

# Chapter 1

## Project charter

The project is being undertaken for learning purposes in order to simulate the actual work done in the MUST method for the course Business Processes and Organisation, Fall 2013, at the IT university of Copenhagen. The project will not produce any final products other than a business case and associated appendix. The project will be supervised by Nina Boulus-Roedje and Elisabeth Broe Christensen.

### 1.1 Purpose of project charter

The project charter defines the objective of the project and what work has to be done to reach this objective, as well as which resources the project team needs from DANX and which deliverables the company will receive.

The project charter serves as a contract between the project team and DANX, such that everyone involved in the project has the same view of the vision, assumptions, planning, resource consumption and boundaries of the project.

### 1.2 Premise

#### **Background**

DANX is a Nordic transportation company. They specialize in express delivery the following day within 7 AM. DANX operates in Denmark, Sweden, Norway, and Finland, and is managed by DANX Nordic.

#### **Scope**

The project group decided to scope the project in such a manner that the proposed area for improvement only applies to internal communication to the

IT-department and not external. In other words this means that customers will still have the same high degree of service and availability from all IT-staff whereas the internal communication should be handled in a fashion where the developer stress is reduced or avoided.

Technical factors

### **1.2.1 Critical factors**

#### **Critical success factors**

- The time spent on development must be increased by 10% after five years.

#### **Critical preconditions**

- It must be possible for the project group to observe how the flow of DANX is on a regular day.
- The project group can conduct interviews with relevant persons in order to obtain knowledge about DANX.

### **1.2.2 Assignment and Objective**

The IT-development department of DANX serves many purposes, some of which are crucial for delivery of the companys service.

However the department handles problems which are less relevant for the delivery of the service, which has potential to be optimized\* or removed from the responsibilities of the IT department.

Employees of the IT development department spend time on prioritizing, investigating and solving problems that are not related to IT development and customer service, which can be reduced.

How do the employees of the IT development department reduce the time spent on solving problems that are not related to IT development or customer service?

The problem is solved if the IT-department uses 15% less time on solving problems not related to IT-development or customer service one year after the solution has been deployed.

\*time spent of solving problem reduced.

## Methods

A solution to the problem is proposed based on research including interviews of certain employees and observations of activities relevant to the problem.

## SWOT

Strengths, Weaknesses, Opportunities, and Threats. Strengths and weaknesses are internal in the company, where opportunities and threats are external factors.

Strengths	Weaknesses
Lots of failover backup plans, resulting in 99.5% on-time delivery	Lots of internal programs.
Lots of PUDOs and FLS.	The IT-development department has to spend time on IT-support tasks
Opportunities	Threats
Go to other ELSA companies, and obtain know-how	Restricted access to customer IT-system APIs

As seen on the SWOT table the IT-development department has to spend time on IT-support tasks. This time could have been spent on developing integration for a client, which eventually could leave to more income.

### 1.2.3 Agreements and coordination

The project groups contact person in DANX is marketing manager Malene Vig Hjarnaa. she will be responsible for providing contact to other employees inside the company and making the required resources available. Malene can be contacted on +45 , during regular office hours, i.e. 0900-1600.

### 1.2.4 Stakeholders

The stakeholders of this design project is the IT department of DANX. They are the ones who will be immediately affected by the project.

### 1.2.5 Intermediate products

**Project charter**

**Strategic alignment report**

## Chapter 2

# Strategic alignment report

The following section will cover the strategic information on DANX. First it will cover the strategic goals of DANX, their target group, their value propositions, and the rest of the business canvas. Then the report will talk about the environment and make a SWOT and competitor analysis to find strong and weak sides of DANX, which will be analyzed later in the in-depth phase. Additionally it will describe the work domains and the different departments affected by our solution. The two major departments are the IT department and the operation department.

## Business strategy

In this section DANXs business strategy is analyzed. It contains information about key values, goals and challenges. DANX has a general business strategy aimed at ensuring that their customers get their spare parts fast and on time, and also ensure good support whenever there is a problem.

### 2.0.6 Canvas

[Henvis til CANVAS]

Fast delivery, overnight delivery and guaranteed pre 7am delivery are key values of DANX in order to keep their customers satisfied and keep growing\*. These values are only possible to their extent because of the key resources of DANX, Field Stock Locations and Pick-up/Drop-off locations, which greatly help DANX drivers to deliver fast and on time, and it allows customers to even pick up spare parts themselves. The two last mentioned values are what separates DANX from other herd logistics companies and gives them an edge in regards to companies mentioned in the customer segment. Companies which require fast and/or reliable delivery or just need external storage of spare parts are those that DANX focus on and will try to acquire. DANX also has key values of fast and efficient IT support, as well as fast implementation of new customers into DANX's system, and even

if new customers' have not yet been integrated into DANX's IT system, DANX will start delivery from the day new customers' former contract expired. These values are more focused on good customer service which is an important resource for DANX. Satisfied customers helps DANX gain new customers with mouth to mouth between companies.

### 2.0.7 Goals

DANX has a general growth strategy ie. they want to gain 25-30 customers each year. Starting this year DANX is focusing on profit. Last year they had a profit of 10 million danish kroners, and a revenue of 250 million DKK. This year, It is expected that the revenue will increase to at least 300 million DKK and the profit to 20 million DKK. The overall goal is to have a revenue of at least 500 million DKK and a profit of eight to ten percent within 3-4 years.[Citation needed. Mail fra bob]

Since one of the key selling points of DANX is their pre 7 am delivery, they strive to deliver plus 99% of the packages before 7 am.

### 2.0.8 Values

Reliability, Equality, Quality, Flexibility, Creativity, Availability and Pride are the seven values that DANX operate with[citation needed. Mail fra Bob T].

**Reliability** DANX keeps their promises, correct their mistakes and proactively informs their customers.

**Equality** Customers, partners and colleagues are all equals and treated with the same respect.

**Quality** Customers are not taken for granted. 100% is strived for in everything that is done. This ensures that customers of DANX can live up to their customers high expectations.

**Flexibility** - All employees and partners are expected to have a flexible mindset.

**Creativity** As pioneers DANX has to think outside the box to create solutions for the needs of their customer. DANX is constantly looking for ways to improve.

**Availability** DANX ensures the availability of all their customers spare parts through each employees personal care

**Pride** DANX takes pride in in everything they do. They are proud of their customers, company and their people.

## **2.0.9 Business model**

### **2.0.10 Challenges and problems**

It is cumbersome for the management of DANX to analyze the problems the customers request help with and how often a certain problem occurs. Furthermore it is difficult to collect information about a certain customer, e.g. how often they request help with a problem and what type of problems they need help with. The information can for example be used to evaluate if the pricing of the customer is right or detect if multiple customers have the same problem due to a difficult or unclear work practice.

The structure of requests for help regarding internals at DANX is non existent, which leads to Lasse using up to several minutes identifying the actual problem. If the requests for help followed a clear cut structure, then it would be a lot easier to identify the actual problem.

Many of the companies DANX is delivering spare parts to, have their main storage department in either Holland[1][citation needed. Stemme02 - 24:47, DANX henter i holland og leverer i danmark inden klokken 7.] or Germany[2][citation needed.stemme 002 - 43:00, Henter i Salzgitter syd for hannover 15:30 og leverer nord for Stockholm inden 7 nste morgen]. When a customer orders a spare part with pre 7 am. delivery, the spare part is picked up at their storage department by DANX and shipped to where the customer needs it. If the spare part is going to another country than Denmark the part is transported by plane some of the way. This is a potential challenge because the plane can be delayed or have no room for cargo.

## **Environment**

In this section the environment is analyzed. Firstly the competitors of DANX are investigated and secondly a SWOT analysis is conducted.

### **2.0.11 Competitor analysis**

#### **Competitors**

DANXs main competitor is a special service within TNT called TNT innight. Just as DANX, TNT innight provides delivery of items within 7 am the following day. TNT also targets some of the same segments as DANX such as

- The car industry where they deliver spare parts to manufacturers and repair shops.
- The medical industry where they make deliveries to hospitals
- Farmers during the harvest season

Some of the advantages TNT has:

- A larger company and brand
- Their own flight routes[citation needed. [http://www.tnt.com/express/da.dk/site/home/vores\\_serv](http://www.tnt.com/express/da.dk/site/home/vores_serv) from Bruxelles to Jnkping, Helsinki, Oslo, and Billund

A larger brand makes the company more trustworthy, and ease the process of getting new customers. This is a threat to DANX since DANX wants to get more customers as a part of their business goal.[citation needed.]

Their own flight routes are a major factor as this grants faster delivery time, and a better quality compared to DANX. If one of DANX flights are canceled the goods are likely to be delayed, whereas this will not happen to TNT.

Some of the disadvantages TNT has:

- External IT company that is responsible for integrating TNTs customers [Reference til Bob]
- Due to TNTs size the prices may be slightly higher.

The external IT company means that delays may arise when integrating a customer, further more it can also take longer because the external company may have other orders in queue. This can lower the quality of the service. The prices for TNT may be slightly higher than DANX due to their size. This can be due to the extra services such as the flight routes that TNT has.

Another new competitor is HIT[citation needed. Malene(0 - 21:03), Gert(21:03 - 1:13:20) & Lasse(1:13:20 - slut) - time 09:23 & <http://www.postnordlogistics.dk/da/Sider/hit.aspx>]. This is a relatively new competitor which started September 1st 2013[citation needed. <http://www.posten.se/en/Logistics/InNight/Pages/home.aspx>]. HIT provides the same service as DANX namely pre 7 am delivery during the night. One of HITs advantages is they have a lot of companies to back them up such as posten.se and Postdanmark A/S. A disadvantage is that the company is new started and thus doesnt have any good reputation which is important in this niche. Furthermore a newly started company will not have much experience compared to the existing ones on the market, which may lead to worse quality. As HIT is a newly started company they should have easier establishing company strategies, KPIs, and goals compared to DANX, which lacks this information.

## **Substitution**

Another competitor with a possible substitutional service would be FedEx[citation needed. <http://www.fedex.com/dk/shipping-services/domestic/>]. FedEx is offering a similar service on a national basis where you can send a national priority package. It will usually be delivered within 12 am the following work day, depending on where the package is going from and to. While this is not entirely the same service as DANX provide, some customers who have a need to send national packages may choose this option, since the time may be the same as DANX if they happen to be shipping at that time, and that the price may be slightly cheaper. The customer is able to check the time of delivery when they request the delivery on FedExs website.

## **New market entrants**

There are already a few existing companies which in the future, might be interested in expanding their service and provide delivery before 7 am the next day. Some of those companies are DHL and UPS. This would require a lot of internal restructuring on DHL and UPS, but since the only major players are DANX and TNT it should be possible to gain some of the market share. The companies would also have to change their goals to aim for a lot higher quality when delivering pre 7 am. They also have advantages in form of their size, brand, and current customer base.

Instead of going after DANXs customers they could also be targeting new segments such as southern Europe. There may be complications entering this market, seeing DANX is in the ELSA partnership, which means their partners operate in the southern part of Europe.



## 2.0.12 SWOT

Strengths	Weaknesses
Customer integration within 3 days	No documentation on customer support requests
Lots of PUDOs and field stock locations	No documentation on customer support requests
Strong brand	No documentation on the work being done in the IT development department
Lots of small subcontractors	No KPIs or goals for the IT department
Direct support	No KPIs in the operation department
Opportunities	Threats
Gain work experience at ELSA partners	Flight routes

Strengths

Weaknesses Customer integration within 3 days No access to customer APIs Lots of PUDOs and field stock locations No documentation on customer support requests Strong brand No documentation on the work being done in the IT development department Lots of small subcontractors No KPIs or goals for the IT department Direct support No KPIs in the operation department Opportunities Threats Gain work experience at ELSA partners Change in flight or ferry routes

### Strengths

- Customer integration within 3 days is a lot better than their competitors. When a customers previous contract expires they need a new one as soon as their old one expires, and if the other companies cannot provide that due to the IT solution not being ready on time, they will lose a customer to (possibly) DANX.
- PUDOs and field stock locations are expensive to establish. Fortunately DANX had a customer that was willing to pay for them to be set up. This means DANX now can offer this service to other customers as well in order to improve their service.
- Strong brand works as a trust factor when trying to gain new customers. As we saw earlier [reference to competitors - new market entrants] in the new market entrants there may be quite a few, and the brand will be an important strength for DANX.
- Lots of small subcontractors means it is easy for DANX to remove and add new sub contractors in busy periods/seasons.
- Direct support is very important as a part of the quality and service DANX provides to their customers. This allows the customer to phone or email

Lasse directly with questions related to the integration between DANXs IT systems and the customers IT systems.

### **Weaknesses**

- No access to customer APIs means that DANX has to make multiple systems. This leads to a lot of manuals for the employees at DANX, and getting to know all the systems for a new employee can be a slow process. If DANX had access to customer APIs it would be easier to integrate the different systems into a single one.
- The lack of documentation in the IT department makes it impossible for managers to check what is actually being done, if the work is being done on time and so on. It can also be a problem if a system is developed and needs to be changed 3 months later. This can result in a complete re-written module for that system [citation needed. lahib interview - time 13:00]
- No documentation for customer support means that it is impossible for DANX to track how many requests they receive, how fast they are resolved, and how much support the individual customer requests. This makes it hard to detect any weaknesses in the customer support which is crucial for the service level.
- No KPIs for the IT department and the operation department means that they have no indication if things are going good or bad. It can also serve as a de-motivating factor to the employees as they dont know if they are doing good or bad. It also makes it hard to figure out why it is going good or bad in the individual department.

### **Opportunities**

- DANX can gain free experience from their ELSA partners which they have not done yet. This is a way to learn more about alternate methods which may be better, and make them stand stronger on the northrend market. [Reference til GERTs frste interview hvor der snakkes om ELSA]

### **Threats**

- The lack of own flight routes means that DANX is dependant that the flights are not delayed, and that they accept DANXs cargo. If they do not the delivery will be delayed which causes bad reputation and quality.

## **Work Domains**

DANX Nordic is situated in Vallensbk, Denmark. The company has organisations in Sweden, Norway, Finland & Denmark.

Within each organisation there is a flat structure, where one regional director is sitting at the top, followed by an operations manager and a sales manager. At the bottom we have a number of contracted drivers responsible for the final delivery of the spare parts - these are independent of DANX but are hired to carry out their bidding.

The nordic branch is different from the regional organisations in the sense that it has an IT-department and a marketing department. These are used by all regional organisations and the centralisation of these aligns DANX different departments both in IT as well as marketing and customer relations.

For this project the important departments to consider are:

### **2.0.13 IT department**

The IT department at DANX consists of Lasse, the Head of IT development department, and 3 employees. The department develops IT systems, such as the TrackIT system, which is used in all of DANX's departments and is developed by the IT development department. They also do integration with customers systems. When DANX gets a new customer the IT department make sure that it will only take a few days before they have fully implemented the integration between DANXs IT systems and the customers IT system, in order to properly create new contracts and shipments with the new customer. The department also develops any new software necessary or required by the operation or if possible, requested by an employee.

They are also responsible for any internal and customer support related to software inside DANX, such as the TrackIT system and the software implemented in order to connect and communicate with customers systems. This support helps with using the systems and correct bugs when they occur. They give support by email and phone, and if it is customer support, the operational department will typically have received it first and read it through and then forwarded it to the it department afterwards if it is not something they can handle themselves.

The it department is an important work domain to focus on as they are the main support for customers and internal staff regarding complications with internal systems, so any solutions proposed by this project will be based upon the workflow of the it department and it will likely have some impact on the work processes currently in use.

Lasse is a key resource for DANX because he is responsible for integrating new customers. This is a very important activity for DANX and one of its key strengths, which means that it could conflict with the business goals to gain new customers. If Lasse is the only person able to integrate them it could be a bottleneck for the business goals, or DANX could lower their quality with customer integration. Lowering the standards would mean DANX lost a huge strength compared to their

competitors, thus not a good option.

### **2.0.14 Operational department**

The operational department consists of Gert Phillipsen, which is the operational manager, and the employees responsible for loading and unloading the trucks.

The operations department is the main department, both in regards to internal coordination of packages as well as customer support requests. They propagate support requests when they are unable to fix the issues. The control tower is part of the operational department and is always open. It serves as a reliable contact for their customers and ensures that any problems that may hinder delivery of spare parts is addressed.

Currently the operational department has no KPIs or business goals which is preventing the management, Gert, and the employees for knowing when the department is doing good or less good. This is a potential problem seeing that the operation department is representing DANX when handling customer issues.

Aside from the customer support the operation is also responsible for managing the different sub contractors, either when something goes wrong, or if a driver is insecure on how to proceed.

### **2.0.15 Conclusion**

Seeing that the IT department is a huge bottleneck for DANX it might be worth analyzing in the in-depth analysis. The huge problem is that Lasse is the only person who knows how to integrate new customers with DANX systems, and is the only person with insight in those integrations. This means that as DANX grows the workload on Lasse will climb to a point where he can no longer keep up. Unfortunately it is very difficult to train/employ an additional Lasse, seeing that Lasse needs to spend time on this, that he doesnt have. It is not feasible to extend the deadlines of Lasses work as customers need it right away, and that this is one of DANXs main strengths.

### **2.0.16 IT support department**

DANXs IT support department consist of 2 employees. Their job is to maintain internal support regarding hardware problems and provide internal support.

(another department which uses trackit)

Storage unit The storage unit is responsible for keeping stock records. When one or more goods are sent to the customer the storage unit is responsible for putting

this into TrackIT.

# Bibliography

- [1] Malene(0 - 21:03), Gert(21:03 - 1:13:20) & Lasse(1:13:20 - slut).3ga - Time  
24:47
- [2] Malene(0 - 21:03), Gert(21:03 - 1:13:20) & Lasse(1:13:20 - slut).3ga - Time  
43:00