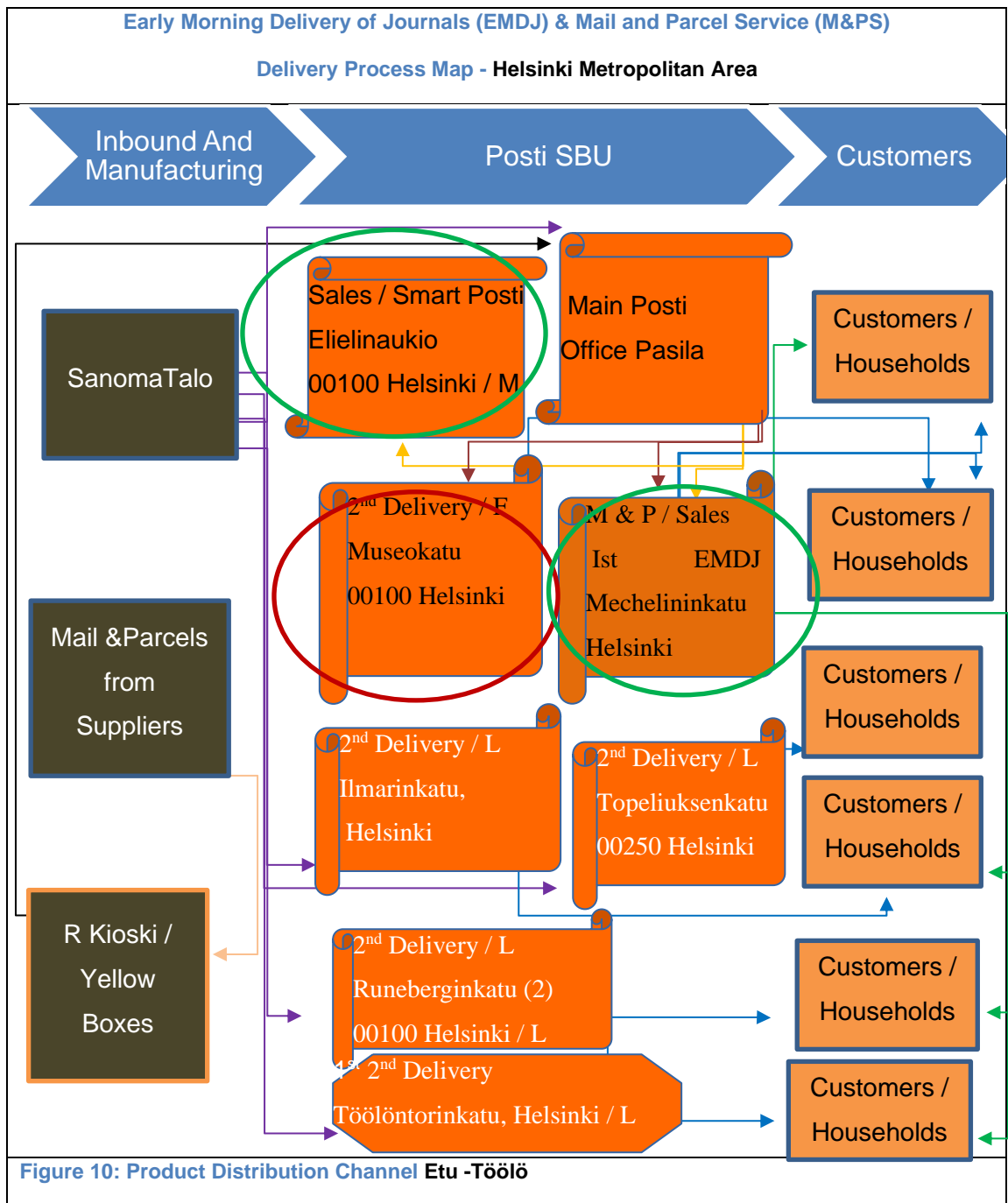


Figure 11 below is a process map distribution chain in the Taka-Töölö area. There are seven distribution points. Tilkankatu and Mechelininkatu marked in green both serve Sorting M&PS and EMDJ first delivery point. Key Safety box, Key and trolleys are kept in both points. The other five points serve as delivery drop - pick points for EMDJ only.

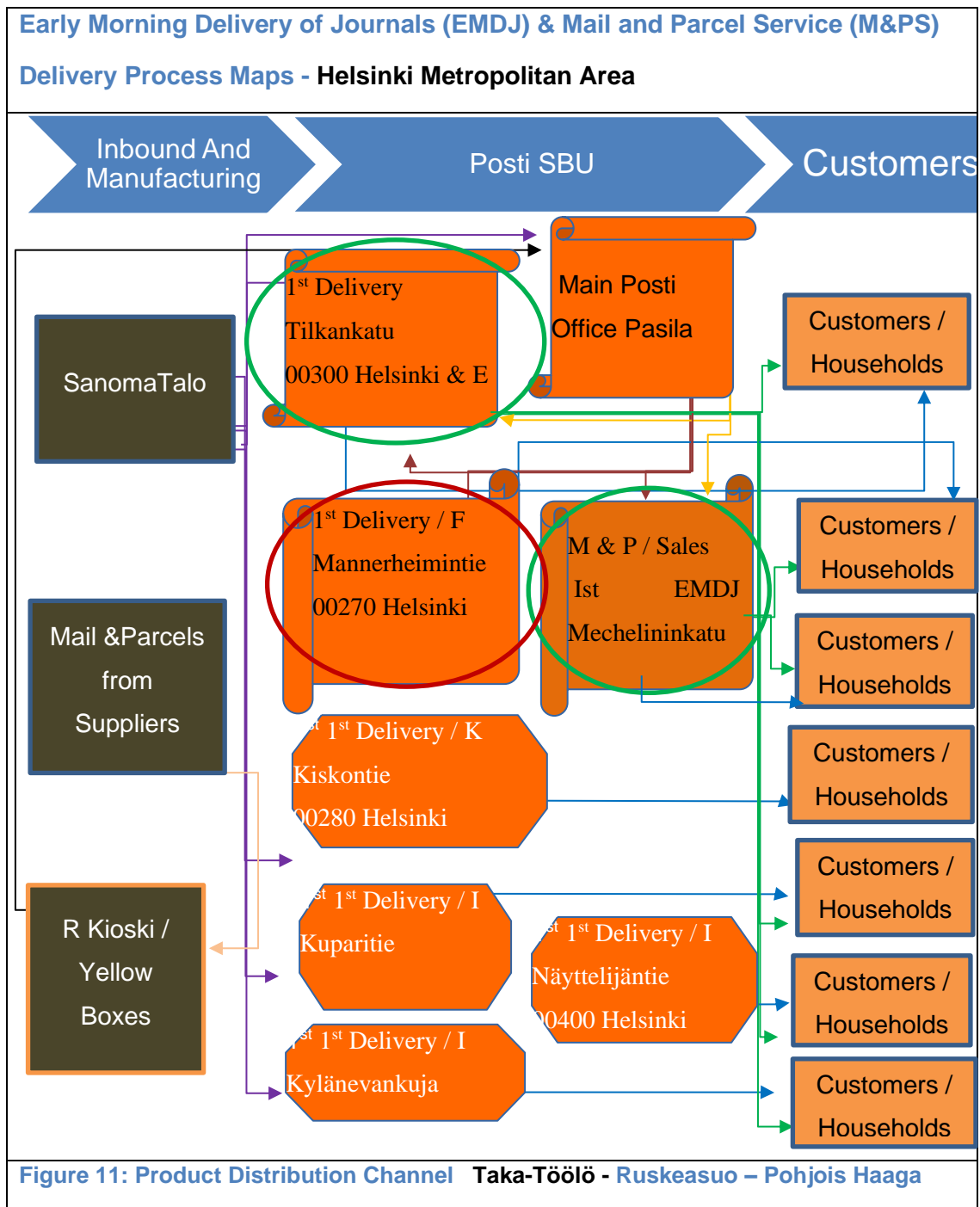
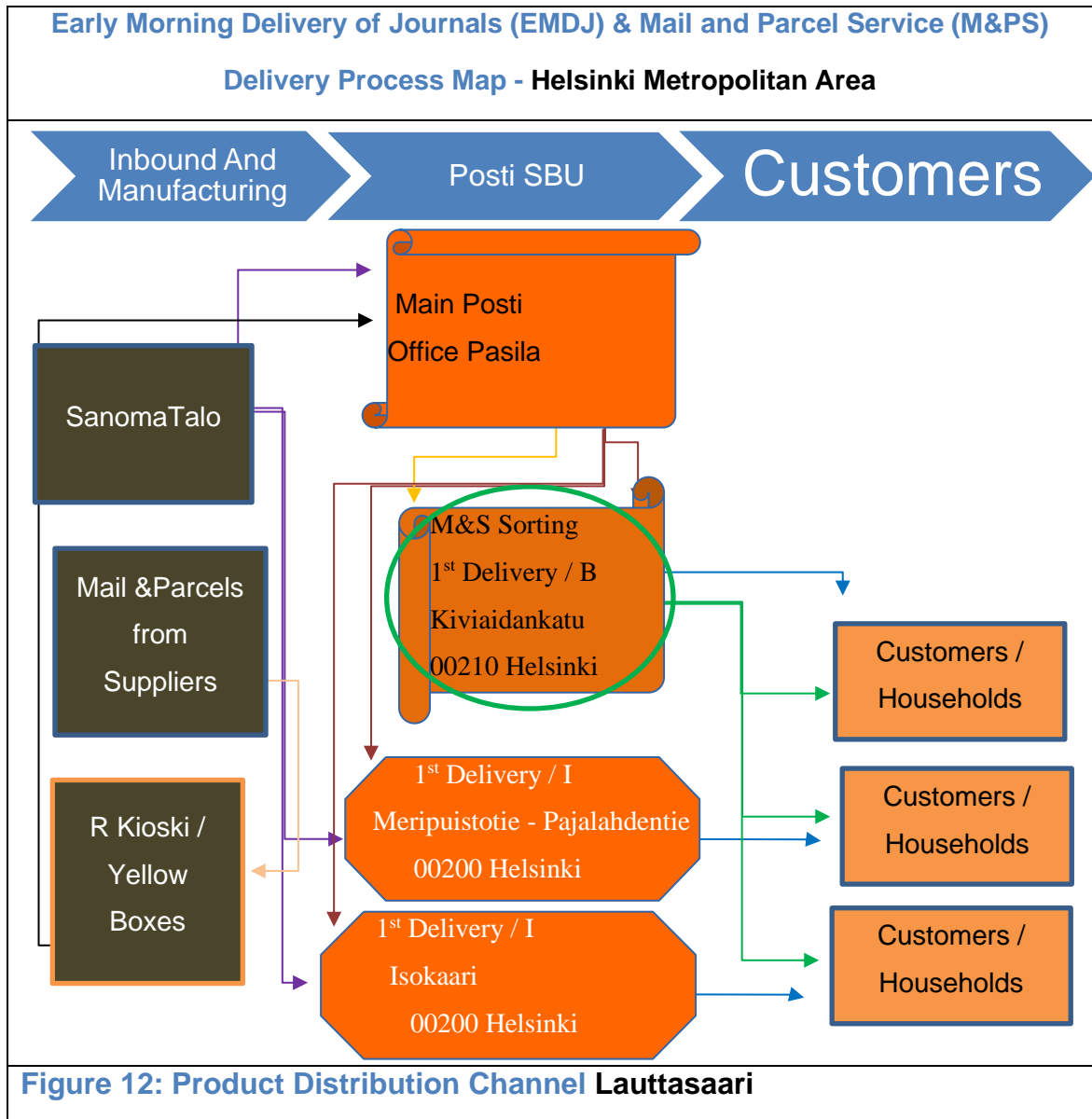
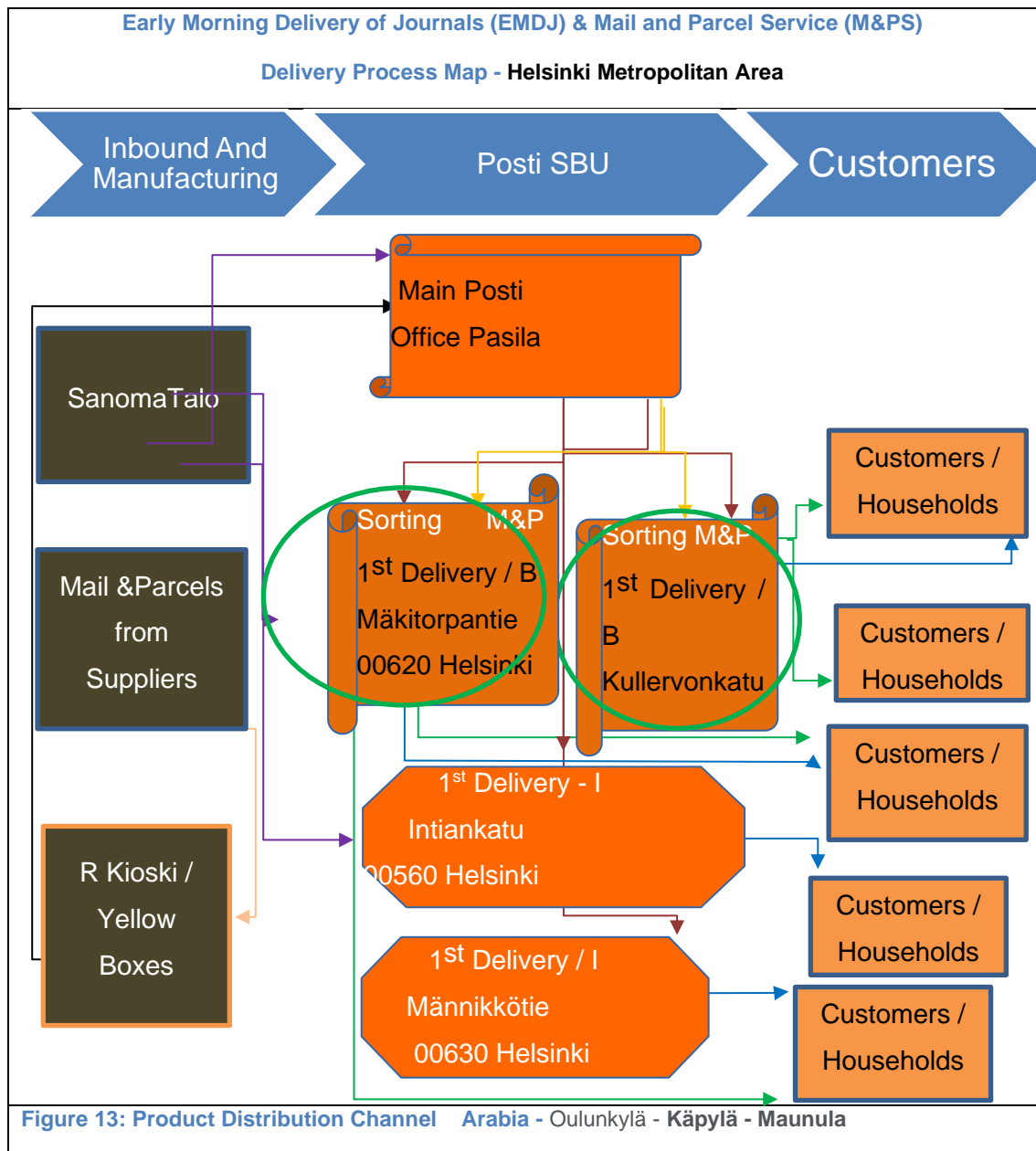


Figure 12 below illustrates a process map distribution chain Lauttasaari area. There are three distribution points. Kiviaidankatu serves both sorting of M&PS and EMDJ operations. Key safety box, keys, eTrolleys, trolleys, print station and a posti van are in this office. The other two delivery drop – pick points serve only EMDJ function.



Both last two points, Meripuistotie-Pajalahdentie and Isokaari reside in the open air and could be found only Key safety box, Keys and trolleys as operative factors of production. The same customers are served from different delivery points for M&PS and EMDJ.

Figure 13 below is a process map distribution chain in the Arabia area. There are four distribution points. Keys Safety box, Keys, trolleys are kept in all the points. In addition, Mäkitorpantie and Kullervonkatu are powered with print stations and eTrolleys. Intiankatu and Männikkötie are in the open air and serves only as delivery drop – pick point for EMDJ operations.



The SBU Kullervonkatu as well as Mäkitorpantie offices marked in green serves both M&PS sorting and EMDJ operation.

Figure 14 below is a process map distribution chain in the Malmi area. There are four distribution points. Keys safety box, Keys, trolleys, Posti cars and eTrolleys are positioned in Malminkaari and Lyhtytie offices marked in green that is, encouraged for they are used for both for M&PS and EMDJ operations. Liuskentie and Eskolantie both are in the open air and serves only as delivery drop – pick

points only EMDJ. Both latter delivery points are power with Trolley, Keys and safety box as OFF.

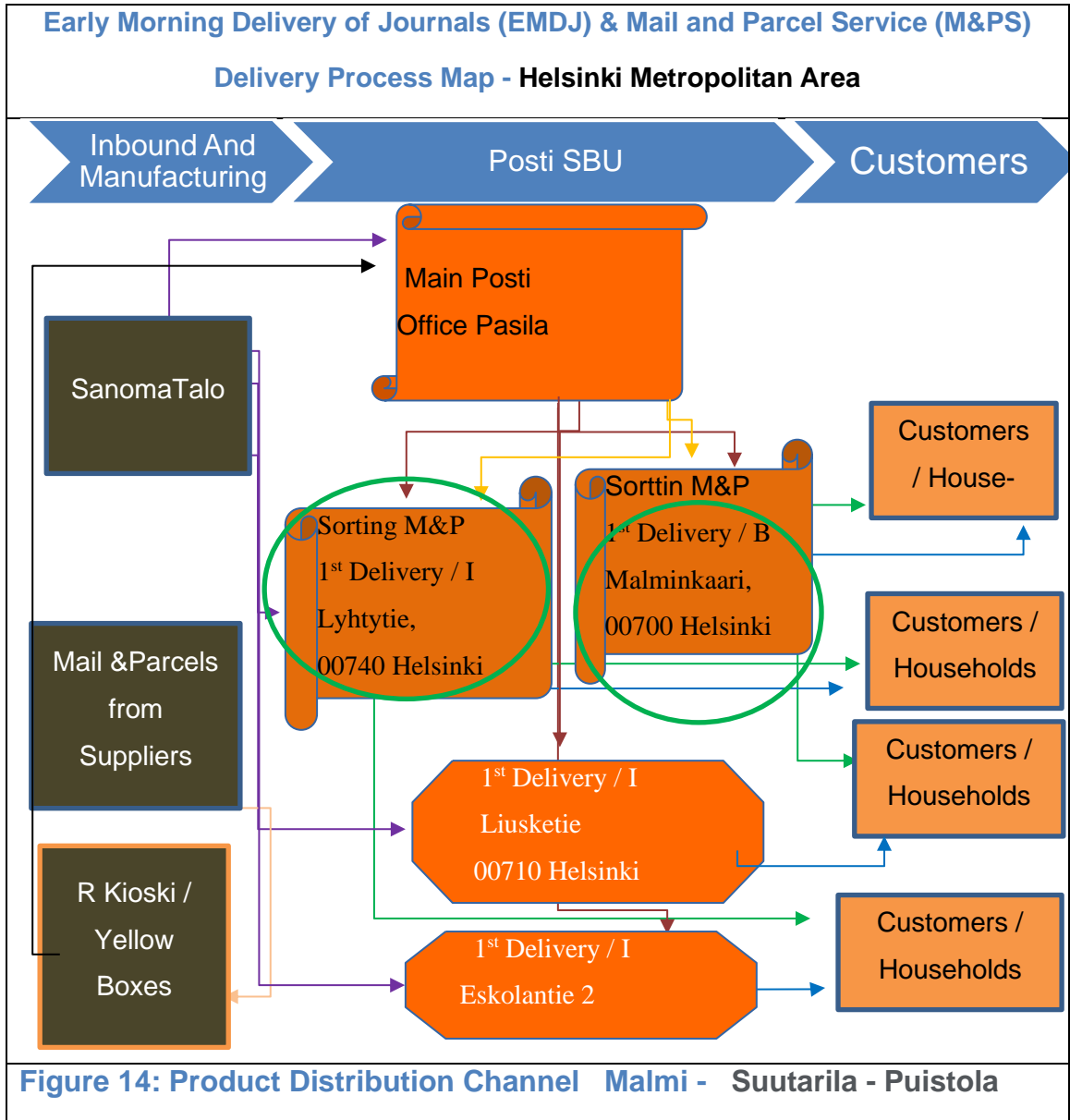


Figure 15 below is a process map distribution chain in the Herttoniemi area. There are four distribution points. All serve as first delivery point offices for EMDJ. Siilitie and Roihuvuorentie are in the open air and hosts only Keys Safety Box, Keys, trolleys as OFF for EMDJ operations. In addition to the above OFF Svinhufvudintie host a shelter. Laivalahdenkatu SBU marked in green that is, to be encouraged as it serves as sales, M&PS sorting and EMDJ office. In addition to the above OFF are posti cars, vans and eTrolley hosted in the latter office.

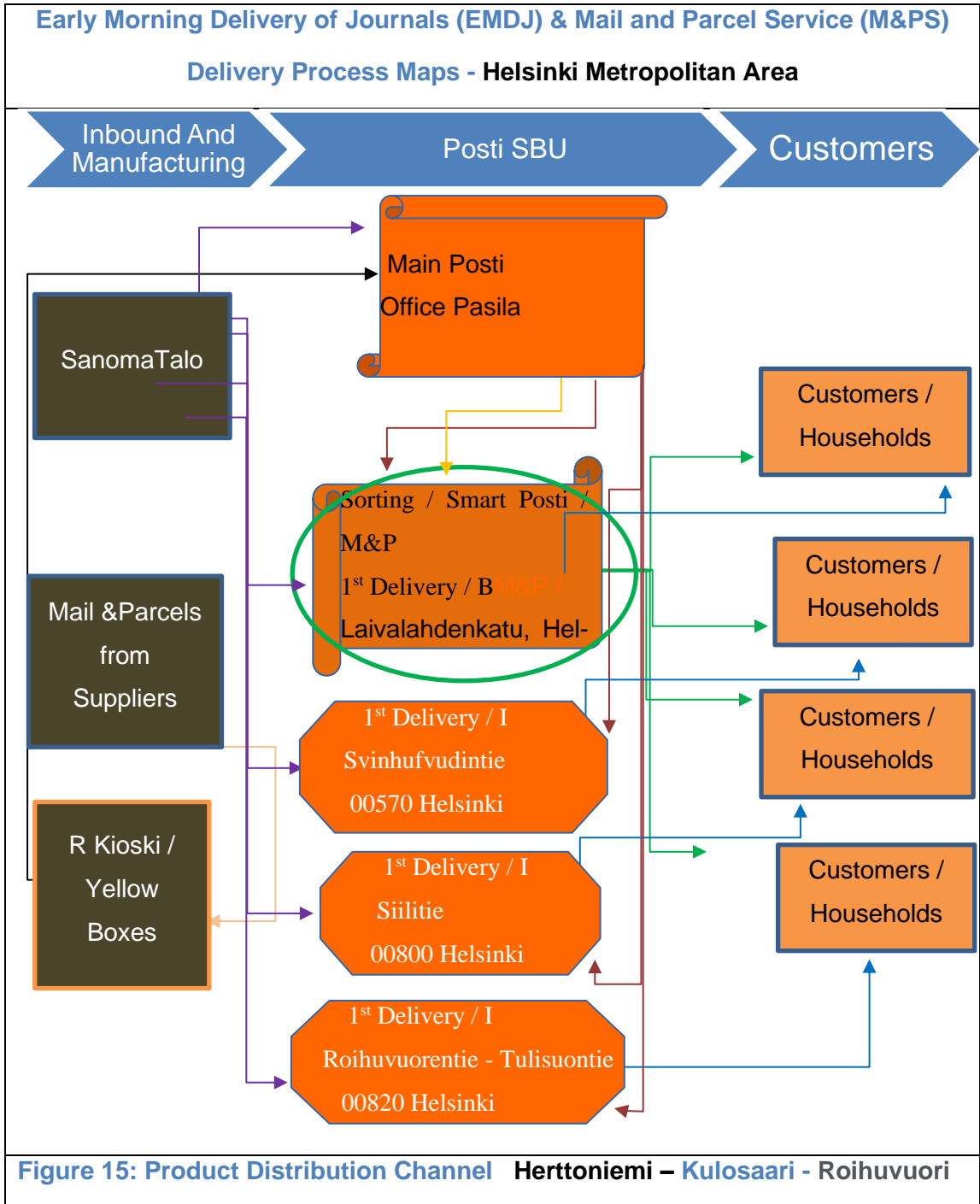


Figure 16 below is a process map distribution chain in the Vuosaari area. There are four delivery points for EMDJ. Kallvikinniementie - Meri-Rastilantie and Gustav Pauliginkatu SBU's are both in the open air and host

Keys Safety Box, Keys, trolleys as OFP for EMDJ operations. Rusthollarintie is an office marked yellow that is, needs some improvement for working together enough. In addition to the above OFP it is an office with a non-functional print station. Asiakkaankatu marked in green that is, to be encouraged run both Sorting

for M&PS and EMDJ operations and in addition to the above OFP hosts eTrolleys and Posti cars

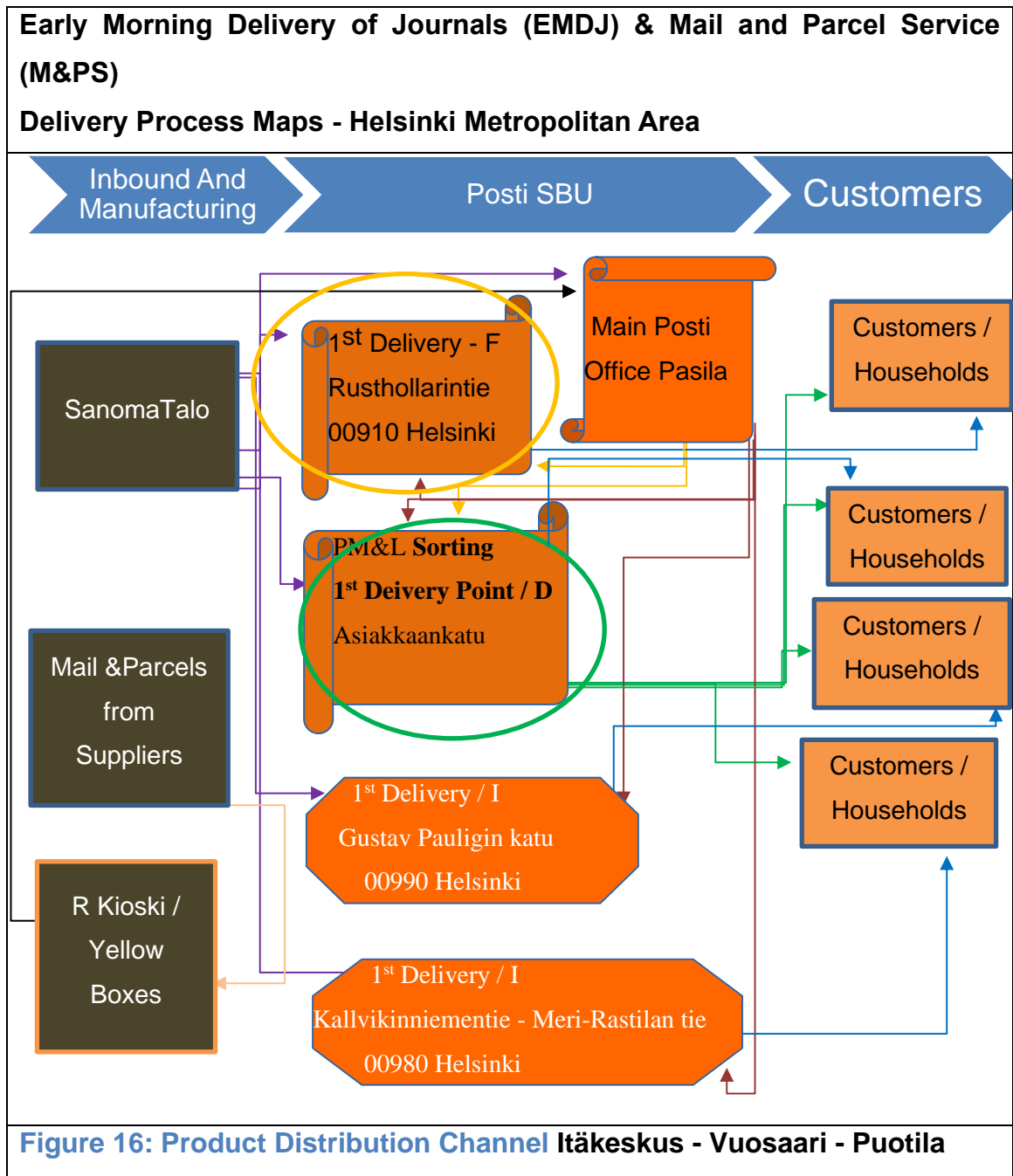
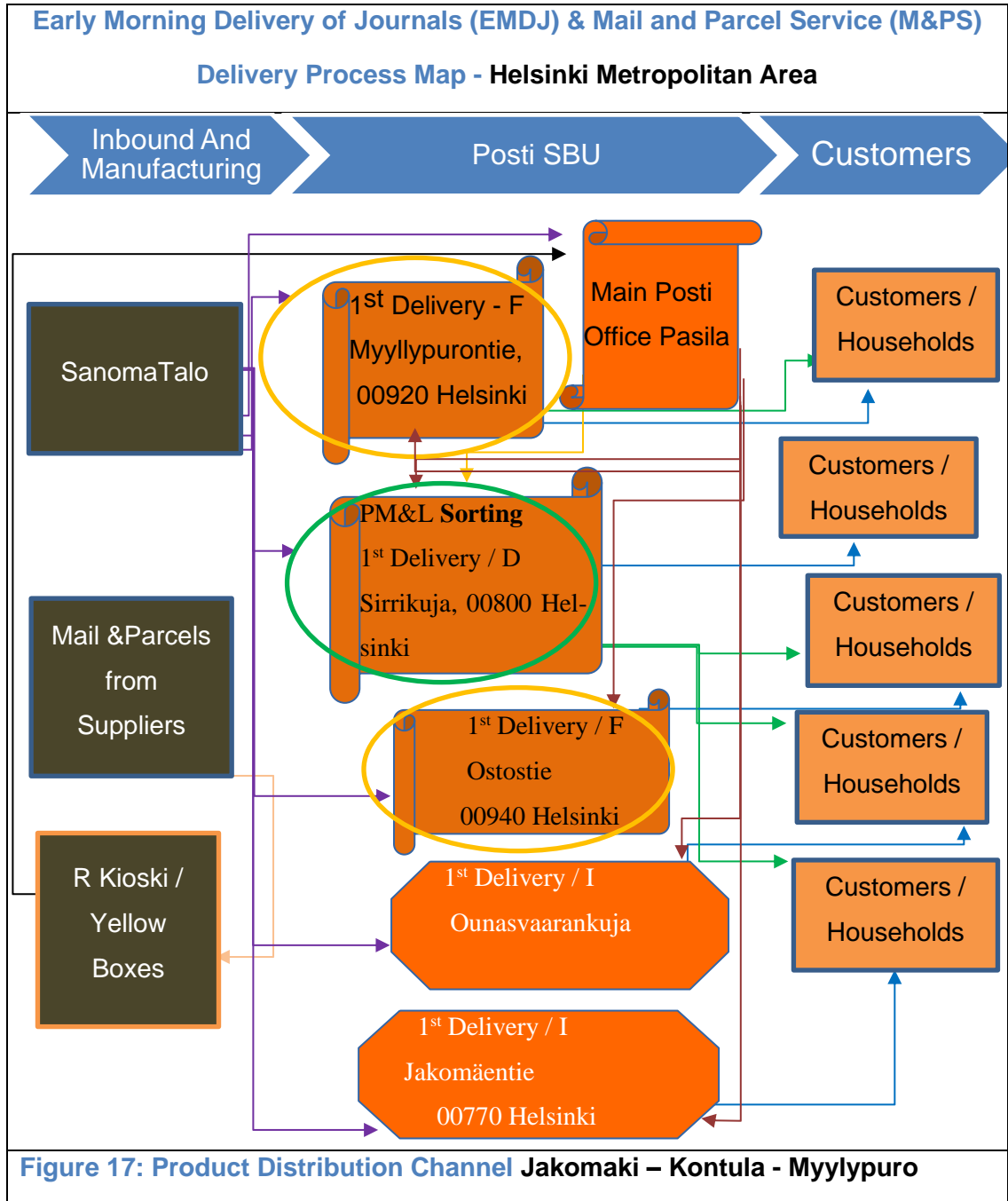
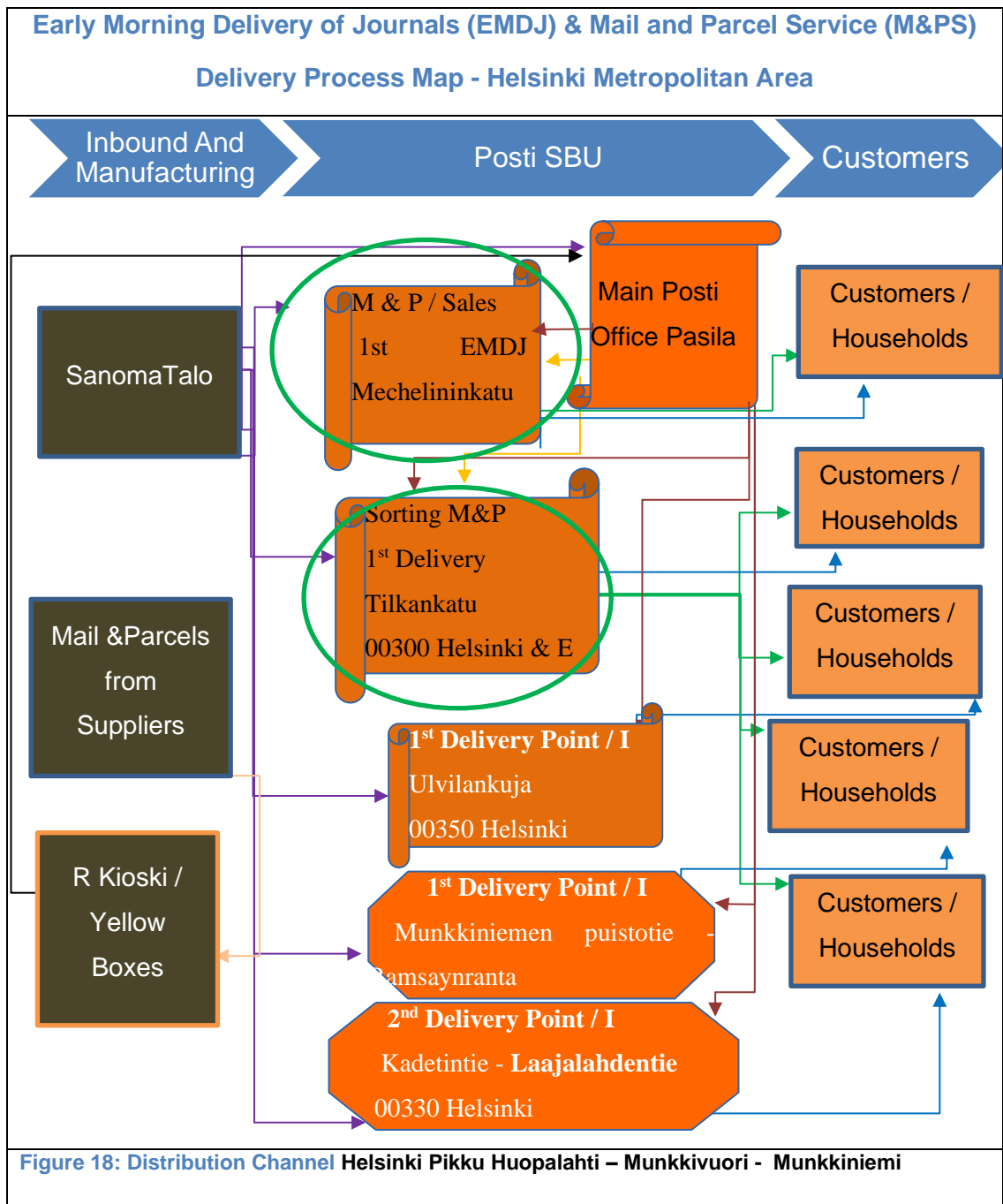


Figure 17 below is a process map distribution chain in the Kontula area. There are five distribution points. All serves as first delivery points for EMDJ operations. Key Safety Box, Keys, trolleys are hosted in all five-delivery drop – pick points as OFP. Jakomäentie and Ounasvaarankuja are in the open air and in addition the former hosts a delivery bicycle. Both Myllypurontie and Ostostie are offices marked in yellow that is, needs some improvement for working together enough.



They both host neither a pc nor a print station. Siirikuja is an office marked in green that is, encouraged serves EMDJ and sorting M&Ps operations and in addition to the above OFP is powered with eTrolley and posti cars

Figure 18 below is a process map distribution chain in the Munkkiniemi area. There are five distribution drop – pick points. Four serves as first delivery points



for EMDJ operations and all four points do host Key Safety Box, Keys, delivery boxes and trolleys as OFP except Kadetintie – Laajalahdentie which is in the open air and serves as a second delivery point hosting only delivery pick-drop box for EMDJ operations. Munkkiniemen puistotie – Ramsaynranta and Ulvilankuja are in the open air as opposed to both Mechelininkatu and Tilkankatu hosting offices with print outlet and the latter keeping a posti car. Both offices marked in green that is, encouraged do run both EMDJ and sorting M&PS operations. It is

therefore evident from the delivery process map that EMDJ, mail and parcels are delivered from both offices.

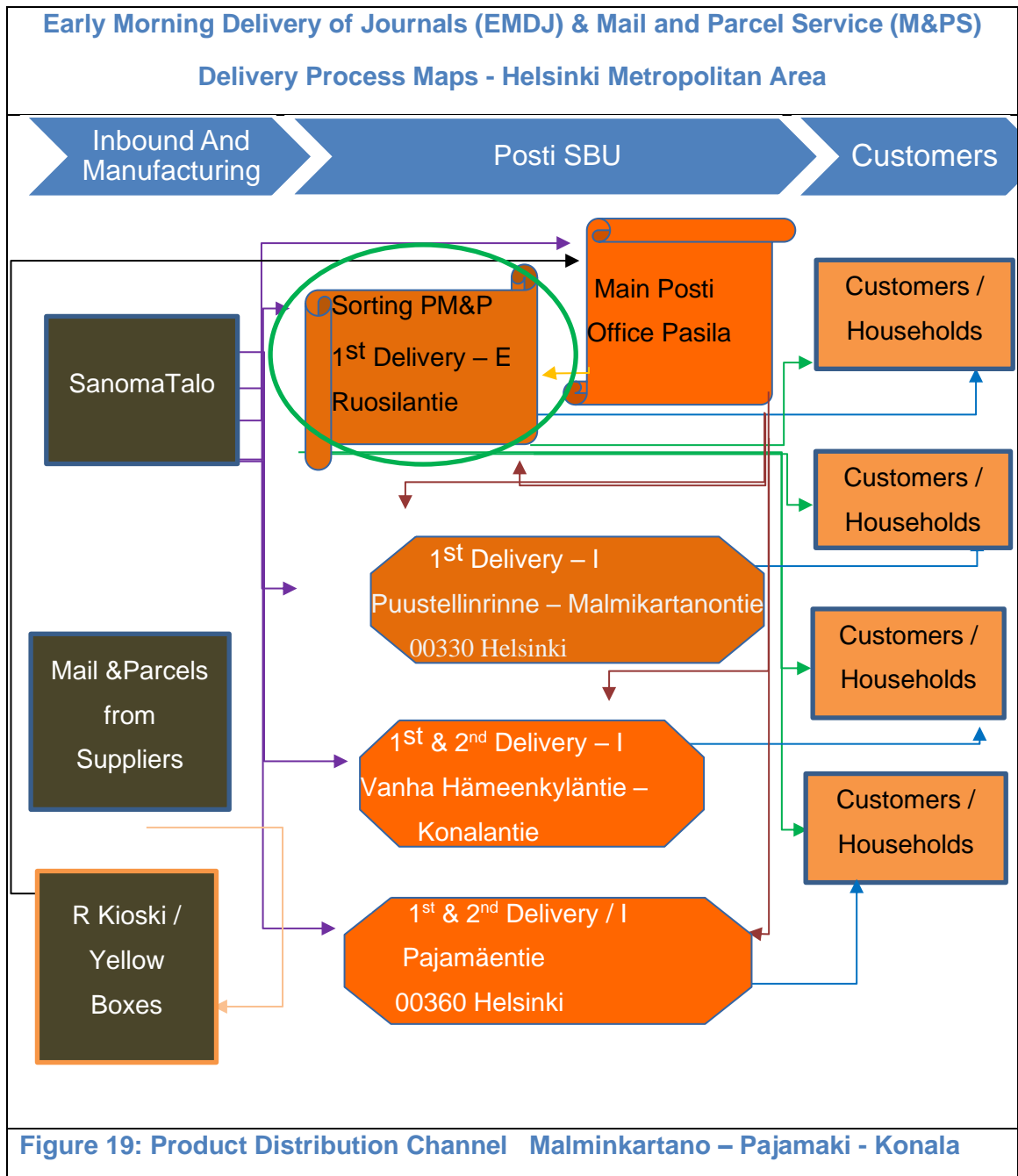


Figure 19 above is a process map distribution chain in the Malminkartano area. There are four delivery drop – pick up points. All powered with Keys Safety Box, Keys, trolleys and delivery boxes as OFP for EMDJ. As opposed to the other three delivery drop – pick points in the open air, Ruosilantie circled in green, encouraged is an office and in addition to the above OFP do host posti cars and

eTrolleys. Ruosilantie serves both EMDJ and Sorting of M&PS operations meaning that they deal with all the customers in that area.

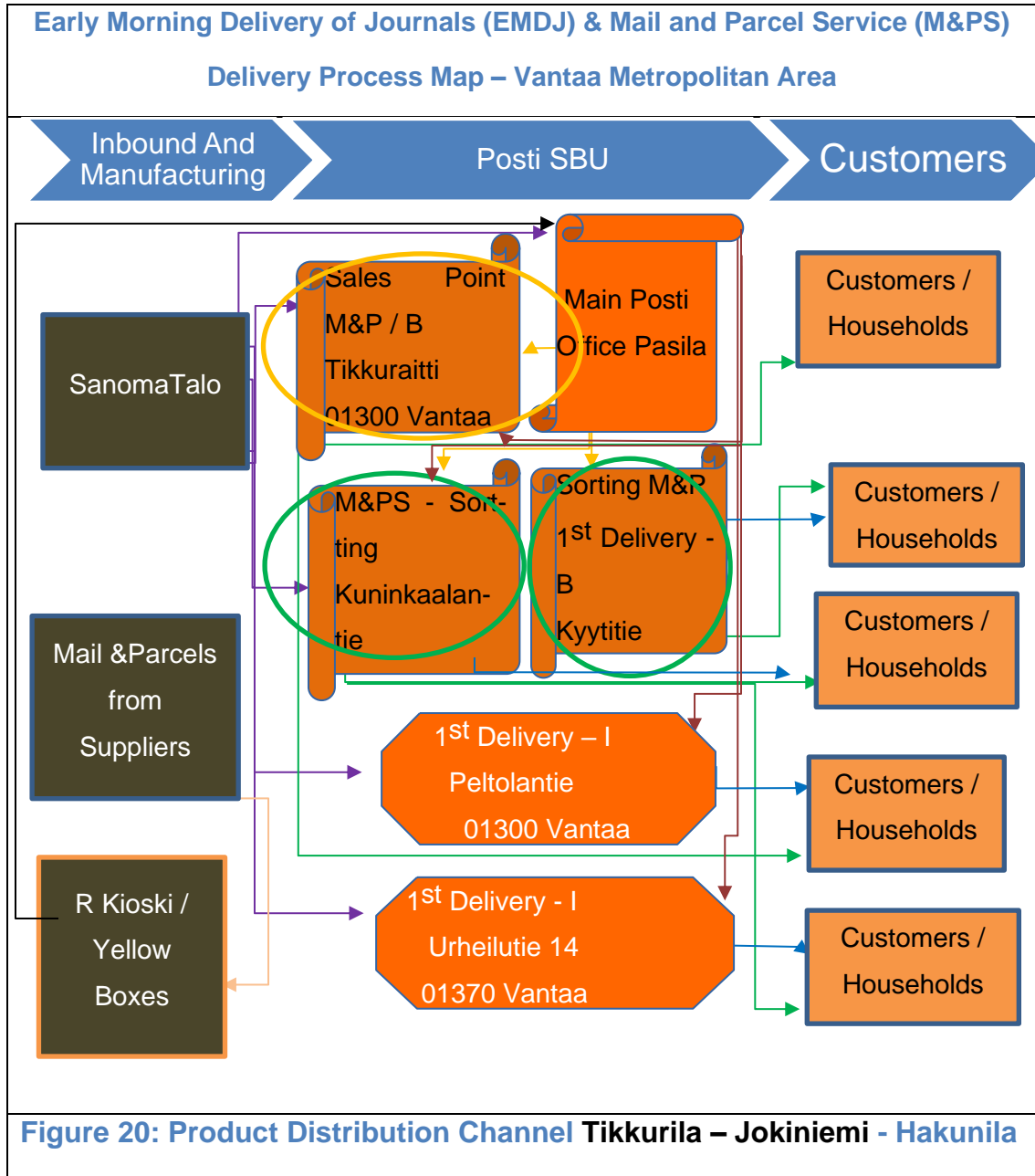


Figure 20 above is a process map distribution chain in the Tikkurila area. There are five distribution points and all serve as first delivery point EMDJ except Tikkuraitti that serves only as a sales point M&PS. Except for Tikkuraitti SBU, Keys Safety Box, Keys, trolleys are hosted in all points as OFP for EMDJ operations. In addition to the above OFP Kyytie, Tikkuraitti and Kuninkaalantie are offices hosting eTrolley and Posti cars. These offices run M&PS sorting operations as well and therefore are not in the open air like the other two delivery points. Yellow

means the office could be improved to accept other functions thus enabling working together better

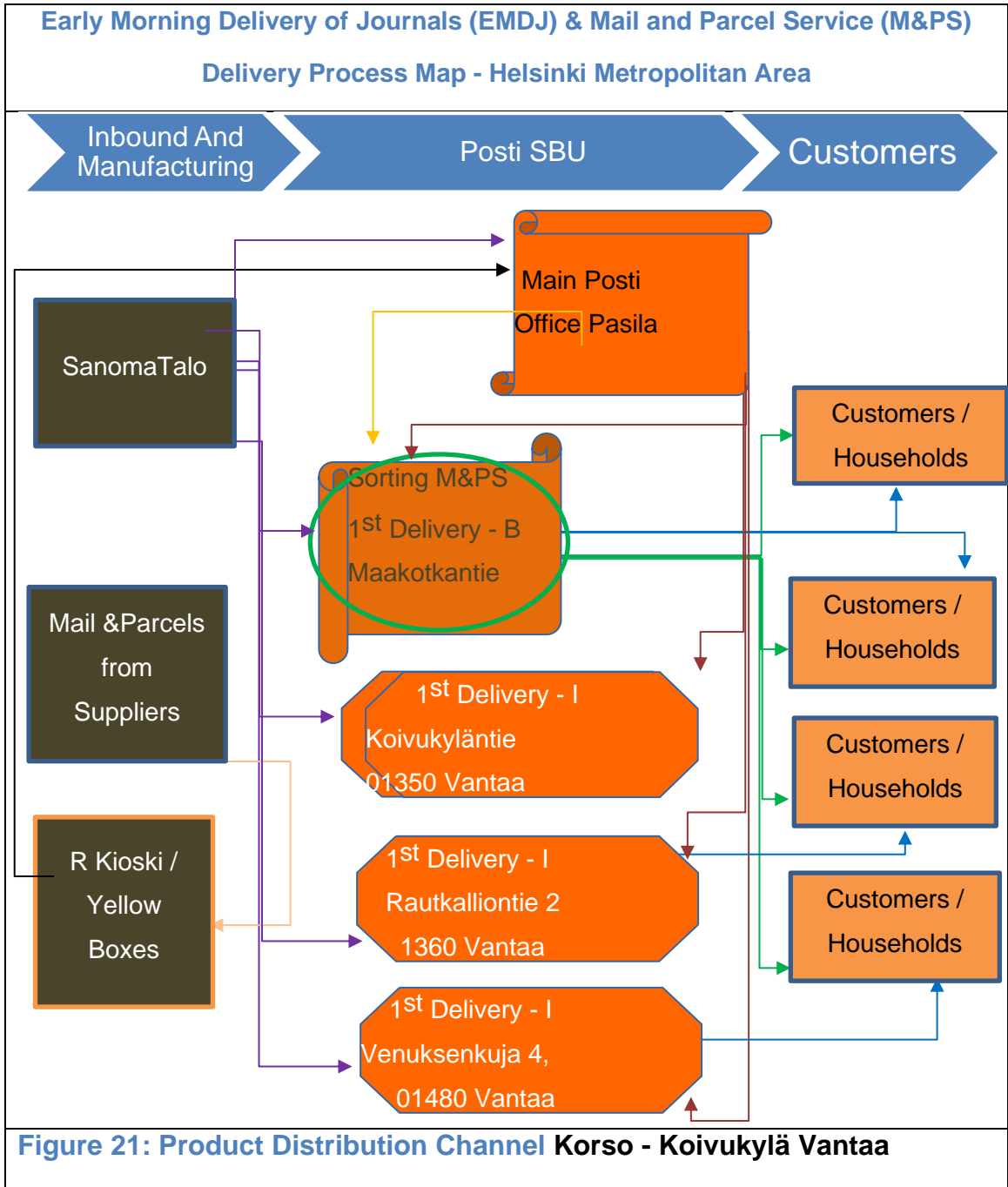
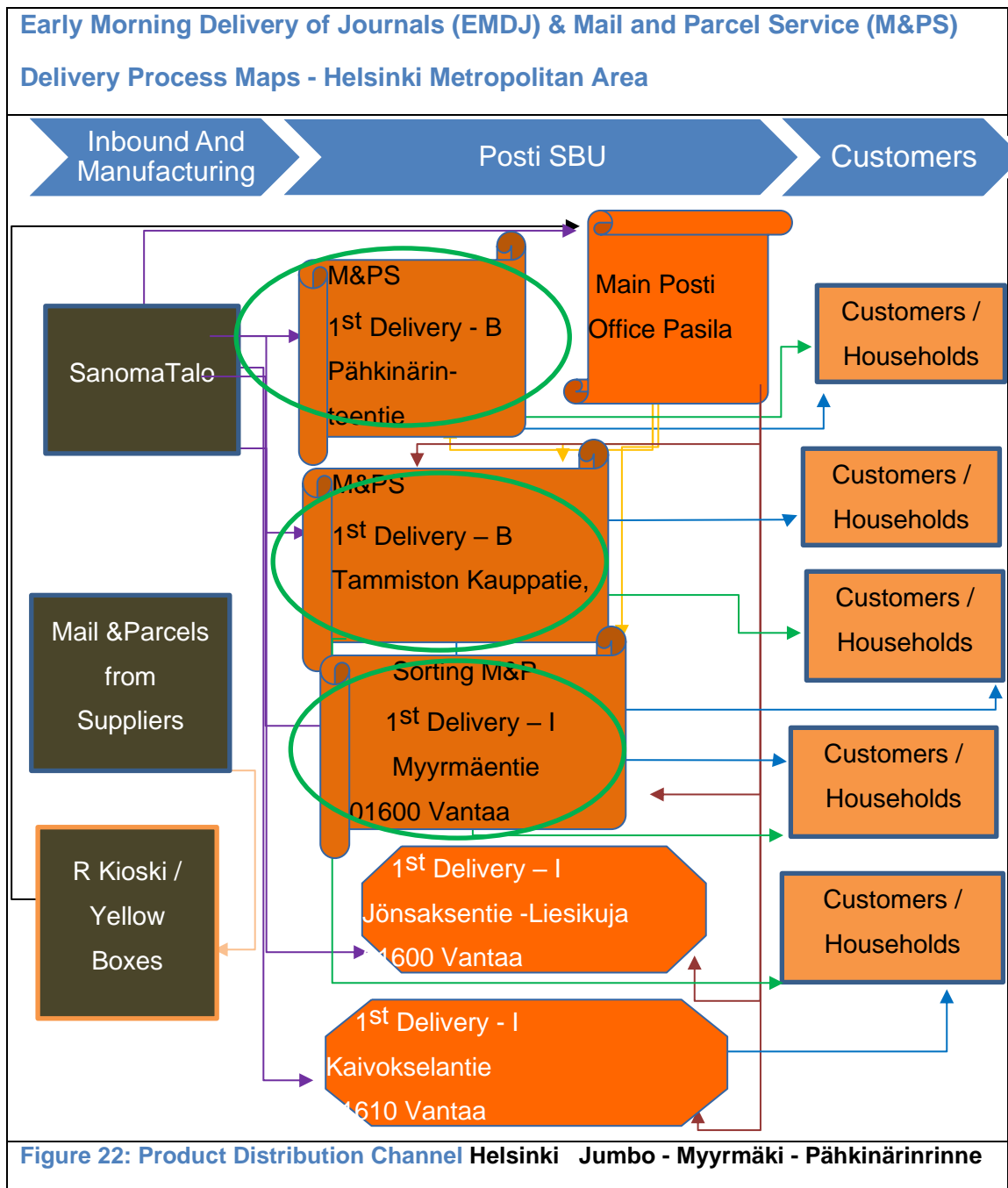


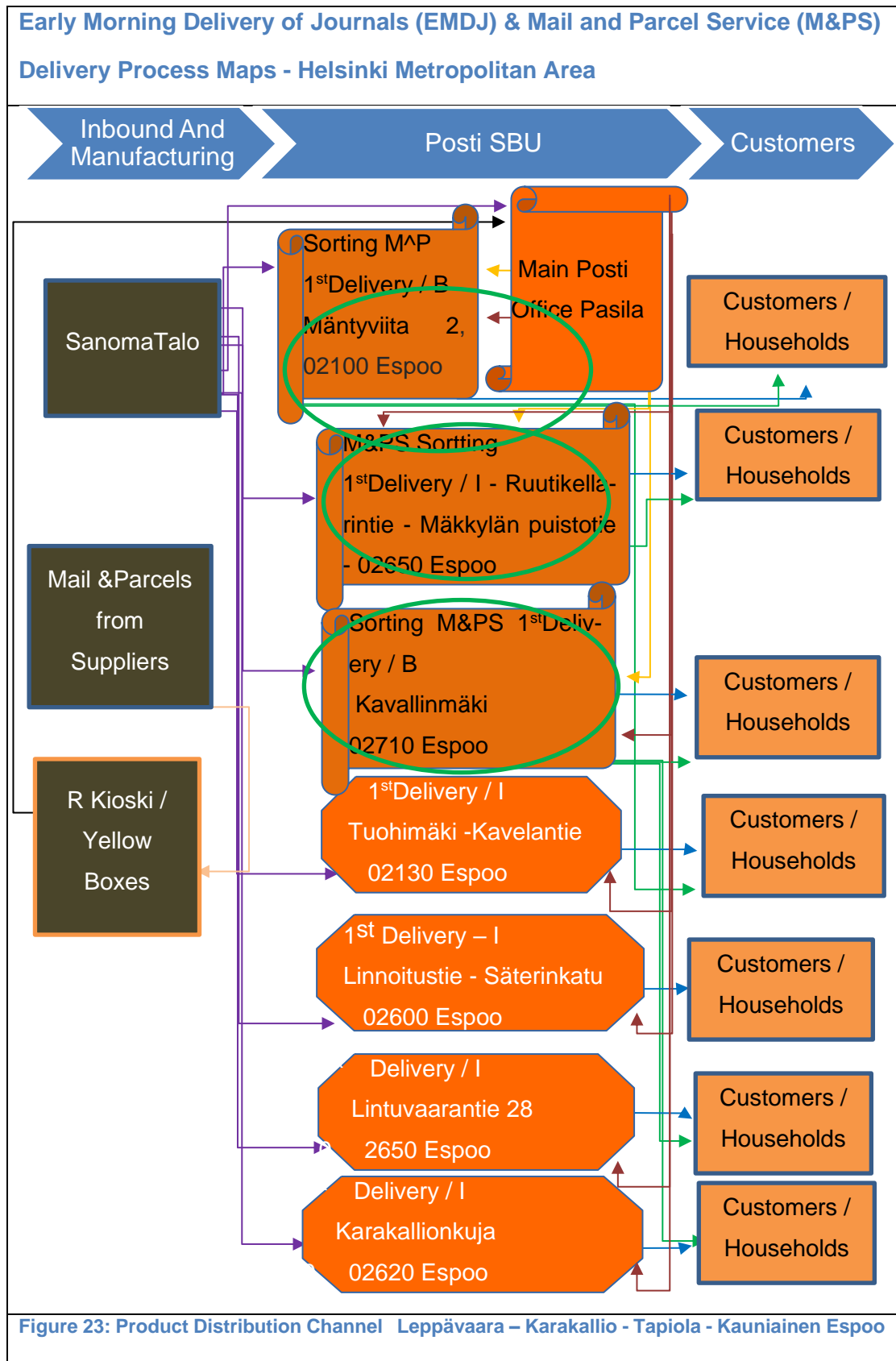
Figure 21 above illustrates a process map distribution chain in the Korso area. There are four drop – pick delivery points and all serve EMDJ operations. Keys Safety Box, Keys, trolleys are hosted as OFP in all the four points. In addition to the above OFP Maakotkantie Vantaa is an office marked in green that is, encouraged and powered with PC, print stations and posti cars. The office serves as well as sorting M&PS operations.

Figure 22 below is a process map distribution chain in the Myyrmäki area. There



are five drop – drop delivery points and all serve as first delivery point EMDJ operation. Key Safety Box, Keys, trolleys are kept as OFF in all points for EMDJ operations. There are possibilities to pick up a posti car at Myyrmäentie, Pähkinärinteentie and Tammisto Kauppatie Vantaa offices all marked in green that is, encouraged which serves as well as M&PS sorting center for the area

Figure 23 below is a process map distribution chain in the Leppävaara, Karakallio Tapiola Espoo area. There are seven delivery drop – pick points and all serve as



first delivery point EMDJ operation. Keys Safety Box, Keys, trolleys as OFP are kept for EMDJ operations in all the delivery points. In addition, there are possibilities to pick up a posti car at Mäntyviita and Kavallinmäki offices marked in green that is, encouraged both serve as well as Sorting for M&PS operations. The other four delivery drop – pick points are open air workstation for EMDJ operations only.

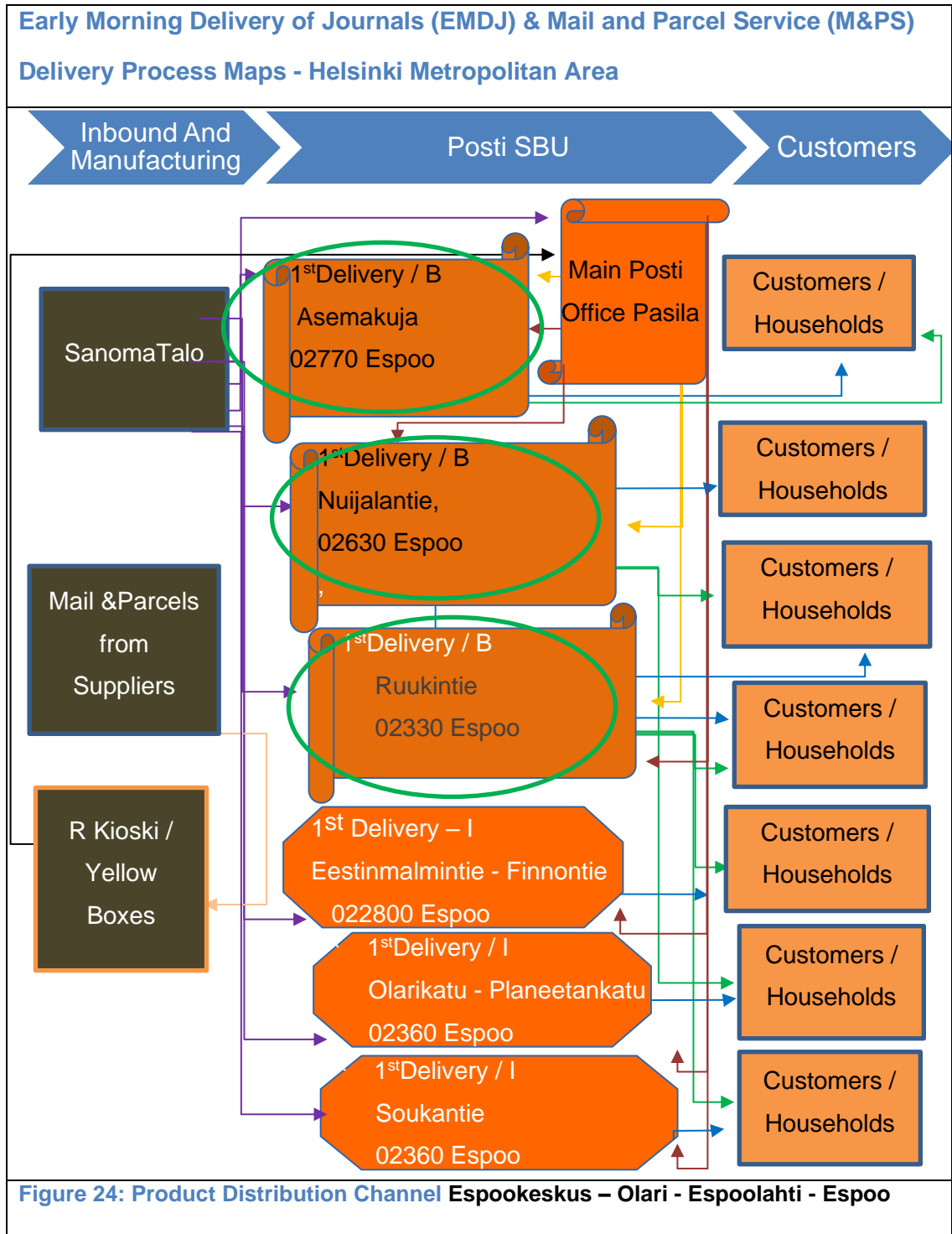


Figure 24 above illustrates a process map distribution chain in the Espoo area.

poo area. There are six distribution drop – pick delivery points and all serves as first delivery points for EMDJ operations where Keys Safety Box, Keys, trolleys as OFP are kept in those points for EMDJ operations. In addition to the above OFP Ruukintie, Nuijatie and Asemakuja are offices all marked in green that is, encouraged and host as well posti cars, pc station, print outlet and eTrolleys. These offices serve as well as Sorting functions for M&PS. Eestinmalmintie – Finnontie and Olarikatu – Planeetankatu are in the open air as delivery drop – pick points for EMDJ only while Soukantie is sheltered. EMDJ operations for Otaniemi are run from Ruukintie.

All the Process Map covers Helsinki Metropolitan area so that it is easy to capture how the distribution is organized in some part of the area well and in some other part some work together still needs to be done to meet competitiveness in the market while saving costs.

Due to time constraint and the need to close the thesis writing as per deadline the section below that is, Analysis on Potential Sources of Synergy will be developed only on the area around the center of the Helsinki Metropolitan area. For example, Elielinaukio, Kasarminkatu, Köydenpunojankatu, Porkkalankatu, Annankatu, Laivurinrinne, Kasarminkatu, Kauppiaankatu and Museokatu locations.

Figure 25 below is a compact diagram illustrating a delivery process map for the center. The process map is in three phases that is the Inbound Logistic phase as the first phase in the value chain. The distribution proper phase which is the second phase and the third phase is the actual distribution to the customers. This was a gate 4 slide used in the class seminar presentation to solicit comments from the audience about the subject its logic, reliability and relevance.

The inbound logistics and manufacturing phase indicate the sources of the product for distribution. There are two sources as could be seen on the map. EMDJ products is coming from SanomaTalo where they are journals are edited and manufactured and M&PS products for example mails and parcels are coming

varies sources namely: smart boxes, Posti sales some k-city market, r-Kioski and some posti drop points yellow boxes all over the center.

The second phase in the value chain that is the distribution proper illustrate the drop and pick points for both EMDJ and M&PS products in the center area. The violet arrow is used to indicate EMDJ from SanomaTalo to the drop pick points while the dark arrow is used to indicate mails and parcels to the sorting center Pasila. The yellow arrows illustrate distribution of the of M&PS products to the different small sorting points.

Value Chain Diagram: Posti EMDJ and M&PS Delivery Gate Process Eira Keskusta Lapilahden & Katajanokka CSA

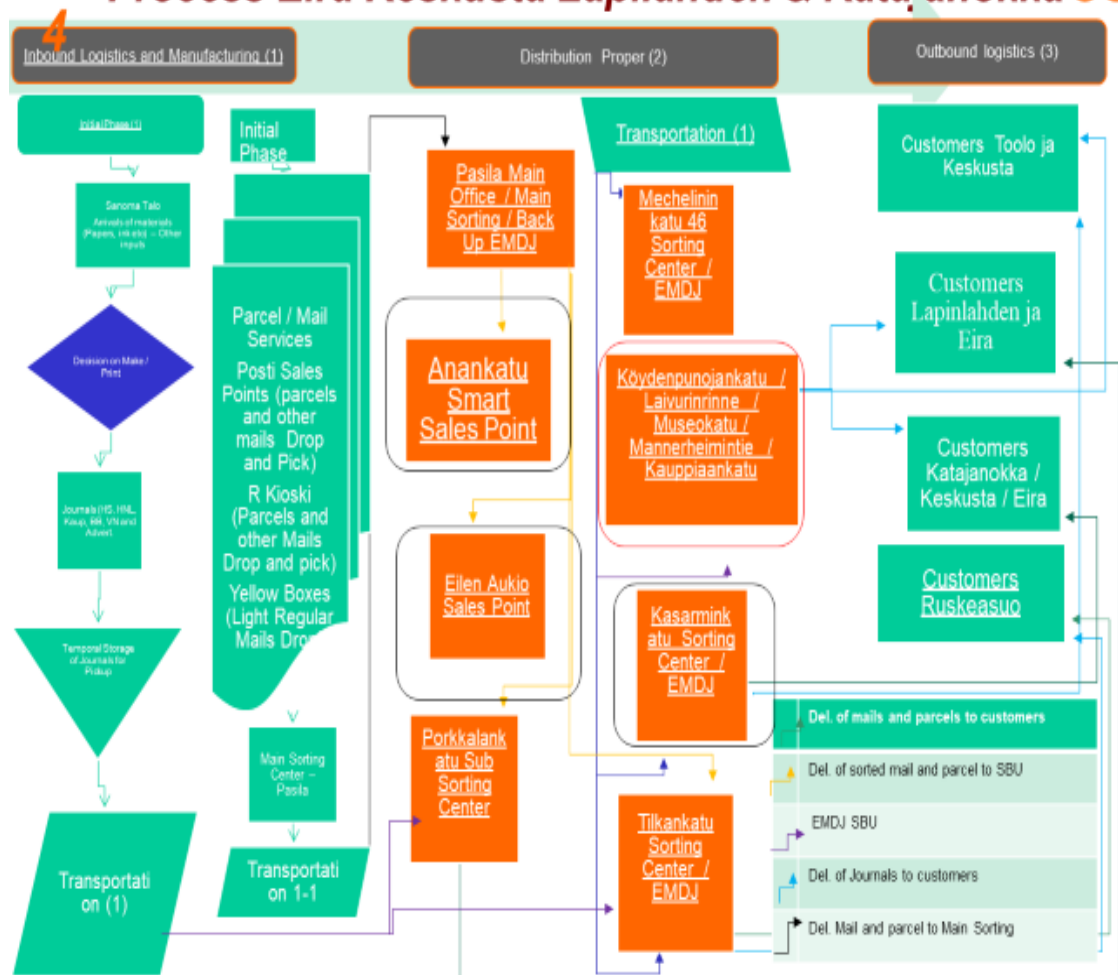


Figure 25: Summary Product Distribution for the Center

The third phase illustrates the distribution to the customers. The green arrow illustrates delivery of mail and parcels to customers and the blue arrow illustrates delivery of journals to customers

Those in marked in red indicate the EMDJ drop -pick delivery points in the center that need to be closed and merge with the already existing M&PS offices. The grey marked offices illustrate offices that improvement needs some attention. That is those offices should accept EMDJ functions or accept more EMDJ operations if they are already doing so for example the Kasarminkatu office.

4.3 Analysis of Potential Synergy Sources

The Analysis of Potential Sources of Synergy contains seven sub-headings namely: IT / Communication, Share Tangible Resources, Internal Process, Organization Structure, Product offerings, Learning and Growth and Customers all in relation with the different location.

4.3.1 IT / Communication

IT / Communication: The IT / Communication related sources of synergies have three dimensions namely Distant Print, Print from Smart Work Phone and Transfer Pricing Platform.

Distant Print is not enabled to those offices where print stations are located like the main office, Kasarminkatu, Elielinaukio and Annankatu. Night Supervisors can only print from the main office where they are seated, and a backup worker must take the printed work list to the location where the route-worker need to do his job. The situation is even worse when there are network failures and all the route work lists need to be printed in a short time interval and delivered to all the workstations in the Helsinki area.

Print from Smart Work Phone today is a function not enable on the work phone. It is therefore difficult for a worker to work together with another in need of print in times of smart work phone failure of a worker of which his work list could be printed by another worker in the workstation. Working together today only allows the night supervisor for example to print such work list and get a back-up worker to drive and deliver the manual work list to the worker in need.

Smart eJob Platform for Extra Work Fulfillment Posti Part-time Workers does not exist in the Posti group. Each SBU does announcement of its work offer, and it is not possible for online work pick and validation for a part-time Posti worker who wants to do extra work across SBUs. Recruitment is still done in a way not smart enough to get worker in a short time from the time it is announced.

It means that job response time could be scoped at 2-5 days for effective work to start from the date it is announced

4.3.2 Share Tangible Resources

Share Tangible Resources: Share Tangible Resources are grouped into Trolleys, eTrolleys, Print station and Posti cars.

Trolleys / Bicycles are only available for EMDJ. They are old-fashioned and require some extra energy to move it from one address to the other address when loaded. Köydenpunojankatu, Laivurinrinne, Kasarminkatu, Kauppiaankatu and Museokatu are some of the workstations powered with Trolleys and or bicycles as OFP.

eTrolleys / eBicycles are available mostly for M&PS operations. Kasarminkatu and Porkkalankatu are the only workstations powered with eTrolleys and or eBicycles as OFP. eTrolleys and eBicycles are faster and require less energy when loaded and as compared to simple one in moving from one customer address to another.

Print stations are available only at Kasarminkatu, Porkkalankatu, Annankatu and Elielinaukio points and accessibility is enabled only for M&PS operations. EMDJ needs to deal with printing otherwise even when it would be useful to share the same workstations for printing needs

Posti Cars: A car is available at Porkkalankatu that serves a defined car work route package from Köydenpunojankatu. This van is available for both M&PS and EMDJ operations. Back up workers needs to use own cars even though lots of Posti cars are idle in most other M&PS offices and could be put at their disposal. Back up as to the availability of other post cars need work together to reduce the cycle time that is, the time to pick up another car where yours is broken down.

4.3.3 Customer

Customers: Here two dimensions are used to identify potential sources of synergy namely: Customer Relationship Management and Customer Access keys

Customer Relationship Management (CRM): The main office no doubt hosts managers for both M&PS and EMDJ. Kasarminkatu delivery point respond to some of the customers' needs for EMDJ and all customer needs for M&PS in the Eira and part of the center. Porkkalankatu responds only to M&PS for the Lapinlahti area and part of center. Laivurinrinne delivery point serves only EMDJ customers in Eira. Museokatu deals only with EMDJ customers in part Center and Etu-Töölö. Annankatu host an automated Smart sales points only for M&PS. Elielinaukio hosts a sales point only for M&PS. Kauppiaankatu hosts only EMDJ customer for Katajanokka area. Köydenpunojankatu deals only with EMDJ customers for Lapinlahti and Ruoholahti area. Back up for EMDJ is managed and ordered online from Pasila Main Office Sorting Center and physical deliveries are done from the nearest respective workstations.

Customer Access keys: Kasarminkatu keeps own work route customer keys each for EMDJ and M&PS. There are hence two set of customer access keys for the same customers in that area. Laivurinrinne workstation keeps customer access keys EMDJ for some customers in Eira. Köydenpunojankatu SBU hosts own customer access keys EMDJ only for Ruoholahti and Lapinlahti. Porkkalankatu SBU hosts own customer access keys for Ruoholahti and Lapinlahti area. Kauppiaankatu SBU hosts own customer access keys EMDJ for the Katajanokka area. Museokatu SBU do have safety box for own EMDJ customer access keys for part of center and Etu-Töölö area.

4.3.4 Internal Process

Internal Process is examined here in four dimensions namely: eWorklist Update, Standard Work Route Definition, Pay Slip and Night and other pay Incentives.

eWorklist Update: eWorklist. Means electronic work list. Smart Phone here is used for only EMDJ operations and need constant update as to changes in customer addresses and changes in customers order. So far, such changes when noticed can only be signaled to Production Managers either via an SMS or own email accounts. Usually update duration of digital customer delivery list could be a month or sometimes it takes months. Posti is still far from making this happen instantly as the smartphones are not powered with software for such operation to have a shorter cycle time. M&PS kept own delivery work route definitions for the same customer area and the channels of update for the delivery work list are parallel with that of EMDJ.

Standard Work Route Definition: There are no standard work route definitions for both M&PS and EMDJ. EMDJ and M&PS each keeps their own work route definition for delivery in the same area and same customers

Pay Slip: EMDJ workers do have difficulties to sum up work hours and pay as this delivery route work hours and routes numbers are not readable per pay slip. This situation of non-transparency in the pay slip is even worse for those who are changing routes daily. Working together would have been better would workers call or get contact with management to update for example eWorklist list than asking to get clarification on missing salaries or lump hours on pay slip. The correctness of pay slip is currently quite arbitrary as it is at the mercy of the it is at the mercy of management who feeds the data as He / She is somehow considered void of mistake. M&PS does not face the situation as the work hours are standard.

Night and other pay Incentives. EMDJ and M&PS do operate distinct incentive packages and calculation for night work for example. Working together is impeded as workers tend to move to SBU where pay incentives are more interesting at Posti. About the same pay incentives or pay incentives with an acceptable tolerance level for all the units of operations in Posti will kill workers move drive to other SBU leaving them with consideration of putting more efforts to their original office of recruitment.

4.3.5 Product Offerings

Product offerings are detailed in four groups namely Sales, EMDJ, Smart Boxes and Sorting

Sales operations in the center of Helsinki Metropolitan area are run from Elielinaukio, Annankatu and Kasarminkatu. Working together would have required that some other posti operations are run from the back office in these offices for the same customer area, cost cutting reasons and efficiency.

EMDJ operations are run from Kasarminkatu, Laivurinrinne, Köydenpunojankatu, Museokatu and Kauppiaankatu offices in the center of the Helsinki Metropolitan area. Working together in Kasarminkatu is stronger compared to the other offices

Smart Boxes operations are positioned in Elielinaukio, Annankatu and Kasarminkatu offices for the center. Annankatu runs exclusively an automated Postal function

Sorting function is being run so far from the Kasarminkatu and Porkkalankatu offices for the M&PS operations only. Sharing premises with other Posti operations like EMDJ is evident but not happening with both locations. Only Kasarminkatu is sharing premises so far with other Posti operations like EMDJ.

4.3.6 Organizational Structure

Organizational Structure is detailed into three subtitles namely: Inbound Logistic and Customer Delivery Back Up EMDJ, Automated Integrated Delivery Systems Story Buildings > 8 floors, Operations and Transfer Pricing Policy and Platform

Inbound Logistic and Customer Delivery Back Up EMDJ are today two separately run operations. Those who pick up EMDJ with trucks and light weight van from SanomaTalo in Vantaa to the different delivery drop points does just that. They drop the products in the location destined for the purpose and often do not care if they are dropping new product on old ones. The backup workers EMDJ

functions in the value chain to close gap in productivity by ensuring that wrong journal, missing journals and late journal complains are address as to the delivery promise. The separate nature of both functions impedes working together properly. This is true to all the locations in the Helsinki Metropolitan area.

Automated Integrated Delivery Systems Story Buildings > 8 floors: Often you find locations for example in Eira with more than 8 floors story buildings. Both M&PS and EMDJ operations do have to go from one floor to another for deliveries to happen. Delivery cycle time is reduced, and workers have enough time to engage addition volume would delivery have been otherwise in such buildings.

Operations: Posti operations differed as to the location and office. EMDJ is run exclusively from Laivurinrinne, Museokatu, Kauppiaankatu, Köydenpunojankatu. M&PS is run exclusively from Porkkalankatu, Annankatu and Elielinaukio. Kasarminkatu do run both operations thus present the best example that other SBU could copy and enable as much as possible.

Transfer Pricing Platform seem not to exist in Posti for sharing of work tools still need to lot of attention to attain full capacity. Transfer pricing platform will help different Strategic Business Units (SBU) to share operative factors of production (OFP) at a price acceptable by all the SBUs. Today OFP are not accessible in most of the units by other unit-worker even when they could be put into active productive use.

4.3.7 Learning and Growth

Learning and Growth is detailed in two perspectives namely: Field Training of New Worker and Trainers Remuneration and Continuous Workers Collaboration.

Field Training of New Worker and Trainers Remuneration. Field training of new worker in the Helsinki Metropolitan area needs better attention to attain acceptable productivity level and keep customer promise. Some complaints about missing EMDJ for example could be avoided if emphasis were placed on proper

training of workers on address identification especially in cases where digital work delivery list is not in its best state. Trainers remuneration appreciation should not differ a lot when you move from one SBU to another. Continuous request on needs to train new workers suggest that the SBU needs to reexamine its appreciation of remuneration of trainers and other consequential motivation.

Continuous Workers Collaboration: Even when new workers are dully trained, each worker has to be another one's keeper. One of the problems at the offices and delivery drop pick points is waste dumping. This disorder is rampant in offices exclusively for EMDJ. Waste papers are not properly drop, strings liter all over on the floor in most of the workstation thus presenting dangers and accident potentials for example. Workers collaboration that is, be an observer too that your colleague is doing the right thing still needs some of motivation to make this happen.

4.4 Summary of Identified Sources of Potential Synergy

Table 7 to Table 7-5 gives an overview of the above detailed sources of potential

Current State Analysis (CSA): Identification of Sources of Potential Synergy						
Potential Sources of Synergy / Location		Main Office Pasila	Köydenpujankatu	Porkkälankatu	Elielinaukio	Anankatu
IT / Communication	Distant Print Enabled	Not Enabled	No	Not Enabled	Not Enabled	No
	Print from Smart Work Phone	No	No	No	No	No
	Smart eJob Platform EMDJ and M&PS for Instant Part Time Work Fulfillment	No	No	No	No	No
Tangible Resources	Print Station	Yes	No	Yes	Yes	No
	eTrolleys	Back Up	No	Yes	Limited	Limited
	Trolleys	Back Up	Yes	No	No	No
	Posti Car	Lots	No	Yes		

Table 7: Summary of identified Potential Sources of Synergy

synergy for the Helsinki Metropolitan Center Area. In the row are locations and on the columns are Potential sources of Synergy. For ease to read and understand the table is presented in in this for example Table 7 takes on Identified Sources of Potential Synergy IT / Communication and Tangible Resources for the Main Office Pasila, Köydenpunojankatu, Porkkalankatu, Elielinaukio and Anankatu offices

Current State Analysis (CSA): Identification of Sources of Potential Synergy					
Potential Sources of Synergy / Location		Laivurinne	Kasarminkatu	Kauppiaankatu	Museokatu
IT / Communication	Distant Print Enabled	Not Enabled	No	No	No
	Print from Smart Work Phone	No	No	No	No
	Smart eJob Platform EMDJ and M&PS for Instant Part -Time fulfillment	No	No	No	No
Tangible Resources	Print Station	No	Yes	No	No
	eTrolleys	No	Yes	No	No
	Trolleys	Yes	Yes	Yes	Yes
	Posti Car	No	No	No	No
Table 7-1: Summary of identified Potential Sources of Synergy					

Table 7 -1 above takes on Identified Sources of Potential Synergy that is, IT / Communication and Tangible Resources for the Laivurinne, Kasarminkatu, Kauppiaankatu and Museokatu offices

Table 7 -2 above takes on Identified Sources of Potential Synergy that is, Customers and Internal Process for the Main Office Pasila, Köydenpunojankatu, Porkkalankatu, Elielinaukio and Annankatu offices

Current State Analysis (CSA): Identification of Sources of Potential Synergy						
Potential Sources of Synergy / Location		Main Office Pasila	Köydenpunojankatu	Porkkalankatu	Elielinaukio	Annankatu
Customers	CRM	Both	EMDJ	M&PS	M&PS	M&PS
	Customer Access Keys	Spare Keys	Own	Own	Own	Own
Internal Process	eWorklist Update	Very Slow	via SMS / Email Only			
	Standard Work Route Definition	Not harmonized	Own	Own		
	Pay Slip	No Standard	Simplicity traded off Transparency	Transparent	Transparent	Transparent
	Night and other Incentives	Limited Standard	Own low	Own high	Own high	Own high
Table 7-2: Summary of identified Potential Sources of Synergy						

Table 7-3 below takes on Identified Sources of Potential Synergy that is, Customers and Internal Process for the Laivurinrinne, Kasarminkatu, Kauppiaankatu and Museokatu

Current State Analysis (CSA): Identification of Sources of Potential Synergy					
Potential Sources of Synergy / Location		Laivurinne	Kasarminkatu	Kauppi-aankatu	Museokatu
Customers	CRM	EMDJ	Both EMDJ and M&PS	EMDJ	EMDJ
	Customer Access Keys	Own	Separate Set of Keys for EMDJ and M&PS	EMDJ	EMDJ
Internal Process	eWorklist Update	via SMS / E-mail	via SMS / Email EMDJ Only	via SMS / E-mail	via SMS / E-mail
	Standard Work Route Definition	EMDJ Only	Separate EMDJ M&PS	EMDJ Only	EMDJ Only
	Pay Slip	Simplicity traded off Transparency	Not Standardize	Simplicity traded off Transparency	Simplicity traded off Transparency
	Night and other Incentives	EMDJ Low	Both EMDJ low and M&PS high	EMDJ Low	EMDJ Low

Table 7-3: Summary of identified Potential Sources of Synergy

Table 7-4 below takes on Identified Sources of Potential Synergy that is, Product Offerings, Organizational Structure and Learning and Growth for the Main Office Pasila, Köydenpunojankatu, Porkkalankatu, Elielinaukio and Annankatu offices

Current State Analysis (CSA): Identification of Sources of Potential Synergy						
Potential Sources of Synergy / Location		Main Office Pasila	Köydenpunojankatu	Porkkalanlankatu	Elielin aukio	Anankatu
Product Offerings	Sales	No	No	No	Yes	Yes
	EMDJ	Back Up	Yes	No	No	No
	Smart Boxes	Yes	No	No	Yes	Yes
Organizational Structure	Combining Inbound Logistic and Customer Delivery Back Up EMDJ	No Plan	Limited			
	Automated Integrated Delivery Systems Story Buildings > 8 Stories	No Plan	No	No	No	No
	Operations	Distinct SBU Offices	EMDJ SBU	M&PS SBU	M&PS SBU	M&PS SBU
	Transfer Pricing Policy and Platform	Limited	Limited	Limited	Limited	Limited
Learning and Growth	Field Training of New Worker and Remuneration	Limited Standardize Operations	More Attention needed			
	Continuous Workers Collaboration	Limited Plan	Limited			

Table 7-4: Summary of identified Potential Sources of Synergy

Table 7-5 below takes on Identified Sources of Potential Synergy that is, Product Offerings, Organizational Structure and Learning and Growth for the Laivurinne, Kasarminkatu, Kauppiaankatu and Museokatu offices

Current State Analysis (CSA): Identification of Sources of Potential Synergy					
Potential Sources of Synergy / Location		Laivurinne	Kasarminkatu	Kauppiaankatu	Museokatu
Product Offerings	Sales	No	Yes	No	No
	EMDJ	Yes	Yes	Yes	Yes
	Smart Boxes	No	Yes	No	No
	Sorting	No	Yes	No	No
Organizational Structure	Inbound Logistic and Customer Delivery Back Up EMDJ	Limited	Limited	Limited	Limited
	Automated Integrated Delivery Systems Story Buildings > 8 floors	No	No	No	No
	Operations	EMDJ SBU	EMDJ & M&PS SBUs	EMDJ SBU	EMDJ SBU
	Transfer Pricing Policy and platform	Limited	Limited	Limited	Limited
Learning and Growth	Field Training of New Worker and Remuneration	More Attention needed	More Attention needed	More Attention needed	More Attention needed
	Continuous Workers Collaboration	Not Enough	Not Enough	Not Enough	Not Enough

Table 7-5: Summary of identified Potential Sources of Synergy

5 Developing Recommendations on How to Realize Potential Synergy at Posti

This section merges the results of the current state analysis and the conceptual framework towards the building of the proposal using Data 2.

5.1 Overview of the Proposal Building Stage Data Two

The CSA enriched with the process maps, identified sources of potential synergy gave valuable background information to develop recommendation on how to realizes synergy on OPF. Data two therefore is an extension of data 1 with shift in OFP as per recommendation. Observation was the key method in developing data two and the Production Manager did express favorable an opinion as the only respondent to this proposal building stage of the thesis. We could not have a face to face workshop due to sickness and SMS and email was used as the best alternative to be on the same page as to an understanding to this project

Seven factors of potential sources of synergy were identified namely IT/Communication, Shared Tangible Resources, Learning and growth, Internal Process, Customers, Organizational Structure and Product Offerings. These sources of synergy were further broken down into twenty-two sub factors of potential sources of synergy as seen in Table 7 to Table 7-5 above in the previous section.

Developing Recommendations from Potential Sources of Synergy of OFP has its grounding in a joint analysis of the company operations, detailed analysis of the state of the matters that is, analysis of the case company Potential Synergy Sources, an overview of data one and of course knowledge from conceptual framework.

Developing recommendations on how to realizes potential synergy is detailed here in seven categories namely: Mergers, Print Rights and Authorization, standardization of Night Incentives, Other Pay Incentive and Pay slip Transparency, Combining Back Up Workers Function and Inbound Logistic for EMDJ, Innovation and Integrated Intra Automated Delivery, Electronic Key Usage and Transfer

Distribution of Operative Factors of Production in the Center Only			
Annankatu, Elielinaukio, Kauppiaankatu, Museokatu, Laivurinrinne, Köydenpunojan- katu, Kasarminkatu, Mechelininkatu, Mannerheimintie			
	OFF /Outcome	CST	Recom- menda- tions
	OFF	Numbers	Numbers
1	Distant Print Enabled offices	0	7
2	Smart Phone Print Enable	0	52
3	Smart eJob Posti Part-time Work Instant Fulfillments	0	1
4	eTrolleys	30	30
5	Trolleys	30	0
6	Posti Car	1	1
7	Route Packages Workers EMDJ	52	52
8	Same Keys Route Package Usage EMDJ and M&PS	0	1
9	Use of Own Cars	10	5
10	Use of eBicycles	3	3
11	Number of offices or SBU	7	4
12	Types of Keys	6	1
	Uniformization of Product Offerings per SBU	0	0-4
13	Number Keys Coloring and Differentiations	10	1-5
14	Number of Keys route package	10-50	1-5
15	Work Smart Phones	52	52
16	Back Up Workers EMDJ	10	10
17	Full Time Work EMDJ	0	10
18	Transfer Pricing Policy and Platform	0	1
19	Automated Integrated Intra Logistic Delivery systems for building more than 8 stories	0	1
20	Combining Back Up Workers and Inbound Logistic function EMDJ	0	10-15
Table 8: After Recommendations Impact on Operative Factors of Production (OFF)			

Pricing Policies and Platform related Recommendations. Table 8 above gives an overview of data two impacted from recommendations potential sources of synergy.

5.2 Potential Synergy Sources Recommendations

5.2.1 IT/ Communication Related Recommendation

Print Rights and Authorization is one of the IT related source of potential synergy recommendation. All branches should be equipped with print stations and remote cross-print-rights be assigned to every branch. That is Kasarminkatu, Elielinaukio, and Annankatu should accept distant print from the Main Office in Pasila where planners are seated and vice versa. This is crucial especially in situation of network failures for example and where print needs to be done in volume to activate manual deliveries EMDJ for example. Where this is true, it means print station will be open to both EMDJ and M&PS functions which is not the case today in those offices. Back up workers will work together with planners and Filed Delivery Workers in other productive areas that taking print manuals from Pasila office to all the SBU delivery points for delivery work to start with the use of manual delivery list. Posti saves print manual delivery time, therefore enhance productivity and eliminating field workers waiting time.

Smart Work Phone should be enabled to print Work List Only as back up in case of Network failure, smart phone deficiency and other failures and such rights to print could be enlarged to include back up workers and Filed Workers. Print Rights from Smart phone will enable and encourage work together between field workers especially. That is, in a situation where a worker's smart phone encounters some failures, another worker in the same location SBU can load his eWork route and launch manual print in the same SBU. No need to wait for another smart phone from the office in Pasila to start delivery work properly. In this way all delivery field workers are each other's keeper. Delivery will not be late in this way due to Smart Phone failure and there will be no waiting time to get a smart phone from the office in Pasila to the delivery filed worker

Smart eJob Platform EMDJ and M&PS Work Fulfillment for part Time work should be encouraged at Posti to encourage job search and recruitment online and to reduce job recruitment response time from 5 days maximum to one day. That is an eJob site is announced to all part-time workers of Posti who if interested can always register to take extra hours. Registration of a part-time worker on this site permits him/her to get update as soon as the job announcement is made and can immediately take it by marking ok on the offer. The eJob site could be programmed so that the eJob definition is automatically out of the site as soon as a match is found between the job offer definition and the personnel interested. In this way Posti as a group can easily have a tendency to offer full-time work to her workers and the tendency to keep workers for a longer duration for people want to keep work that is promising to plan their lifespan in most cases.

5.2.2 Shared Tangible Resources Related Recommendation

The mergers related recommendation has to do with e Share Tangible Resources related recommendation on potential sources of Synergy. Kauppiaankatu, part of Kasarminkatu and part of Laivurinrinne SBU share customers. The responsibility of taking care of these including sharing of keys, eTrolleys and work routes definition should be merged and given to Kasarminkatu. This means that Kauppiaankatu, Laivurinrinne should be closed for cost saving reasons and given the fact that M&PS is operated from Kasarminkatu office for the same customers. There are no economic reasons so far why EMDJ cannot as well be operated from Kasarminkatu SBU. In this as well trolleys will go out of use and there will be the need to keep only eTrolleys for both M&PS and EMDJ. There is as well interest to keep the same work routes for both M&PS and EMDJ for the customers are the same and it is then easy for night operations that is, EMDJ and day operations that is, M&PS to swap keeps as to night or day shift. Both operations will be using and sharing same keys and duplication of keys and consequential related costs will be history then as Share Tangible Resources Initiative has been put in place

Annankatu, Part Laivurinrinne branches share the same customers for M&PS and EMDJ. The responsibility of taking care of these customers including sharing of keys, eTrolleys and standard work routes definitions should be merged and given to Annankatu

Part Kasarminkatu, Museokatu and Elielinaukio branches share the same customers. The responsibility of taking care of these including sharing keys, eTrolleys and standard work route definition should be merged and given to Elielinaukio

Köydenpunojankatu and Porkkalankatu branches share customers. The responsibility of taking care of these customers including sharing keys, eTrolleys, posti car and standard work route definition should be merged and given to Porkkalankatu. This means that Köydenpunojankatu will not exist anymore for cost savings reasons. Trolleys will have no place as well as both EMDJ and M&PS can go for eTrolleys. Delivery Work routes will need to be harmonized to allow good planning of shifts and sharing of the same keys will take a lead here and duplication of keys is killed all for cost saving reasons and efficient use of resources.

5.2.3 Internal Process Related Recommendation

Internal Process Related Recommendations is detailed in two phases namely: Standardization, Visibility and Transparency of the ePay Slip and Standardization of Night Incentives, Other Incentives and Pay slip

With regards to the **Transparent, visibility and standardization of ePay Slip**: ePay Slip can carry more details so that workers could sum up themselves and can work together to tackle other production activity control matters than asking to know how to pay out sum up. This is a serious situation especially in the EMDJ where work definition is by eWork routes. That is the eWork Routes carry with them addresses, the delivery time and the number journals that go per work route. So far only the numbers of journals and the delivery addresses are visible on the

Smart work Phone. The work time is not visible for some reasons known to management. The Field workers do really have difficulties to estimate in normal condition the approximate time a route will take him. This situation is even worse for those with flexible delivery eWork routes per day. Today the technology is feasible for such hours to be visible both on the Smart Work Phone and the ePayslip. The focus of work together is reshaped to other areas of improvement of operations than calling or doing a workshop to understand how a sum of hours on ePayslip is arrived at. It is important to note that these impediments to work together are not evident in M&PS where hours are well documented and communicated before the delivery process starts and as well very visible on the ePay Slip. Posti needs to keep a common standard on its ePay Slip so that workers of a unit do not feel otherwise as they engage in the day to day operations of the company. We see here that in keeping the above recommendation the company hits efficiency in time usage and working together will focus on how to improve operations and productivity than checking on what can already be visible and very visible that is each day work, delivery route numbers and hours attached on ePay Slip.

Standardization of Night Incentives, Other Incentives and Pay Slip. Posti needs to standardize incentives in all the SBU of Posti to avoid workers not working together because of interest to shift to SBU of better pay night incentives for all the operations of Posti be it EMDJ or M&PS are value added operations. Posti should not be its source of conflict of work. The range of the night incentive is for example between 8% and 30% as per the SBU. In this wise there are reasons for workers with the above knowledge to always shift be available to work together with other workers in those SBU where the incentives are good. Posti as a group must work together to keep a tolerance level in this deviation of incentives for example. 25-30% range in incentives per SBU is more plausible and encourages better working together.

5.2.4 Customers / Customer Relationship Management Related Recommendation

Customer Related Management Synergy Recommendations focus on the use of eKey Usage. Posti uses lots of keys to access to customer's buildings. We could name many different types of keys and today key coloring is being used to make the differentiation happens. That is a eWork route definition carries a range of 15 – 50 customer household or customer office building access keys as per delivery route package and as he/she engages door to door deliveries of journal, mail and parcels. The name of the access keys is on the delivery eWork route which usually is designed to match. The worker must open and push or pull open the door to gain access to the building to deliver the product. One of the most recent innovation today are electronic keys (eKeys). I will call them snap eKeys for the purposes of this thesis. Some of them are design to open the door as you snap the eKey on the door key host. The Posti worker does not need to pull or push the door to get it open. The Snap eKeys are not a product of Posti so far even though Posti uses a lot of keys. So far Posti can produce a type of key for example the so-called Abloy key. Working together and better Posti could own the process or eKey manufacturing or engage a process that customer access keys could be hooked in one eKey holder. In this way workers do not need to worry to carry with them lots of keys as per work route and eKey snap nature allows host doors to automatically recognize and open the door as key codification matches. It will be very difficult for Posti to realize this if they do not own the process of eKeys manufacturing. Taking into consideration the fact that this process is not the core activity of Posti Vertical Integration economies commands such realization of potential synergy. That is Posti will have to work together with others expertise not in her core business to make this happen and as well kill the cycle time in ordering eKeys.

5.2.5 Learning and Growth-Related Recommendation

Learning and Growth Source of Synergy Related Recommendations have to do with two important aspects namely: Trainings and statutory Training of field workers and the spirit of Workers continuous support of another Workers.

Training and statutory training of field workers is ongoing but needs more emphasis on the capacity of the trainee to have three days or more for the training. Statutory means that the basis of training should be cleared to both the trainer and the trainee and consequential compensation for the trainer and well documented in Posti. It is Posti training law irrespective of SBU. Training in Posti group is either compensated or not should be very clear to all. This philosophy of compensation or appreciation to transfer knowledge from one worker to another in the Posti Group should not suffer from lots of divergence as to SBU. It is therefore important that Posti Group gives clear guidance on what should be done as per SBU to avoid divergence. Trainer's compensation or incentives to pass knowledge or appreciation to pass on knowledge cannot suffer because of the reasons that routes are paid. Or that the trainee is helping the trainer. If the trainee can help the trainer then there is really no need to engage training of personnel. Would this option be kept by Posti only quality will suffer to be honest? The element on Trainer's compensation should be readable and visible on the Pay Slip. With this fix and clarification made, whoever is doing the training is hence happy that the fact to knowledge transfer has been recognized and in the process of passing knowledge does his utmost best that this is effective.

The Spirit or Philosophy of a worker being another worker's keeper. This is very crucial to keep the goal that all the workers are on the same page about the operations of the company. This is in another word an emphasis on continuous training to back up the statutory three days training offered to a field worker. If workers are trained to be each other keepers, then even waste deposit to the right trash bin for example will not be an issue. A worker cannot and should not be silent when you see your colleague mess up the work environment. Brown wastepaper will always be put in the brown bin and not the green bin if all the workers ensure that their colleague is doing the right thing and somehow ensure that the colleague really understands why this is like this. In this way every worker takes care of their own responsibility and does not transfer the burden to the other. This work together really works well with a degree of friendship instilled amongst colleagues

5.2.6 Organizational Structure Related Recommendation

Organizational Structure Related Recommendation of Potential Synergy Realization contains three aspect namely: Transfer Pricing policy and Platforms, Automated Integrated Intra Delivery Process for buildings more than 8 stories high and Combining the EMDJ back up function and inbound logistic Function.

Looking at **Transfer Pricing Policy and Transfer Pricing Platforms** and the need to share some of the operative factors of production is still impeded due to limited practices of transfer pricing. Transfer pricing here means the need to define a statutory price that a SBU can pay an owner another SBU for using any of her OPF. There is a need to develop a transfer pricing platform where SBU can communicate on what they have on the table for instance OFP, OFP availability and what can be the intra price. If such transfer pricing policies were developed in Posti and communicated to all the SBU, its usage could be easy. This transfer price policy in action does not only enable working together but as well enables Posti to have an efficient usage of its OFP. Posti will not need to rent vans from outside companies or the renting of vans from companies outside of Posti group for example will reduce and cash flow in Posti Group will improve in the company as the company has no need to pay outsiders of Posti for what can be offered in the group. Transfer Pricing Policies and Platforms in Posti will encourage SBUs sharing work tools, work equipment, vans and cars especially when they are idle in one SBU and could be put in use in another SBU

The structure of the organization needs to be reshaped to take advantage of the economies of vertical integration. That is Posti should advocate for an **automated integrated intra delivery** especially for buildings with more than eight stories. That is in-feeders are located at the ground floor and such buildings where the posti workers can load mails, journals and light parcels. The lift conveyor then takes the products to the customer out-feeder and delivers them as predefined by the Posti worker. The Integrated Automated Intra Delivery Process means a process requiring coupling the in-feeder at ground level with out-feeders at customer homes for the same building. It is an integrated process because it entails

some delivery process programming, change housing design to include such innovations and some definitions as to ownership. In this process the Posti worker has no need to go stair by staircase to do manual deliveries but is contented that products when loaded at the ground floor reaches respective customers as programmed. The Posti worker hence has more time to do other deliveries. Today workers need to do floor to floor and door to door even in high rise buildings of more than eight stories. An integrated automated intra delivery process can be put in place in such buildings so that not only time is saved in the delivery but also the physical condition of the worker does not easily deteriorate as he / she has got lots and lots of staircases day per day. Posti will need to engage in the Research and Development an expert who can realize such synergetic potential. Working together with these new innovations means that Posti delivery field worker will no longer need to go from one staircase to another to deliver journals, mails and Parcels but will limit his or her activity to the ground levels where delivery in-feeders are located. He / She can then have more time to deliver more other customers. The structure of Posti organizations might need to change to embrace innovations in some expert area especially depending on whether Posti will want to own the process or work together with other organization to achieve the above goals. For this initiative to happen there is need for Posti to work together with other expert knowledge like those engaged in conveyor automation, building construction and Lighting and heating experts for this package to be effective.

Combining the **backup function EMDJ and inbound logistics** demands to reshape the existing organization structure. That is worker who takes the journals from SanomaTalo can as well assume the function of backup. In this way the job starts as they pick up the journals from the manufacturing units and their job ends as more than 98% deliveries to customers is confirmed ok. Combining so far, these independent operational processes is a strong synergy recommendation to have more control of the process leading to physical deliveries to customer. Hence workers will have more concern that the right bundles are delivered to the right points as they are now part of the whole process. Posti in now encourage to put most of it vans idle at night to the disposal of EMDJ posti workers due to the

magnitude of the workload. Subcontracting of the EMDJ inbound logistic function will be history if this recommendation is followed.

5.2.7 Product Offerings Related Recommendation

Product Offerings Related Recommendations focus on developing Transfer Pricing Policies and Platforms. Posti today do have as physical deliveries mails, parcels, magazines and journals and some other forms of advertisements. Two SBU units handle these product offerings to same customers in the same location independently. That is EMDJ deals only with journals and advertisement and M&PS deals with mails, parcels, some advertisements and smart boxes. As a follow up to other recommendations to potential sources of synergy these product offerings could be operated form a single SBU. There is really no need for duplication of Posti premises due to diverse product offerings. Posti needs to redo the SBU or delivery points to respond to most of its product offering under a SBU as much as possible. Uniformity of product offerings should follow uniformity of establishment meant to fulfil those offerings. As an example, the recruitment office West of Pasila could incorporate in its Backoffice space for EMDJ operations and why not some smart Boxes. In this light a Posti location serves a minimum three product offerings than one that we do see in most of the cases. In addition to some saving in rents and electricity for premises as nearby Posti SBU location is closed and customers orientation to Posti product offerings becomes more and more uniforms, customers would not need to spread their efforts to obtain PodPosti product offering

5.3 Proposal Draft

Table 9 below gives a summary and visualization of Recommendations Potential Sources of Synergy. The text above give details for a better understanding of the summary. Therefore, the above summary of recommendations on Potential Sources of Synergy recommendations gives grounds to engage the next important phase of this thesis that is, the validation phase

Recommendation on the Realization of Potential Synergy OFF		
1	IT / Communication	Distant Print Enabled
		Print from Smart Phone Enabled
		Smart eJob Posti Offerings and Instant Extra Work Fulfillment for Posti Part-Time Workers
2	Share Tangible Resources	Closed all EMDJ office only in the Center region
		Make use of Existing M&PS
		Invest No more in Trolleys
		Share More Work Equipment eTrolleys amongst SBU operations
3	Internal Process	Standardize and Make visible, transparent ePay Slip
		Standardize and harmonize, night and other incentive in SBU. Work on a tolerance level
4	Customers & Customers Related Management	Customer access eKeys should take leadership to the old fashion keys
		Share access keys for same customers area and No double access keys for same customers
		Harmonized work route delivery definition to ensure sharing of work equipment for the same customer
5	Learning and Growth	Statutory definition of Training and Trainers compensation
		Philosophy of workers being another keeper's in a continuous manner
6	Product Offerings	Uniformization of Location and Product offerings as much as possible
7	Organizational Structure	Transfer Pricing Policies and Platforms Enable
		Combine EMDJ back function and Inbound Logistics
		Maximize Innovation and Economies of Vertical Integration. Advocate Automated Integrated Intra Logistic for buildings >8 stories
Table 9: Recommendations on Potential Sources of Synergy Realizations		

6 Validation of the Proposed Synergy Recommendation

This section reports on the results of the validation stage and points to further developments to the initial Proposal. At the end of this section, the final proposal recommendations are presented. The details below are an overview of the validation stage data 3, Analysis of Feedback and Correction of the Initial Recommendation, Developments to the Proposal Based on Findings of Data Collection 3 and the final proposals

6.1 Overview of the Validation Stage Data 3

This section validates the proposal developed in the previous chapter 5. Validation refers to e.g. piloting, testing, feedback, key stakeholder evaluation of the proposal using data 3. In this case feedback was the focus. Data 3 is data 1 and data two combined and modified with information from the feedback validation process. In Data 3 you see how the validation process impacted data 1 and 2

The goal of this section is to get a strong proposal that is not only accepted in the company but that is applicable outside the company by other interested parties. The validation feedback procedure enables sources of synergy proposal recommendation gap to reduce as much as possible to conclude on a well refined final draft. The Start analysis gave an opportunity to identify sources of potential synergies. The Recommendation proposals draft was created by the observation method and refined with the use of email and SMS from the company. No workshop was carried out to achieve this goal but for the CSA that gladly saw a one-time sitting in the premises of the head office organized to get valuable information. The logic of validation carries point by point on the seven recommendations and its expansion. A table was developed to enable easy fill out and all took place through email and SMS due to the COVID-19 pandemic situation. Luckily for us the validation feedback proposal saw light thanks to electronic devices availability and usage capabilities.

Table 10 and Table 10-1 below gives a summary inside of recommendation on potential synergy recommendations and related feedback comments from the

Posti management validating the proposal. The interest here was to keep exact wordings from management but for light grammatical correction without endangering the message management wanted to put out. Table 10 reads for 1 to 3 sources of synergy as could be seen below.

Recommendation on the Realization of Potential Synergy OFP			
	Sources of Synergy	Proposal Draft	Company Validation / Feedback Comments
1	IT / Communication	Distant Print Enabled	Good idea, data protection must be handled
		Print from Smart Phone Enabled	already possible Work phones capacity to do that has to insured
		Smart eJob Posti Offerings and Instant Extra Work Fulfillment for Posti Part-Time Workers	Good Idea but Deep plans needed.
2	Share Tangible Resources	Closed all EMDJ office only in the Center region	If there would be less pick up points, delivery persons have to walk longer and that means longer delivery time. And if those route packages are made smaller = too much walking/paper amount? Salary down!
		Make use of Existing M&PS	yes, Whenever possible, yes
		Invest No more in Trolleys	Not good idea. Trolleys travel from point to point
		Share More Work Equipment amongst SBU	Always when possible. Need more planning how to make sure that everything is there where it should be when needed
3	Internal Process	Standardize and Make visible, transparent ePay Slip	absolutely yes Good idea, but needs also other changes in system before it can happen successfully
		Standardize and harmonize, night and other incentive in SBU. Work on a tolerance level	Ok. Always when possible.
Table 10: Validation Feedback Procedure reporting			

Table 10-1 below is a status quo summary for sources of synergy from 4 to 7 with comments from the company about the distribution and impact of OFF.

Recommendation on the Realization of Potential Synergy OFF			
	Sources of Synergy	Proposal Draft	Company Validation / Feedback Comments
4	Customers & Customers Related Management	Customer access eKeys should take leadership to the old fashion keys	There might come problems with customers different safety needs. Might be difficult if not even impossible to have all customers to go through expensive changes in short time
		Share access keys for same customers area and No double access keys for same customers	Ok. as earlier answer but have to also remember that if there come delays when delivering, that time which goes over other ones.
		Harmonized work route delivery definition to ensure sharing of work equipment for the same customer	Yes. Interesting idea and needs more planning
5	Learning and Growth	Statutory definition of Training and Trainers compensation	Yes needed. Need to be done, in some way
		Philosophy of workers being another keeper's in a continuous manner	Ok. Absolutely yes, but unfortunately cultural differences might cause troubles
6	Product Offerings	Uniformization of Location, operations and Product offerings as much as possible	Yes. Seems to be happening in near future
7	Organizational Structure	Transfer Pricing Platforms Enable	Ok. Yes
		Combine EMDJ back function and Inbound Logistics	possible, but needs lot of planning. some cases yes
		Maximize Innovation and Economies of Vertical Integration. Advocate Automated Integrated Intra Logistic for buildings >8 stories	Worth to research more. Worth for deeper surveillance
Table 10-1: Validation Feedback Procedure reporting			

Table 11 to below gives company feedback validation outcome on the operative

Distribution of Operative Factors of Production in the Center Only					
Annankatu, Elielinaukio, Kauppiaankatu, Museokatu, Laivurinrinne, Köydenpunojankatu, Kasarminkatu, Mechelininkatu					
	OFP /Outcome	CST	Recommendations	Company Feedback Validation	Comments from the company
	OFP	Numbers	Numbers	Numbers	
1	Distant Print Enabled	0	7	4-7	ok
2	Smart Phone Print Enabled	0	52	52	ok
2	Smart eJob Posti Part-time Work Instant Fulfillments systems	0	1	1	Ok with recognition of more planning
4	eTrolleys	30	30		Not all like the eTrolley?
5	Trolleys	30	0		Need also these, cannot be all destroyed
6	Posti Car	1	1	2	we have now 2 car routes at city center
7	Route Packages Workers EMDJ	52	52	54	Counting also Suomenlinna there are 54 route packages
8	Back Up Workers EMDJ	10	10	10-15	At least 10 needed, prefer 15, part of them in common use with nearest areas too
9	Same Keys Route Package Usage EMDJ and M&PS	0	1	1	Absolute Yes
10	Use of Own Cars	10	5	0	no need
11	Use of eBicycles	3	3	0	no need
12	Number of offices or SBUs	7	4	4-7	depends if the routes are staying the same as they are now
Table 11: Validation Reporting Impact on Operative Factors of Production (OFP)					

factors of production. That is how OFP is affected from the CSA, proposal draft stage and the final recommendation from the company. Table 11-1 below is a

continuation and gives company feedback validation outcome on the operative factors of production. That is how OFP is affected from the CSA, proposal draft stage and the final recommendation from the company.

Distribution of Operative Factors of Production in the Center Only					
Annankatu, Elielinaukio, Kauppiaankatu, Museokatu, Laivurinrinne, Köydenpunojankatu, Kasarminkatu, Mechelininkatu & Mannerheimintie					
	OFP/ Outcome	CST	Recommendations	Company Feedback Validation	Comments from the Company
13	Types of Keys	6	1	1-6	Customers might not want that there will be keys which open all places – safety issue
14	Number Keys Coloring and Differentiations	10	1-5	1-10	Super Keys not emerging
15	Number of Keys Route Package	10-50	1-5		Customers might not want that there will be keys which open all places – safety issue
16	Work Smart Phones	52	52		54
17	Full Time Work EMDJ	0	10	0	This model now is part time for timeline from papers out of printing house to customers is less than 6.00
18	Automated Integrated Intra Delivery Systems for building >8 stories	0	1	1	Very New
19	Transfer Pricing Policies and Platforms Systems	0	1	1	Very New
20	Combining Back Up Workers and In-bound Logistic function EMDJ	0	10-15	10-15	Some points can already start

Table 11-1: Validation Reporting Impact on Operative Factors of Production (OFP)

6.2 Analysis of Feedback and Correction of the Initial Recommendation - Findings of Data Three

Respondent X said “I sent you already some short words. But the main problem is that you have good ideas but when knowing the company that is, when you look at how the company operate today lots of work needs to be done. Also, what comes to customers when speaking about keys. There is a lot of safety issues I am sure. They don’t want that there are so called super keys opening everything”

Respondent Y said” About equipment that should be used in the EMDJ and day-time, problem will be that so many carriers do not take seriously even the basic trolley equipment. They took those from place a and return usually place b. Also taking care of common things is not, unfortunately, one of the best skills of our carriers. Not all, but too many.”

Respondent Z said” eTrolley, well quite many think those are not easy and flexible to use and because in the city center area the roads and back yards etc. are quite different than for example city edges, not handy”

Respondent X-X said “Big problem with all these synergy ideas ...those would be just what the company needs. IF---if our personnel would be more committed to rules. More understanding that we get benefits if company is successful. But so many workers know that they are in the company only for a short time and feel it’s not worth it”

Respondent X-Y said “Everything stands on the basics. If those don’t stay strong everything is useless”

Respondent X-Z said “No matter how fancy plans the big boss do earn his big salary. If there are no people under his/her commands who has skills to get his/her own employees to work functionally... So, it’s all about leading groups and there our company has quite a lot to improve”

Respondent Y-Y said “I read all again. Overall – you have excellent ideas, but as much as I know (it is not much) this Posti Group strategy and all lower issues, I’m afraid there is lot of high mountains keeping distance to goals. I’m not sure now which is the best way to help you now. Because my own opinions might not be exact the same than company’s. If we make this easy way, send me email where you ask straight questions one by one, I try to answer. There was a few where I really do not know what to say.”

Respondent Y-Z said “Oh, already notice one thing – when you were talking about distance printing, I understood wrong. I can print but it was those pickup points that one cannot print.”

Respondent Z-Z said “Proposal sounds working idea. Like all new working models also this has lot of possibilities but must be handled with deep plans, for example current supervisors cannot take any extra work to their daily schedule. Must be different coordinator. Also training workers to use this kind of electronic service is needed, even the best applications are useless without users
”

Respondent X-X-X said “Problem will be that route definitions go lower and that means lower salary. One part of route definition is always that walking time/length. For example, if basic trolley route is changed to bicycle route salary goes smaller. eTrolley as you mean is very good option in areas, where already use bicycle or so, then it does not have salary down effect. eTrolley also need different kind of training, but that is not problem.”

6.3 Developments to the Proposal Response Based on Findings of Data Collection Three

Developments to the Proposal Response Based on Findings of Data Collection Three is detailed in two paragraphs namely: Recommendations on the Realization of Potential Synergy of validated proposal and Validated Proposal Potential Synergy recommendations and How they Impact OFP usage

6.3.1 Recommendations on the Realization of Potential Synergy of validated proposal

Taking into consideration the feedback from the company respondents a rewrite of the recommendations is seen below category by category.

Considering the **IT / Communication Related Synergy Recommendations** and as understood from the respondent comments Distant print is already enabled but needs care on data protection issues. It stands grounds here as a recommendation with reservation on data protection and from Print from Work Smart Phone is already possible thus retained. **Smart eJob Posti Offerings and Instant Extra Work Fulfillment for Posti Part-Time Workers** was embraced but deeper plans are needed to get it to work.

Considering **Shared Tangible Resources Related Synergy Recommendations**, closure of all EMDJ offices was not validated but making maximum use of the already existing M&PS locations was validated ok. Invest less and less in Trolleys looks ok with the company as it takes time for workers to be familiar with eTrolleys. Also, workers need to be trained to be responsible for the work equipment put at their disposal. An immediate zero of Trolleys as work equipment is not validated due to non-sufficiency of EMDJ workers care for work equipment and the impression that EMDJ workers would need to travel longer distances to start work. No mention was made about eTrolleys designed to go faster than Trolleys. This means less time would be needed as travel time to start work with eTrolley are put in place. No mention was highlighted in the validation process of the fact that today M&PS customers are being served from Kasarminkatu. The question here is why not EMDJ customers too who might be the same as that of M&PS be serve from Kasarminkatu. In a continuous discussion with management understood that as eTrolley moves faster therefore delivery routes definition will have less hours when compared with the use of Trolleys. This sound plausible in the eyes of management by objective Efficiency is confirmed here in less delivery's cycles time. That is, do more deliveries in a time frame with eTrolleys usage as opposed to less deliveries with Trolleys usage for the same time frame. This

proposal therefore needs further discussion but for the purpose to close the thesis writing we shall keep the company view for now.

Considering **Customers & Customers Relation Management related synergy recommendations**, Customer access eKeys should be preferred to the old-fashioned keys might be difficult if not even impossible to have all customers to go through expensive changes in short time. This means that it can be possible in the long run. Share access keys for same customers area and no double access customer keys for same customers was accepted with no reservation. Harmonized work route delivery definition to ensure sharing of work equipment for the same customers was validated as an interesting idea which needs more planning.

Considering **Learning and Growth-related Synergy recommendations**, Statutory definition of Training and Trainers compensation needs to be done, in some way hence accepted but planning concern was highlighted. Philosophy of workers being each other's keeper's in a continuous manner was validated with no reservation but on the need to take into consideration cultural differences.

Product Offerings Related Synergy Recommendations, Uniformization of Location, operations and Product offerings as much as possible seems to be happening in near future was the validation note. This recommendation was accepted from the company perspective with no reservation. So far Kasarminkatu office is exemplary for you could find sales points, smart boxes and EMDJ all offered in one SBU.

Considering Organizational Structure Related Synergy Recommendations, Transfer Pricing Platforms Enable was validated without any reservation. Combine EMDJ back function and Inbound Logistics validated as possible but needs much planning. And Maximize Innovation and Economies of Vertical Integration, Advocate Automated Integrated Intra Logistic for buildings more than stories were validated as worth more research. That means the company needs to put more efforts in research to make this happen.

Considering the Internal Process Synergy recommendations, ePay Slip standardization, transparency and visibility was validated with reservation to make changes in the system to allow it work good for all. Harmonization of night and other incentives was welcome with need to make it work in the near future.

6.3.2 Validated Proposal Potential Synergy recommendations and How they Impact OFP usage

The Distribution of Operative Factors of Production after feedback validation in the Center Only that is, Annankatu, Elielinaukio, Kauppiaankatu, Museokatu, Laivurinrinne, Köydenpunojankatu, Kasarminkatu, Mechelininkatu, Mannerheimintie. The summary below gives the numbers after the validation propose on recommendations of potential synergy. This is elaborated in fourteen points as can be seen below:

1 eTrolleys as share tangible resources stays the same before and after the recommendation validation feedback.

2 Trolleys would need to be maintained as mentioned in the start analysis for EMDJ workers still have to have the spirit and philosophy of keeping work equipment at their disposal as own properties. That is until the company is convinced that EMDJ workers have that spirit, putting expensive equipment at their disposal will have a halt. That is work that still must be done to make sharing work equipment to be realized.

3 Posti Car moves from one as per the current State Analysis and Recommendation Proposal to two Posti Cars in the center region as per feedback validation

4 Delivery Route Packages EMDJ moves to fifty-four as answered in the validation and feedback as opposed to fifty-two as the proposal recommendation to include Suomenlinna justified and classified as belonging to the centered area

5 Back Up Workers EMDJ shifted from ten to a range from ten to fifteen workers to meet and catch up with variability in production activity control as confirmed in the validation feedback.

6 Use of Own Cars EMDJ is zero in the center as per validation and feedback on synergy recommendations. There are two predefined car work routes and Posti car is available to meet that purpose.

7 Use of eBicycles is zero in the center as per validation and feedback on synergy recommendations. No need for eBicycles then.

8 Number of offices or SBU could stay in the range of four to seven. Closing of EMDJ only was totally objected but usages of M&PS existing offices accepted with no reservation. This means that a shift from EMDJ offices to the already existing M&PS offices is a gradual process and until the latter is true it will be difficult to close those EMDJ offices in the city center.

9 Types of customer access Keys were maintained on a range from one to six as it takes time for customer to embrace change to eKeys technology in the whole of the center

10 Number of Keys Coloring and Differentiations will stay in the range of one to ten to meet keys differentiation and as needed for route definition. That is an address can only carry one set of well-defined keys for correctness and void of error to avoid confusion.

12 Number of Keys route package stays at the range of ten to fifty keys after the feedback validation of recommendation of synergies sources. Thus, keys differentiation capabilities stay strong for each route package comprises of two to five routes and each work route takes a minimum of two to fifteen customer access keys.

13 Work Smart Phones shifted from 52 to 54 to embrace Suomenlinna area planned as part of the center. Remember each worker keeps a smartphone for

EMDJ only. M&PS does not use smart work phone for deliveries yet except in the case of signed parcels. EMDJ smart work phones are not compatible with that of M&PS even though technology feasibility makes it plausible.

14 Full Time Work EMDJ maintain at zero for only a maximum of 6 hours could be offered for the whole EMDJ process. That is delivery process as from the pickup of journals from SanomaTalo to drop at Delivery points in the center and eventual delivery to customers.

6.4 Final Proposal

The final proposal is summaries in two tables. One table is the recommendations on the realization of potential synergy sources and the other table is on the impact on operative factors of production of such recommendations. Table 12 below is a revised draft proposal to respond to the validation and feedback comments from the company. The table below is just a summary of the final draft proposal recommendation on the realization of synergy of potential synergy. Potential synergy stays until the synergy is realized. Outline of the potential synergy below does not mean they are realized. And until they are realized, or steps are taken for its realization's synergy recommendations stays potential until transform into proper action.

Recommendation on the Realization of Potential Synergy Sources		
	Sources of Synergy	Final Draft after Company Validation / Feedback Comments
1	IT / Communication	Distant print Enable accepted but needs data protection concern.
		Print from Smart Phone Enabled already possible and just need to be activated
		Enable Smart eJob platform for Posti job offerings and fulfillment for part-time worker accepted but needs deeper planning.
2	Share Tangible Re-sources	No to immediate closure of all EMDJ office only in the Center region
		Yes, Make use of Existing M&PS
		Invest less and less in Trolleys - for Trolleys travel from point to point and are being replaced as workers train more and more on how to use eTrolleys better and take responsibility
		Share More Work Equipment amongst SBU accepted And Need more planning on how to make sure that everything is there where it should be when needed
3	Internal Process	Standardize and Make visible, transparent ePay Slip accepted and changes in system needed before it can happen successfully
		Standardize and harmonize, night and other incentive in SBU. Work on a tolerance level ok
4	Customers & Customers Related Management	Customer access eKeys should be preferred to the old-fashioned keys. Might be difficult if not even impossible to have all customers to go through expensive changes in short time.
		Share access keys for same customers area and No double access keys for same customers was accepted
		Harmonized work route delivery definition to ensure sharing of work equipment for the same customer. Interesting idea and needs more planning
5	Learning and Growth	Statutory definition of Training and Trainers compensation needs to be done, in some way
		Philosophy of workers being each other's keepers in a continuous manner was applauded
6	Product Offerings	Uniformization of Location, Operations and Product offerings as much as possible seems to be happening in near future so accepted
7	Organizational Structure	Transfer Pricing Policy and Platforms Enable applauded but needs planning.
		Combine EMDJ back up function and Inbound Logistics accepted with deeper planning needed
		Maximize Innovation and Economies of Vertical Integration. Advocate Automated Integrated Intra Logistic for buildings >8 stories accepted and Worth to research more

Table 12: Final Recommendations on Potential Sources of Synergy Realizations

Distribution of Operative Factors of Production in the Center Only				
Annankatu, Elielinaukio, Kauppiaankatu, Museokatu, Laivurinrinne, Köyden-punojan- katu, Kasarminkatu, Mechelininkatu, Mannerheimintie				
Rank	OFP /Outcome	CSA	Recommendations	Company Feedback Validation
1	Distant Print Enabled Offices	0	7	4-7
2	Smart Phone Print Enable	0	52	52
3	Smart eJob Posti Part-time Work Instant Fulfillments	0	1	1
4	eTrolleys	30	30	30
5	Trolleys	30	0	0-30
6	Posti Car	1	1	2
7	Route Packages Workers EMDJ	52	52	54
8	Same Keys Route Package Usage EMDJ and M&PS	0	1	1
9	Use of Own Cars	10	5	0
10	Use of eBicycles	3	3	0
11	Number of offices or SBU	7	4	4-7
12	Types of Keys	6	1	1-6
13	Uniformization of Product Offerings per SBU	0	0-4	4-7
14	Number Keys Coloring and Differentiations	10	1-5	1-10
15	Number of Keys route package	10-50	1-5	10-50
16	Work Smart Phones	52	52	54
17	Back Up Workers EMDJ	10	10	10-15
18	Full Time Work Back Up EMDJ	0	10	0
19	Transfer Pricing Policy and Platform	0	1	1
20	Automated Integrated Intra Logistic Delivery systems for building more than 8 stories	0	1	1
21	Combining Back Up Workers and Inbound Logistic function EMDJ	0	10-15	10-15

Table 13: Validation and Impact on Operative Factors of Production (OFP)

Table 13 above gives a summary on how feedback validation refined the distribution of Operative Factors of Production (OFP) in the center of Helsinki Metropolitan area. These impacts are seen on 21 listed OFP as could be seen in the table. Three cases will be detail to explain how to read the impact on operative factors of production. For example, rank 1 speaks of 0 distant print on the CSA. Data 2, that is Recommendation proposed on distant print to 7 offices in the center and the feedback validation stage that is data three carries on a range of 4-7 offices accepting distant print. Rank 6 shows a posti car at the Data 1 stage. This is confirmed at the data 2 stage but then we see a shift from 1 to 2 at the data 3 stage. That means two posti cars are validated in the feedback back validation stage for the center. Rank 18 identified 0 Full Time Work for Back Up EMDJ at the data 1 stage. Recommendation carries on 10 Full Time Back Up Worker EMDJ for data 2 and the validation feedback stage saw 0 Full Time Back Up Worker EMDJ. In conclusion the table above reads a number where the issue is exact and could take a range to accommodate variations.

7 Conclusions

This section provides the Executive Summary, Managerial Implications/Next Step and Recommendations on Implementation, Thesis Criteria and Closing Words

7.1 Executive Summary

The objective of this thesis was to propose Recommendations on Potential Synergy Sources of OFP for the case company Posti and two strategic business units. Posti is undergoing competitiveness in her business sector and the need to stay in business has led the company to focus mostly on salary cuts and continuous recruitment announcement on almost a weekly basis to meet competitiveness in the market. This thesis gives the management of Posti group an opportunity to explore Potential Synergies in other operative factors of production to meet the challenges in the market. This thesis presents an alternative to mere salary cuts. Cost saving measures and benefits cannot be reached if the management limits itself just to identification of potential synergy sources. Identification of potential synergies must be coupled with managerial action for its realization for any eventual benefits to see light.

This thesis was carried out with the use of a research design in four major steps. The first was to get an overview and to get an understanding about existing literature concerning synergies. The second stage was to perform a starting analysis or current state analysis of the case company Posti EMDJ and M&PS. Data one collection was very useful in this state. With my 19 years working in the company coupled with some informal discussion with some experienced workers, an hour workshop with the Production Manager and company documentation data 1 was gathered. Data 2 gathering was successful thanks to observation methods coupled with email / SMS correspondence with the Production Manager. Data 3 that focused on the validation process of the initial proposal was done by using fill out

forms exchanged via email and SMS with the Production Manager EMDJ. Luckily, we could overcome COVID-19 issues and got some progress in the thesis with the use of email and SMS.

The current state analysis (CSA) or start analysis of the case company provided meaningful and precise findings as it was done based on the conceptual framework. This framework allows a summary from vast literature readings about some accepted definitions of synergy, benefits of synergy and categorization of the different sources of potential synergy. The CSA enabled an identification of the different sources of synergies of operative factors of production. It is important to note that this exercise was evident due as well to a pre-map of the delivery process M&PS and EMDJ in the center Helsinki Metropolitan Area. The outcome was 23 sources of potential synergy identified and grouped under seven categories of potential synergy sources of OFP.

The above led to the development of recommendation on potential synergy sources of OFP for Posti. The outcome powered by data two was 18 recommendations grouped under seven categories inspired from the conceptual framework. A table detailing nine points was also established to exhibit how the recommendation will affect most of the existing OFP.

The final draft for recommendations on potential synergy sources was established through data 3 collection. The outcome here is detailed in table 13 and labelled in 17 points and 7 group categories of potential synergy as concluded after company feedback validation. The finalization of these draft recommendations was also concluded with and exposure on how validation plays on most of the operative factors production (see Table 14 for more details).

The overall objective of this study was to explore other cost saving measures than labor cost to meet challenges in the market and in a better way. Synergy and synergetic related implementation have proven its worth as from literature reading. And it was well confirmed in the literature that synergy usually exist, but you cannot benefit from it without actual identification and putting in place the

mechanism for its realization. This thesis has done just that part that is, identification and recommendations on how to realize synergy sources. The onus of the matter is now for the company to take advantage and get synergetic potentials in the company on and running to reap the benefits. In this regard workers could see a smile on their faces for the benefits of synergy realized could be used to improve the working condition of workers as well and keep a good work atmosphere in the Posti Group. Workers should really feel that they belong to the POSTI family. This might enable Posti to focus on the core area of business and then there will be less need to recruit new workers on a weekly basis who often don't stay for long.

7.2 Managerial Implications / Next Steps and Recommendations toward Implementation

This section carries on the next step that would be needed for the realization on recommendation of potential synergy sources of OFP. This will be in three phases, namely The Initial Phase - Identification of Synergy Sources, the Secondary Phase – Feasibility Check List and the Final Phase – Action / Implementation on the Realization of the Synergy.

The Initial Phase comprises the acceptance of different potential sources of synergy recommendations already identified and detailed in the seven groups namely IT/ Communication, Organization Structure, Internal Process, Learning and Growth, Product Offerings and Shared Tangible Resources. The manager must not limit themselves with the above structure for business evolves and by the time of implementation of the points might have been outdated or fixed already. This means that the management team in charge of implementation must be very prudent and act on elements relevant to meet the set targets. In that way the above points above will act as guideline recommendation to realize synergy

The Second Phase will be to develop a Feasibility Check List to enable the actual implementation. These Feasibility Checklists could carry on Technology Feasibility, Organization Feasibility, Finance Feasibility and Other Resource Feasibility. The Technological Feasibility Check List will carry on the knowhow availability and the volume and the time frame the company can get hold of all the knowhow needed to reach its goal. Organization Feasibility Check List will detail organization readiness to implement synergy and synergetic recommendations. That is Top management commitments, personnel training needs on the various areas to engage and various management impediment needed, or organization readiness will be exploited on this check list. The Finance Feasibility Check List will carry on the readiness to finance synergetic operations. The project financial needs and financial availabilities will be exhausted here with all the financial timeframe that such implementation can impose. And Other Resources Check List will carry on the availability of other capital investment needs in terms of machinery, moveable and non-moveable assets availability and their readiness to put these assets in use to realized synergy.

The third and last phase is Implementation/Action Feasibility Check List meaning, action leading to realization of potential synergy recommendation. That is once the initial and the second phase have been completed efficiently then the last phase, the action phase can see light. That means taking concrete action to realize synergy. This check list validates concrete action to be taken for the synergy to be realized with clearly defined datelines and progress reports on realization. This check list must be powered with an element of deviation analysis. That means evaluation of implementation plan against actual implementation identifying deviation and how management will take on such deviation.

7.3 Thesis Evaluation

The challenge or research problem was to exhibit to the company management that different avenues to improve competitiveness still need to be exploited to this

continuous drive from manual to digital offerings. Research objective as to identify and propose potential sources of synergy in operative factors of production and the Outcome was Potential Sources of Synergies in OFP. This research objective, research problem and outcome were kept throughout the thesis. The proposed outcome guided the readings and literature search and selection to scope the thesis writings. Therefore, a conclusion on a conceptual framework was made and carries on some definition, benefits and sources of synergy category by category. It was not very easy to draw such a conclusion but for lots of support from school instructors and feedback seminars organized to discuss and close gaps on outcome, it was possible.

The research method used here was action applied research. The literature studied provided a solid foundation for the study. It is important to note that the research problem highlighted has got great significance to the company. This was also communicated by the Production Manager. Of course, had the study included more personnel in the feedback process, then divergences in the answers would be more spread and more work and time would have been needed to put the final draft in a succinct matter. Still the core of the matter is that, potential sources of synergy on OFP are now detailed category by category and the company can now take initiative to effectively make the implementation.

This study was carried out with the strict usage of scientific data. This means written books and authorized publication and no Wikipedia sources were used here. All documents used in the thesis are well referenced thanks to guidance from instructors and knowledge that is not mine are given in quotes.

The thesis followed a logic construct of data 1, 2 and 3, Data 1 was derived with input knowledge from the conceptual framework. The conceptual framework was a summary of literature read about potential synergy and synergy sources in business, management and supply chain. Data 1 carries in-depth knowledge of the state of the matter that is, the current state analysis of potential Synergy Sources Identification with POSTI. Data 2 covers a proposal draft on Recommendations of Potential Synergy Sources that could only be derived with input from data 1.

And the Final Recommendations on Potential Sources of Synergy could only be realized with input from data 3. That is, data 3 detailing validation feedback was captured on the conclusion arrived at data 2. Therefore, it is evident that the logic in writing this thesis followed a strict plan laid out at the beginning.

Action Applied Research by its name makes this research relevant. No company or management would be interested in an irrelevant thesis and therefore will not commit resources to make this happen. The fact that the management commits some time to get this followed up from the initiation to the final thesis report makes relevance not questionable. The commitment of management to get some of the issues on point especially during the validation stage explains the importance my case company attached to this thesis. Relevance does not directly imply applicability to all forms of business. This means this thesis is written in such a way that any user could extract the knowledge and adapt it to their own environment. For example, the big categories might not change a lot when applying to other business areas but subcategories of potential sources of synergy might call for some attention and concern for, they may vary as to the business operations

7.5 Closing Words

All start must have an end. The thesis is written on Recommendation on Potential Sources of Synergies in OFP with POSTI as case company. Nothing good comes easy that is why the time put to make this thesis is worth it. Most of the best publications and books about synergy was captured in this thesis. The thesis is then open to all professional and non-professionals for the story at Posti might be yours tomorrow if not today. For those of us non-professional in Management, Supply Chain Management and Logistics it might the best advice to take some time off to read page by page to get the story in its entirety. Wishing that this reading will be an inspiration to those who in general want to identify sources of potential synergy in OFP and who take on the next step in the actual Realization of Potential Synergy Sources Recommendations.

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Questionnaires for Data 1

Potential Synergy Sources on Operative Factors of Production (OFP) for the Strategic Business Unit (SBU). Questionnaires to meet Current State Analysis (CSA)

Organizational Synergies

1) Early Morning Delivery of Journal Process Maps. The journal product leaves SanomaTalo Vantaa to the various Delivery point as per the process map.

a. Is the sequence of delivery correct? That is the delivery of journals: (Helsinki Sanomat (HS), Hufvudstadsbladet (HBL) and Kauppalehti (KAUP), Östnyland (BB) and Västra Nyland (VN) from SanomaTalo is made to the different drop points as specify in the process map? In another words. Do the van leaves SanomaTalo with Journals to the different Posti Unit as map out in the diagrams or do they drive differently? Remember the product journals drop points for the drivers are pick up points for the delivery workers that is, those who delivery to the customers

b. Are those workers, drivers of product journals from SanomaTalo to the different Posti Unit / SBU working for the post office directly or they are subcontracted. By subcontract I mean the drivers are hired by POSTI and they are working for their own or different companies

Tangible Resources Synergies

c. Do they workers own the van / truck, or they are owned by posti?

d. Or some of the vans / trucks are owned by Posti and others by the subcontractor

e. Could Posti idle van be used in the night? If so, how many?

Organizational Synergies

2) What are the numbers of delivery routes per workstation (SBU)?

a. What are the average number of papers delivered or supposed to be delivered per route package as per the delivery process maps?

b. What are the numbers of product journals delivered per Post unit or strategic business unit (SBU) and as per the delivery map-pings process.?

- 3) How many workers are there per SBU and how many supervisors about per SBU?

Work Force Synergies

- 4) How many back-up workers per Post unit or Strategic business unit?
- a. Are they back up workers tight to a SBU or they are flexible? By Flexibility that is, they response to night challenges (Workers absences, workers lateness, late delivery, missing delivery, wrong delivery, door opening defaults, etc) in all the SBU
- b. Some Back-up workers does delivery from SanomaTalo to the various drop points? And if so, how many?
- c. Some Back-Up Workers does work tools maintenance? And if so, how many?
- d. Some Back- Up Workers does missing journals to route workers Only? And if so, how many?
- e. Are there any other function that back up workers?

Tangible Resources Synergies

- 5) Availability of OFP to workers
- a. List /Numbers of work tools available in each SBU? by work tools I mean operative factors of production?
- i. Van?
- ii. Trolleys?
- iii. Electric Trolleys?
- iv. Bicycles?
- v. Print station?
- vi. Work Phone charge station?
- vii. Electric Trolley (eTrolley) Charge Station?
- viii. Customers Keys? Manual? /Electronic?

- ix. Other OFP, works tools not Mention above (Name and numbers)
- b. List / Numbers of OFP NOT available to workers as per SBU

Product Offering Synergies

- 6) Are there other post units in your area of operation that you think you can run operations jointly?
 - a. If so, why are you not using the premises or office tools or office equipment.
 - b. Please explicit what OFP (land, Labour, capital, Entrepreneurship) you will like to use from the Posti units that you do not have access so far

IT / Communication Related Synergies

- 7) Print Rights, authorization to print per SBU and Back Up in case of network failures or other digital failure
 - a. Who have rights to print per SBU. Or can rights to Print be allocated to Back Up workers per SBU or area
 - b. Are the print station Interconnect. That is can a supervisor seated in Pasila for example order prints in Lauttasaari?
 - c. How does delivery with the use of manual delivery list works so far in case of Network failures or instantaneous missing workers work phone

IT / Communication Related Synergies

- 8) Contracting and Work with the Posti Full time Trend Online Job announce and Pick Up
 - a. Does Posti own an Online cloud Job Market for existing workers where workers can select jigs to meet as they come up to meet full time requirement

- b. Online flexibility of jigs pick-up and validation per SBU do exist or not to meet fluctuations in markers and as the same time guaran-tee full time workers status?
- c. How is underutilization of workers capacity visible with Posti SBU?
- d. Are there any other online methods you would like POSTI to engage to allow instant flexibility of workers and kill under capacity utilization of workers?

9) **Mergers / Integration / Partnership / Cooperation / Acquisition Related Synergies**

- a. How is Posti relations with companies producing keys for customers households? How quick is key for the main entrance only delivered when ordered?
- b. What is the trend cooperation with key dealers to have electronic keys for the main entrance of buildings only? That is delivery routes can possess just an electronic key than bunches of keys
- c. Any mergers intention to own the process as main users of keys in Finland
- d. Does Posti cooperate with construction companies especially in the building of skyscrapers with more than 10 stories for an integrated automated delivery process. If not? What could be the rea-sons for not championing the design part or area of interest in Building and construction?
- e. Is Posti consulted in the choice, design and location of mail and delivery boxes in both single housing area and story buildings lo-cation. If no what could be the reasons for such a non-participation or cooperation with construction companies?

10) **Other Forms of Synergies Not Mention Above**

Please say?

If there are POSTI manuals or articles or links that I could read to gather some information, please do not hesitate to make know. Remember the topic is potential Synergy Sources of Operative factors of Production with Posti.

Thanks for your valuable time in getting these data right.

Jude N. Njila

Some Answers to Questionnaires for Data 1.

Respondent ZZZY says "What comes to your earlier request considering few numerical fact or information about Posti, bigger lever superior said that it is classified.