

Exploratory study in Brazilian cargo carriers

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Abstract

The paper aims to verify through 250 structured questionnaires in a management processes development it include strategic planning creation, development and implementation. Through literature and field research, was observed that no matter the sector, type or organization size some of them lose or straying by lack of model to be followed.

Keywords: strategic planning, stages of strategic planning, road freight transport.

INTRODUCTION

Recent accelerations in business development models have been caused by the force of various alterations in production management. However positive this progress may seem, this acceleration has become overly complex and accentuated in the organization's environment. Companies have begun to look beyond their interior structure (production, inventory control, financial, personnel)) to discover their relationship with the external environment (technology, politics, economics, culture...) is needed to make their businesses sustainable.

The contemporary economic scenario of unstable environments and constant change has forced cargo carriers to develop and adapt new management processes to steady their business with a survival plan. In a global economy where micro and macro-environmental oscillations occur, unpredictable changes mean extra devastating unplanned expenses, such as:

- ✓ The rise in fuel prices, which has challenged financial managers in the equalization of freight costs;
- ✓ Falling freight values due to the supply being higher than the demand;
- ✓ The surge of new transport equipment that delivers best revenues, but the cost of those equipment are high and the credit to this segment is limited to a few operators.
- ✓ Reduction of incentive programs for acquisition of goods by the federal government.

Facing this reality, the concept of strategic planning has undergone refinement, becoming an implicit tool in maintaining the competitiveness of enterprises. Initially this concept was restricted to the finance and production departments responsible for setting goals and control for the whole of a business' economic outlook in the short, medium, and long term.

In this context of growing dynamism and competitiveness where organizations need to interact with various micro and macro environmental agents, the companies are adapting to this new needs using implementation of strategic plans that guides what direction and actions must be implemented in order to adjust to the different agents (MINTZBERG et al. 2007).

In this context of growing dynamism and competitiveness, where organizations need to interact with various micro and macro environmental agents, companies are adapting by the implementation of strategic plans. These plans are critical to guide the direction and actions of the organization allowing agility towards the different environmental agents.

OBJECTIVE OF RESEARCH

The main objective of this research was to identify whether the Brazil's cargo companies are using strategic planning or not.

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To achieve this goal, the following specific objectives were established:

- ✓ Create, from the theoretical framework, a one-step model of strategic planning;
- ✓ Analyze, by documents, observation, questionnaires and interviews, which stages of development the survey participant companies have achieved in their management.

THEORETICAL FUNDAMENTATION

It can be assumed that strategic planning; strategic management and management of strategy issues have become part of organizational management, directing them to control turbulent situations.

According Zacarelli (2000), planning is essential to survive and stand out in this new global environment. The business strategy is a short, medium and long term plan that describes a set of actions to achieve specific business objectives.

The role of managers is to evaluate the present, anticipate the future and determine ways to correct the processes that they believe have gone wrong or may not be giving the expected results for the organization based on their experiences and information (MINTZBERG et al. 2007).

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A good strategic plan must be made from a manager's full understanding of the people in all levels at the company. All employees, regardless of their different hierarchical levels, should receive guidance to understand and take responsibility for their individual goals, allowing the company to benefit from their expertise and skills. The process seeks to minimize the inherent weaknesses to any organization (ALMEIDA, 2009).

Strategic planning is developed at the highest level of the company, where it is an expected direction the organization will follow, and thus will form the foundation and example for the other hierarchical levels to develop their own plans. All of this with the goal of making the company walks a common path, and thereby allowing established goals, on all levels, to become more easily achievable.

Table 1 - Comparison of Methodologies for Authors

FISCHMANN	OLIVEIRA	CERTO e PETER
Assessment of needs and possibilities		
Ambiental analyses	Environmental support of business strategy Strategic diagnosis Company mission Strategic scenarios Identification purposes analysis	Ambiental analyses
Definition of goals and objectives		Establishment of organization policy Mission e objectives
Formulation of alternative strategies	Formulation for business strategy	Formulation of strategy
Establishment of criteria	Formulation and selection of alternative strategies	
Selection strategies	Choosing strategies	
Implementation strategies	Implementation strategies	Implementation of the strategy
Implementation of strategic Plan		
Evaluation and Control	Control and evaluation of strategies	Strategic Control

Source: Adapted from TERENCE (2002)

Brazil has now a road network of approximately 1.7 million kilometers, 186,000 asphalted, between federal and state highways.

Table 2 - Conveyors and Vehicle Fleet

Type of carrier	Issued Records		Vehicles	
	2010	2011	2010	2011
Autonomous	409.260	643.273	616.393	828.321
Companies	69.209	117.450	698.751	964.401
Cooperatives	197	315	10.057	13.078
Total	478.666	761.038	1.325.201	1.805.800

Source: ANTT, 2011

Due to the lack of planning and knowledge of carriers composing their prices, it is common that in practice the price charged for shipping covers only variable costs (diesel, tolls, tires, driver compensation, daily ... etc.). Fixed costs (such as insurance, leasing costs, return on invested capital, partner's remuneration, maintenance etc.) are disregarded.

The growing trend in variable costs has caused the negotiation margin to decrease trading. This sequentially has created significant economic damages, particularly for micro, small and self-employed carriers that do not have bargaining power. Most of these carries also have no contract of service. (LIMA, 2005).

The causes of mortality of Small and Medium Companies

In a survey conducted by SEBRAE in 2004, the major management problems that lead small and medium companies to end their activities were raised. The main problems are described in the below table.

All management difficulties, besides being the main causes for the closure of companies' activities, if transformed to undertake planning, can in fact circumvent problems and reduce the Small and Medium Companies mortality rates.

Ortigara (2006) conducted a survey with companies that are active, as well as others that have closed. He questioned their owners about factors they considered important in conducting their business.

As can be seen, planning is the most important factor of success, and its lack is the main cause of mortality of companies. (ORTIGARA, 2006).

METHODOLOGY

According to Gil (1999), the main purpose of a scientific work is to find answers to problems that occur in certain situations, conditions and locations, using scientific tools and procedures.

Scientific research can be classified into three groups: Explanatory; Exploratory and descriptive. In descriptive research the main focus is the description of the characteristics of a particular universe and with those descriptions then establishing relationships between the variables that exist between the elements of this universe. (Gil, 1999).

After a literature review, an exploratory research was conducted which consisted in contact with shipping companies in Brazil, through phone calls, e-mail and field visits to confirm the interest and to delivery questionnaires and interviewing participants on field research.

The research is qualitative when there is a direct relationship between the real world and the object of research and cannot be used any method or advanced statistical technique (Silva and Menezes, 2000).

Thus can characterize this research as:

- ✓ Exploratory, according to its objectives;
- ✓ Qualitative according to the processing and analysis of the results;
- ✓ Descriptive, according to their nature.

After performing a literature search on the subject, it was found that there is a huge diversification of methodologies of analysis, design, implementation and evaluation of strategic planning. Therefore, presented in this study are only three proposals from Strategic Business authors that contemplate all stages. They are:

- ✓ Fischmann, 1987 and 2009;
- ✓ Oliveira, 1991; 1998;
- ✓ Certo and Peter, 1993 and 2005.

The research implemented in this paper drew up a summary of all the steps of strategic plan proposed by the three referenced authors. This then formed the theoretical basis for the questionnaire that was sent by email, as well as a semi-structured interview, which were held at the carrier's headquarters in Brazil.

After sending out 550 questionnaires and trying to schedule 10 interviews, it was possible to carry out four interviews and 250 questionnaires response.

The questionnaire consisted of 20 binary questions (yes - no), within which, each step of the strategic planning had at least two questions, for the most part not followed.

The script for the interview was constructed according to the theoretical framework of strategic planning. Within the script there were some closed questions and other open questions, this allowed the researcher to absorb as much information about the process of planning strategies from the managers.

To analyze the results obtained from the questionnaires, the technique of simple descriptive statistics was used, with no use of programs or data triangulation systems. To analyze the responses obtained through the interviews, we used the technique of non-participant observation and content analysis.

RESULTS AND ANALYSIS

From the total of two hundred fifty-four research participants, twenty three of these carriers were large, sixty-three midsize, seventy-four small and eighty-four were micro company.

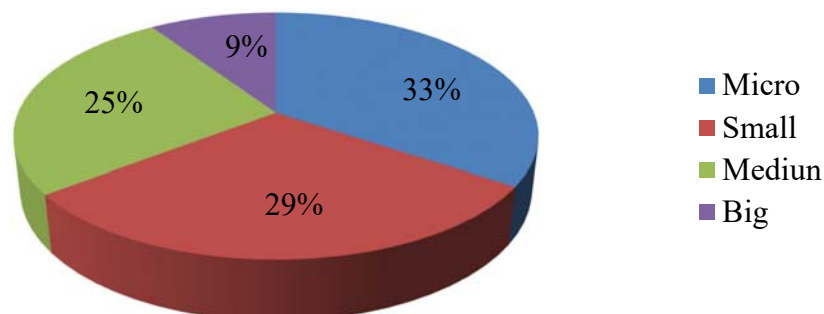


Figure 1 - Distribution of Participating Companies by Size

From the twenty-three large carriers, nineteen have a formalized strategic planning. From six mid-sized companies, only one has formalized strategic planning and from the ten remaining carriers, micro or small, has no formalized strategic planning.

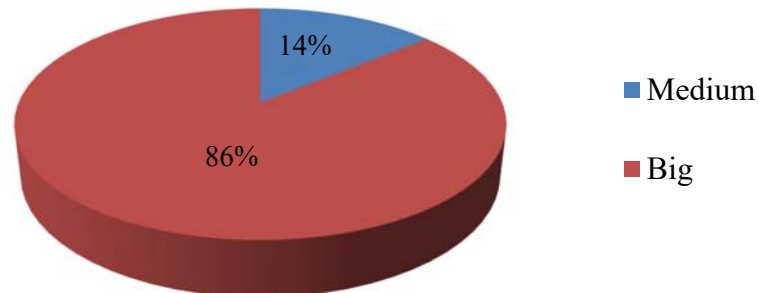


Figure 2 - Companies that Have Strategic Planning Formalized by Size

After performing the analysis of questionnaires and interviews conducted it can be deduced that 29% of Brazil's cargo carriers have formalized strategic planning. An important fact to note that among seventy-four carriers who have strategic planning, 75% are large and 25% are medium size, ie: micro and small carriers did not develop the strategic planning.

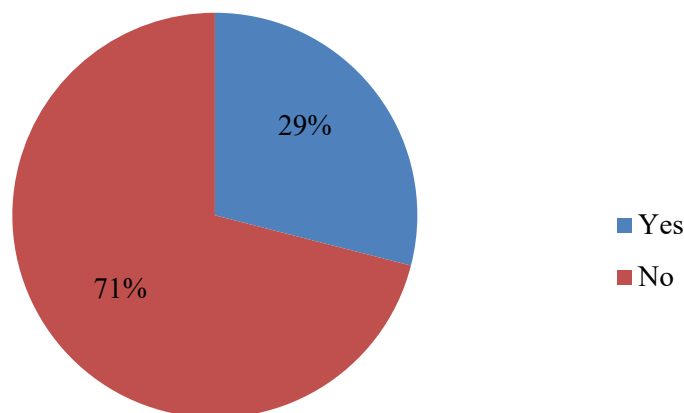


Figure 3 - Percentage of companies that have formalized strategic planning

Another fact that stands out is the age of those participating carriers. The newest has five years of foundation and the oldest over 45 years of operation.

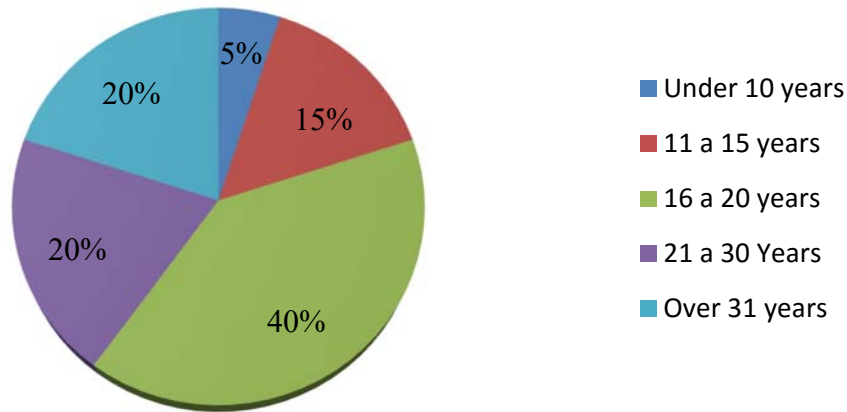


Figure 4 – Uptime

If we analyze the development of strategic planning for carrier's size, the results would be as follows:

- ✓ The medium and large companies are the oldest and together account for 60% of the survey sample. These companies, founded in the 70's and 80's, are those with the most developed management processes. Some of them have developed all-encompassing strategic plans, a fact which has made them more agile and competitive.
- ✓ Micro and small enterprises have some sort of management process, although not very well defined and structured. Smaller carriers are younger, while the youngest has five years of foundation.
- ✓ All carriers developed the first phase of strategic planning. The definition of business is clear, the mission, vision and values are defined in all of them.

Thirty-five percent of companies are working with some market opportunities.

Carriers diversifying their businesses represented twenty-five per cent of the sample. Almost all carriers have spoken out, saying that they are suffering from some market threat. Those mentioned threats cited the price of diesel, the tax burden and the lack of skilled labor.

Almost all carriers, regardless of size and age, recognize that there are weaknesses that need to be worked in order to obtain improved results and gain a larger market share. The most frequently mentioned weaknesses were the age of the equipment, the lack of management control and lack of capital to purchase new equipment.

The development of strengths over its competitors is around sixty-five percent of surveyed carriers. Highlights are due to the innovation of equipment that can carry larger amount of load in the same trip, as well control and monitoring systems through information technology.

Fifty percent of carriers reported that they have a competitive advantage over their competitors. The most reported benefit is related to the equipment used, which are differentiated, allowing them to elevate their freight charges.

Seventy-five percent of surveyed carriers defined their goals and objectives clearly. However, only sixty percent of them make employees aware of their goals and objectives. Twenty-five percent let each department develop its own strategic planning.

Twenty-five percent of carriers have some kind of selection process for the implanted strategies, and the development for this process is the responsibility of all employees. Seventy percent of the carriers leave the establishment in charge of the same group that developed the strategies.

Forty-five percent of carriers reported having some kind of control of deployed strategic planning. Regarding the development of assessment tools of strategic planning, sixty percent said they frequently evaluate the results.

Regarding the strategic plan prepared for the next year, only thirty percent already have it prepared.

CONCLUSION

The development of strategic planning should not be seen as a process that will ensure the best results for the organization, but as a helper tool of managers in pursuit of competitiveness and business development.

Through research it was found that using a suitable administrative management tool, the strategic planning process has several benefits for the organization. They are:

- ✓ The growth and organizational development;
- ✓ Improved financial and operating results;
- ✓ Ease in SASSMAQ and ISO certifications;
- ✓ Increased adaptation in times of crises;
- ✓ Easy release of funds by government agencies of encouragements.

Although there is vast research material showing the importance of planning for the prosperity of the business, almost entirely all the small and medium companies resisted using planning. This may be one of the reasons Brazil is among the countries that will not have long term success in business sustainability.

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