Kappa

Lean and agility as supply chain strategies: the situation in Finnish SMEs in the importing and distribution sector

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Lean and agility as supply chain strategies: the situation in Finnish SMEs in the importing and distribution sector

**Abstract:**
Strategically lean and agility have proven valuable features for companies striving towards competitive advantages. SMEs (small and medium sized enterprises) who are constantly battling for their place in the markets need to be effective and efficient to withstand the pressure from bigger players. Agility determines the capability to react to changes in the market, thus applying pressure on companies to constantly be able to react to a changing environment. Lean has proven to go hand in hand with agility, aiming towards eliminating all waste and non-value adding activities. Being agile and lean demands hard work and investments, and it has been extensively favoured by big companies during the last decades. This study attempts to identify whether SMEs in the importing and distribution sector carry agile or lean features. Three companies were evaluated through pilot and semi-structured interviews. The findings showed difficulty for SMEs to be lean or agile on a broad perspective, even though they might possess some lean or agile features, some more than others. Furthermore, some key obstacles in achieving lean and agility for SMEs are identified.

**Keywords:**
Supply chain management; SME; lean; agility
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1 INTRODUCTION

The Kappa aims to address issues taken up in the article more extensively. As opposed to the traditional thesis format, the article format concisely contains vital information, which most often needs to be further described in the Kappa. In the case of Hanken, the Kappa is a requirement for an article type master’s thesis in order for it to be approved. The article contains all elements from the Kappa, however more briefly described.

The Kappa will systematically tend to the contents of the article, starting with an introduction to the topic of the article. Thereafter, the Kappa will according to the order of the article address key parts like the theoretical framework, methodology, findings and discussion, and conclusions.

1.1 Problem formulation

The difficult economic times and the boom of online shopping have affected importing and distribution companies radically during the past years. After having closely observed companies involved in the import and distribution of mid-fashion clothing and accessories from the sidelines for many years, it is clear that many companies are in need for change or modernization. Change can be a complicated process that has to be carefully executed in order to remain competitive. Competitiveness is a criterion companies constantly seek in order to remain strong on the market. Larger companies chasing lean and agile principles have been rather covered, which leaves the situation for SMEs a bit more in concealed. These SMEs (Small or Medium sized Companies) have many different characteristics compared to large companies, and the need for competitive advantages is high in order to remain visible on the market. Due to the fact that the workforce tend to be rather small and the resources relatively limited, these companies generally have a hard time competing with bigger players on the market, thus making the need for effectiveness and efficiency very high. Dealing with seasonal sale, unstable demand and a highly changing market while competing against companies with very agile and responsive supply chains can be very frustrating and it has brought many companies to the ground.

Both lean and agility have been implemented as supply chain strategies in various occasions. By strategically managing supply chains companies are more likely to reach competitive advantages, which has created the term “supply chain strategy”. Supply chain strategy is often related to enhanced responsiveness, which ultimately goes hand in hand with agility. Larger companies like Dell and Toyota have been known to successfully draw advantages from supply chain strategy developments. (Qrunfleh & Tarafdar, 2013)

However, the questions remain whether small companies in specific fields could draw similar advantages from formulating an effective supply chain strategy? What is the current situation between SMEs? Is the situation in any way transferrable between companies acting in a similar environment? It has become highly relevant to analyse these companies to identify the actual situation and emphasize what potentially could be changed in order to benefit them in their daily operations.
Lean and agility, albeit deriving from the manufacturing industry, have many attributes compatible with many other processes in industries and companies. Inventory management, transparency, supplier network and warehousing were some initial common problem areas as stated by the companies examined in paper. Based on the literature search, agility and lean are overall mostly connected to large enterprises acting in bigger markets, again posing a need for research regarding lean and agility on smaller, national markets in small and medium sized companies. To address the topic of lean and agility amongst SMEs on a more specified environment, the article will attempt to address the following research questions:

1. **How lean or agile are the studied Finnish SMEs in the importing and distribution sector?**
2. **Which are the main obstacles these companies face related to lean and agility?**

### 1.2 Limitations

As the research questions show, the study is limited to importing and distribution companies in Finland. Furthermore, these companies all act in the mid-fashion industry, focusing mostly on urban street wear. The paper focuses on issues seen from the importers perspective. Agility and lean are very broad concepts, meaning that they hold many dimensions containing sets of attributes, also called enablers. Thus, this paper is also further limited to the enablers best applicable to these specific companies leaving out e.g. enablers linked to manufacturing. The enablers used in the study have been chosen based on the operations of the companies. The perceptions of the employees have not been further analysed when identifying lean and agile practices in the companies.

### 1.3 Purpose

The purpose of this paper is to identify and analyse strategically lean and agile practices and obstacles for Finnish SMEs in the importing and distribution sector. The paper will provide critical attributes regarding lean and agility for SMEs in the importing and distribution sector, thus also broadening the research surrounding lean and agility.

### 1.4 Paper outline

The outline of the paper is divided into five sections. Primarily, the introduction states the problem area and the reason for the study. Thereafter the purpose is stated, following by two research questions, which will be answered during the course of the paper. The second part is the theoretical framework, consisting of literature surrounding supply chain strategy, lean and agility. Moreover, an analysis of previously identified lean and agility enablers was conducted to identify key enablers suitable for this paper. The third part will discuss the
chosen method for the research. The findings will answer the research questions described in the introduction part of the paper and draw conclusions, which will be discussed briefly in the fifth part of the paper, along with the limitations for the study.

| Introduction | - Problem area  
| | - Reason for study  
| | - Purpose  
| | - Research questions  
| Theoretical framework | - SMEs need to strategize  
| | - Agile and lean supply chains  
| | - Agility and lean enablers  
| Method | - Pilot interview  
| | - Questionnaire  
| | - Semi-structured interviews  
| Findings | - Evaluation of enablers  
| | - Identification of key obstacles  

**Figure 1  Paper outline**

### 2 THEORY

The theoretical framework mostly consists of previous literature on lean and agility, which naturally stand as base for the empirical study. A lot has been written about these concepts, which have both actively been used in manufacturing and production management. In this article the focus is rather on strategic use of lean and agility in non-manufacturing companies, which indicates that the theoretical framework is mostly based on previous literature regarding lean and agility from a strategic perspective. Thus, the literature regarding lean and agility variables had to be closely examined to identify key enablers for this specific study. Figure 2 displays significant lean and agility enablers that were used in this study.

<table>
<thead>
<tr>
<th>Enabler</th>
<th>Authors</th>
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<tbody>
<tr>
<td>Process Integration</td>
<td>Agarwal et al. (2006); Aronsson et al. (2011); Lin et al. (2006); Sukwadi et al. (2013)</td>
</tr>
<tr>
<td>Computer-based technology</td>
<td>Sukwadi et al. (2013); Kuruppalil (2007); Power et al. (2001)</td>
</tr>
<tr>
<td>Inventory</td>
<td>Kuruppalil (2007); Stratton &amp; Warburton (2003)</td>
</tr>
<tr>
<td>Relationship management</td>
<td>Power et al (2001); Khan &amp; Pillania (2008); Purvis et al. (2013)</td>
</tr>
<tr>
<td>Transparency</td>
<td>Scherrer-Rathje et al. (2009); Khan &amp; Pillania (2008); Arif-Uz-Zaman et al. (2014); Sukwadi et al. 2013</td>
</tr>
</tbody>
</table>
Although lean and agility are academically known paradigms, no previous research focusing on Finnish SMEs could be found. SMEs as a whole were generally in focus also during literature search, which also generated fewer matches among the search databases. Many different theoretical approaches were identified when trying to measure lean and agility in companies, the most popular being RBV (Resource-Based View) and Fuzzy logic. Previous authors have identified a broad range of lean and agility enablers, which generally are seen as crucial in order to achieve lean and agility. Lean and agility have many descriptions, and have also been used in terms of supply chain strategy. Supply chain strategy often targets responsiveness, which is generally related to both lean and agility. Supply chain strategy has been utilized to integrate the operations of suppliers, warehouses and different stores in order to achieve a smooth distribution in the right quantities and at the right time, while minimizing costs and meeting service level requirements (Qrunfleh & Tarafdar, 2013). The fundamental step is ensuring that the supply chain activities like marketing, sourcing, operations and logistics are supporting the chosen supply chain strategy (Qrunfleh & Tarafdar, 2013). Qi et al. (2009) stated the importance of the supply chain strategy meeting the overall business strategy of a company in order to reach cost-reductions and responsiveness. Furthermore, Qrunfleh & Tarafdar (2013) successfully showed positive correlations between lean and agile supply chain strategies and supply chain responsiveness through the effect of strategic supply chain partnership. Consequently, supply chain activities aligned with supply chain strategy and various lean and agility enablers could result in an enhanced performance through superior speed, cost-reductions and responsiveness. Figure 3 shows a hypothesized relationship between supply chain activities, supply chain theory and lean and agility enablers.
3 Method

The study is performed by analysing lean and agility in three (n=3) Finnish SMEs engaged in the importing and distribution sector from a strategic perspective. Each company was contacted by telephone in order to get primary meetings to extract initial information regarding the companies and their processes.

The research approach in the paper is qualitative. A qualitative approach aims towards in-depth knowledge regarding certain matters through closely studying the objects of the study. The main sources of data have been pilot interviews and semi-structured interviews. Primarily, pilot interviews were performed to gather initial information regarding the case companies and their supply chain processes. The interview guide used later in the semi-structured interviews was composed based on the literature review and on the information gathered in the initial meetings. The method part was conducted in a deductive manner by using supply chain strategy, lean and agility as the foundation for the study. The pilot interviews allowed the companies to evaluate their operations through ten (n=10) lean and agility enablers. Following the responses from the pilot interviews, the problem areas were examined more closely in the semi-structured interviews to gather as much in-depth information regarding the processes, problem areas and obstacles for the companies. According to Kuruppalil (2007) it is essential to identify indicators of lean and agility in order to tailor the indicators to address a situation in a certain surrounding.

Figure 3 Relationship between supply chain activities, SCS and lean and agility enablers
3.1 Sampling

The sampling method used in this study is a combination of convenience and criterion sampling. Patton (2002) describes convenience as selecting cases that are easily accessible. Since there is a limited amount of SMEs in the importing and distribution sector, the cases had to be selected based on convenience. The sample size for these cases tend to be rather small, thus limiting this strategy from making wide generalizations. In this paper, the case companies are all of similar size and operate in the same environment. However, it is unlikely that generalizations can be made since SMEs tend to operate quite differently. The companies have different opinions regarding important processes and focus points, thus creating a gap between the companies even though they appear similar on paper. Moreover, traces from criterion sampling can also be seen in the cases. According to Patton (2002), criterion sampling includes cases that contain certain pre-determined features of relevance for the research. Thus, the cases have been chosen specifically to enhance the research. The cases tend to be of high relevance due to the richness of information. However, it has been claimed that criterion sampling compromises the objectivity of the study (Patton, 2002).

3.2 Case companies

The case companies all resembled one another in size and business environment. All of the companies imported and distributed mid-fashion products and possessed rather high brand diversity. The companies are all based in Helsinki and have been active for many years.

Company A is an importing and distribution company carrying mostly clothing brands and accessories. Their key focus is on eight brands, specializing in both shoes and clothing. Of these eight brands, one is clearly the biggest, thus being both time consuming and the most beneficial. The company has been active since 1989 and has developed strong customer connections throughout the company’s active years. The supply chain varies depending on the brands, but their biggest suppliers are located in USA, the UK and Germany.

Company B is also an importing and distribution company focused on urban clothing and accessories, but also extreme sports equipment. The company was established in the early 90’s, and most suppliers from that time have followed with the company until this day. The company has long focused on retail as well as wholesale, with customers based in different parts of Finland, stacking up on more brands almost every year. Company B mostly has suppliers in similar locations in Europe, but some suppliers are also based in USA. The products are most often shipped from Europe, but also from USA and Asia.

Company C is the youngest company among the three, hailing back to the early 2010’s. Like the other case companies, Company C is also an active importing and distribution company, focusing mostly on clothing and accessories. Although having less experience in the field in comparison to Company A and B, Company C has grown rapidly during the last couple of years. The company most often deals with fewer, larger customers, thus having a smaller
distribution network than company A and B. The suppliers are mostly based in Europe, although some are also active in Asia, with China being the biggest hotspot.

The Companies all have similar targets, while simultaneously facing similar problems. All companies find inventory management as one of the major concerns, creating grave issues with time frames and handling of products. The companies all wish to achieve a higher level of speed, while simultaneously cutting costs and optimizing their current processes and operations. Consequently, the companies some form of lean and agility, which makes an analysis of their situation highly eligible.

3.3 Pilot interviews

The pilot interview was performed through ten (n=10) questions where case companies rated their lean and agility enablers. The questions contained the most appropriate lean and agility enablers for companies doing business in the importing and distribution sector. The enablers were chosen based the literature review surrounding success factors, critical variables and enablers for lean and agility in various companies. Other authors have also previously made different classifications. For instance, Power et al. (2001) compiled a table containing success factors in agile supply chain management. The factors are divided into 7 groups, each group having their own variables related to their factors. The factors were originally identified for manufacturing companies, indicating that all factors are not relevant for companies in the importing and distribution sector since they do not participate in the manufacturing process. Enablers involved in the pilot interview were participative management style, computer based technologies, customer satisfaction, but also smaller variables like continuous improvement, supplier relations and warehousing, which belonged to some of the enablers in the pilot interview. Kuruppalil (2007) identified 41 agility enablers, with some of them also seen as lean enablers. In the pilot interview, some of the shared enablers were used in the 10 listed drivers, like e.g. supplier selection, information integration and continuous improvement. A list of attributes of an agile enterprise created by Gunasekaran et al. (2002) was also taken into account when creating the questions for the pilot interview. Enablers put forth by Power et al. (2001) and Kuruppalil (2007), were also taken into account, thus adding credibility to the chosen enablers. The rest of the enablers in the pilot interview originated from the literature review, also listed in table 1 in the article. These were problem solving, long-term planning, relationship management, inventory, market sensitiveness and process integration. The lists of key enablers put forth by Gunasekaran et al. (2002), Power et al. (2001) and Kuruppalil (2007) also involved many of the enablers described in Table 1. There is no exact science which enablers work best in what environment. Therefore, an analysis of the companies under review is the only way to recognize appropriate enablers to identify lean and agility in the respective organisations.
Table 1  Results of each enabler (interpret with caution)

<table>
<thead>
<tr>
<th>ENABLER</th>
<th>Company A</th>
<th>Company B</th>
<th>Company C</th>
<th>Enabler result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Process Integration</td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>2. Computer-based technology</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>3. Inventory</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>4. Relationship management</td>
<td>5</td>
<td>2</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>5. Transparency</td>
<td>5</td>
<td>4</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>6. Customer satisfaction</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>7. Problem solving</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>8. Participative management</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>9. Long-term planning</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>10. Market sensitiveness</td>
<td>4</td>
<td>5</td>
<td>4</td>
<td>4</td>
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</tbody>
</table>

3.4 Interviews

According to Dundon & Ryan (2010), it is highly important to develop a relationship with the interviewee. An informal atmosphere releases the tension, which enhances the dialogue. Patton (2002) has defined three ways of proceeding in interviews. An informal interview with conversation, a general interview with the help of an interview guide, and a standardized unstructured interview. In this paper, a general interview with the help of an interview guide was used. Main themes were identified and listed in the interview guide. Patton (2002) describes the interview guide as working as a kind of checklist, and the goal is to create a dialogue to extract as much information as possible from the interviewee. Silverman (2006) in turn, defines semi-structured interviews as rather structured, but also containing an interview guide with various themes to be discussed. According to Silverman (2006), one should not focus too much on follow up questions in a semi-structured interview. However, interviews are rather flexible, and the aim is to gather as much information as possible (Bryman & Bell 2005). Follow up questions and probing were very important while conducting the interviews in this research. The same interview guide was used for all the interviews for this paper, but due to the fact that the problem areas and concerns were different in the companies, the results showed some variation. The interview guide containing the topics were sent to the companies beforehand, in order for them to prepare the necessary information needed for the study. Because the same interview guide was used, the analysis is easier due to the fact that all interviews proceeded in a similar manner. However, the answers to the questions drove the interview into technicalities for each of the case companies. Due to the fact that times are hard for companies acting in this sector, the answers were honest and accurate. All the case companies want to advance in their field, thus open for information how they potentially could do so.
<table>
<thead>
<tr>
<th>Respondents</th>
<th>Company</th>
<th>Position in company</th>
<th>Date of interview</th>
<th>Length of interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondent 1</td>
<td>Company A</td>
<td>Sales Manager</td>
<td>20.4.2015</td>
<td>1 h 13 min</td>
</tr>
<tr>
<td>Respondent 2</td>
<td>Company B</td>
<td>CEO</td>
<td>10.4.2015</td>
<td>54 min</td>
</tr>
<tr>
<td>Respondent 3 &amp;</td>
<td>Company C</td>
<td>CEO &amp; Assistant</td>
<td>14.4.2015</td>
<td>1 h 10 min</td>
</tr>
<tr>
<td>respondent 4</td>
<td></td>
<td>Buyer</td>
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Table 2  Table of interviews

3.5 Research quality

The validity of the performed research is difficult to certify since similar research objects have not been used before. The theory is valid, considering both lean and agile supply chain strategies have proven beneficial on several occasions (Qrunfleh & Tarafdar, 2013). However, the results cannot be generalized across similar SMEs, since there are significant variations in the operations and future goals. Silverman (2006) stresses that comprehensive processing of information may contribute to the quality of research, providing more credibility to the results by using all the compiled data when drafting the results.

4 ANALYSIS

The data analysis is divided into different steps. The actual analysis sorts, arranges and reduces the gathered information in order to in a later stage manipulate it. According to Spiggle (1994), the primary manipulation of data is categorization. The data for this paper was gathered through interviews and questionnaires. The categorization process involved categorizing the data based on the enablers identified for the questionnaire, so in this case into 10 categories. After the categorization, the next step is abstraction. The abstraction groups the built up categories into classes with shared attributes and features. Following abstraction is comparison. Through comparison, the researcher should try to find differences and similarities between categories in order to make way for additional gathering of data. The next step is dimensionalization. Through dimensionalization, the researcher attempts to find constructs and the features of the categories. The features may be relationships between or across categories that later can be explored. Integration, which is the next step, means building theories on the basis of constructions or categories. This can be done through axial coding or selective coding. Axial coding means that the researcher develops a category or a construction by using a paradigm model. Selective coding means specifying relations and how a category relates to a core category.
Iteration means jumping between processes back and forth, instead of focusing on processes in a linear manner, completely focused on one process at a time. Finally, refutation means trying to find data that opposes the result of the study. Refutation deepens your own analysis. This can be done through three techniques, negative case analysis, purposive sampling, or context testing.

The categorization of the data collected for this study already started after the pilot interviews. Based on the pilot interviews and the literature review, 10 agility and leanness enablers stood in focus. The interview was conducted and analysed in relation to the categories. The categories, and the enablers, were all connected, thus showing a higher relationship than if they were completely separate. This is where the iteration took place. Trying to establish bonds between the enablers gave a wider perspective. Following this, it became clear which the focal points were for the companies, and whether they belonged to e.g. relationship management or computer-based technology. (Spiggle 1994)

5 Results

The results showed some variation between the SMEs and their lean and agile practices. Companywide lean and agility cannot be confirmed based on the results of the study. However, some companies and certain areas of the operations may be seen as more strategically lean and agile than other.

The enablers that showed most features connected to lean and agility were transparency, relationship management, customer satisfaction, market sensitiveness and long-term planning. However, these enablers had some variation between the companies. Company A generally showed higher levels of lean and agility, but this company was also the only one with a comprehensive ERP system, which is regarded essential in order to follow lean and agile supply chain strategies (Sukwadi et al. 2013). Company B had least enablers showing traces of lean and agility, rating market sensitiveness and relationship management with suppliers as key focus points. Company C clearly valued customer and supplier relationship, ranking high in relationship management and transparency, but also rather high in long-term planning and participative management.

All companies had some clear obstacles and reasons why lean and agility were difficult to achieve. Common obstacles were warehousing expenses and high inventory levels, time as a limited resource, slow handling of goods (especially for Company B), late deliveries, quick changes in demand and in trends, and all companies had some problems that stemmed from seasonal sale.
REFERENCES

Bryman, Alan. Bell, Emma. (2005), ”Företagsekonomiska forskningsmetoder”, Malmö, Liber Ekonomi


APPENDIX 1  INTERVIEW GUIDE

Themes (not necessarily in this order):

- Supply chain
  - Describe your business and your supply chain

- Troubleshooting
  - Do you currently face any distinct problems or threats in your supply chain? E.g. bottlenecks etc.

- Demand fluctuations
  - Do you often face quick changes in demand?
  - Reasons for this?
  - Do you perform any immediate corrective actions

- Business plan
  - Describe your long-term or short-term plans

- Rotation of goods
  - Do you get a lot of leftover products?
  - Reasons for this?

- Seasonal sale
  - What are your main problems with seasonal sale?
  - Does seasonal demand vary from year to year?
  - Corrective actions?

- Distribution
  - Describe your distribution

- Future speculations
APPENDIX 2  PILOT INTERVIEW – COMPANY A

Lean and Agility Enablers

An agility or lean driver can be seen as a criteria or enabler to reach strategic agility or leanness. There are 10 drivers listed below, chosen specifically for the research of strategic agility and leanness in SMEs involved in the importing and distribution sector.

Please rate your company on a scale between 1 - 5 for each driver, depending on how you see your company priorities and situation. Thereafter, please write a short description below why you e.g. answered a 2 in order to clarify. The answers will be used to develop an overall agility/leanness index. NOTE: This is a closed study, and the answers will not be affiliated to your company name in the upcoming research paper.

1. No – not at all
2. A little
3. Can’t say
4. Quite a lot
5. Yes - a lot

1. Process integration
(How well do your processes work together? Is it effective, that meaning no disruptions or bottlenecks?)

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Why: We have an efficient small team, everyone knows all the

2. Computer-based technology
(Do you invest in technology? Do you have a comprehensive information system or ERP system?)

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Why: Yes, we’ve invested in an ERP system that suits small to medium sized distribution companies.

3. Inventory
(How do you see your level of inventory? Do you have low warehousing expenses?)

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Why: We have strong channels for cleanup, but still the level of inventory is too high. In our three year plan we will drop the warehouse completely and change our organization from a traditional distributor to an Agency based sales organization which enables us to be cost efficient without any risks and costs in warehousing.
4. Relationship management
(How do you experience you relationship with suppliers/vendors/customers? How much effort do you place on relationship management or partnership?)

1  2  3  4  5

5.1 Why: We are in contact with our KA’s on weekly basis in micro and macro level. We exchange sales rapports and we are flexible within all aspects of the business. 80% or our sales come from 5 biggest accounts.

5. Transparency
(How transparent are your processes and your supply chain considering employees, suppliers, and customers? Do you have a high level of trust with other parties in the supply chain?)

1  2  3  4  5

Why: We build all our partnerships based on trust and we try to be as transparent as possible.

6. Customer satisfaction
(How do you see your quality of service? Do your services meet the customer’s expectations?)

1  2  3  4  5

Why: We try to provide the best service within CS and deliveries but it’s not always possible with all the brands we carry.

7. Problem solving
(Do you place a lot of effort in solving problems? Do you have a continuous improvement of processes, quality or service level?)

1  2  3  4  5

Why: We try to overcome problems as efficient as possible. Sometimes we need to figure out problems together with the customer or supplier to find a solution which satisfies both parties.

8. Participative management style
(Do you encourage change? Do you work proactively?)

1  2  3  4  5
Why: Change is always welcome and in this business you need to ride the tip of the wave to gain market share. We have been slow movers so far, but that has to change ☺

9. **Long-term planning**  
(How focused are you on long-term thinking and planning?)

1 2 3 4 5

Why: We have a three year plan which we try to implement as good as possible, but our market is very sensitive so we need to tweak and adapt to align with the circumstances quite often.

10. **Market sensitiveness**  
(How well is your supply chain able to read and respond to real demand? Please also state below whether you are more forecast-driven or demand-driven)

1 2 3 4 5

Why: As a traditional distributor it’s more or less based on forecasts. We need to see 6 months ahead and forecast the demand for the coming season.
APPENDIX 3  PILOT INTERVIEW – COMPANY B

Lean and Agility Enablers

An agility or lean driver can be seen as a criteria or enabler to reach strategic agility or leanness. There are 10 drivers listed below, chosen specifically for the research of strategic agility and leanness in SMEs involved in the importing and distribution sector.

Please rate your company on a scale between 1 -5 for each driver, depending on how you see your company priorities and situation. Thereafter, please write a short description below why you e.g. answered a 2 in order to clarify. The answers will be used to develop an overall agility/leanness index. **NOTE:** This is a closed study, and the answers will not be affiliated to your company name in the upcoming research paper.

1. No – not at all
2. A little
3. Can’t say
4. Quite a lot
5. Yes - a lot

1. **Process integration**
(How well do your processes work together? Is it effective, that meaning no disruptions or bottlenecks?)

1 2 3 4 5

Why: Not effective enough. Our systems are out of date and need updates.

2. **Computer-based technology**
(Do you invest in technology? Do you have a comprehensive information system or ERP system?)

1 2 3 4 5

Why: Reed point 1.

3. **Inventory**
(How do you see your level of inventory? Do you have low warehousing expenses?)

1 2 3 4 5

Why: General economic situation is weak. Too many warehouse accounts have drive down their business and close doors. Orders left in our warehouse.
4. Relationship management
(How do you experience you relationship with suppliers/vendors/customers? How much effort do you place on relationship management or partnership?)

1 2 3 4 5

Why: We have two pretty different line(wholesale and retail) even products are same. Small organization can’t serve both enough and there is too much conflict of interest.

5. Transparency
(How transparent are your processes and your supply chain considering employees, suppliers, and customers? Do you have a high level of trust with other parties in the supply chain?)

1 2 3 4 5

Why: Without trust business would be too difficult. We have tried to block the loopholes.

6. Customer satisfaction
(How do you see your quality of service? Do you have a high level of customer value? Do your services meet the customer's expectations?)

1 2 3 4 5

Why: The feedback is often very contradictory.

7. Problem solving
(Do you place a lot of effort in solving problems? Do you have a continuous improvement of processes, quality or service level?)

1 2 3 4 5

Why: Attempt to solve the customers problem deepen the trust.

8. Participative management style
(Do you encourage change? Do you work proactively?)

1 2 3 4 5

Why: Own activities is difficult to access, but I always try to focus for efficiency and accuracy.
9. **Long-term planning**  
(How focused are you on long-term thinking and planning?)

1 2 3 4 5

Why: Mostly difficult question. Market is today in big turning point and predictability is almost impossible. Anyway we have long-term plans.

10. **Market sensitiveness**  
(How well is your supply chain able to read and respond to real demand? Please also state below whether you are more forecast-driven or demand-driven)

1 2 3 4 5

Why: Small, time following organization can respond fast.
Lean and Agility Enablers

An agility or lean driver can be seen as a criteria or enabler to reach strategic agility or leanness. There are 10 drivers listed below, chosen specifically for the research of strategic agility and leanness in SMEs involved in the importing and distribution sector.

Please rate your company on a scale between 1-5 for each driver, depending on how you see your company priorities and situation. Thereafter, please write a short description below why you e.g. answered a 2 in order to clarify. The answers will be used to develop an overall agility/leaness index. NOTE: This is a closed study, and the answers will not be affiliated to your company name in the upcoming research paper.

1. No – not at all
2. A little
3. Can’t say
4. Quite a lot
5. Yes - a lot

1. Process integration
(How well do your processes work together? Is it effective, that meaning no disruptions or bottlenecks?)

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Why: Better than average. We have potential but small glitches exist like e.g. ordering and product rotation. If this would work we could potentially have 50-100% more sales. We have customers who still have their products in Kina, waiting. Our own fault however since we are optimistic with the time frame. In house the processes work very well. Pallets come in, they go out. Smooth as a rock.

2. Computer-based technology
(Do you invest in technology? Do you have a comprehensive information system or ERP system? Is your information integrated?)

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Why: Recently invested, but haven’t taken any effect. No earlier investments either. This will jump us up to a 4 very quickly once implemented. Enhanced process integration on top of that.

3. Inventory
(How do you see your level of inventory? Do you have low warehousing expenses? Few leftover products?)
Why: Too big warehousing expenses. We have simply ordered too much. Some products have been good to have in our warehouse since the sales figures have gone up. We’ve had a small buffer. But still, it’s not effective just quite yet.

4. Relationship management
(How do you experience you relationship with suppliers/vendors/customers? How much effort do you place on relationship management or partnership?)

5.2 Why: This is our reason for growth! We know our customers and suppliers very well. The level of trust is incredibly high and our partnership works. We even have official contracts made up with customers and suppliers.

5. Transparency
(How transparent are your processes and your supply chain considering employees, suppliers, and customers? Do you have a high level of trust with other parties in the supply chain?)

Why: In-house, 100 %. Our relationships are very open. We know the problems and we know the opportunities, and we share them with our customers and suppliers. A very honest environment, which I’m hoping isn’t scaring people away. Our customers know our buy-in prices and our margins. This way we can also show that the margins are fair, and there’s not a lot of room for cutting prices. Among the staff it’s also 100 %, people even share information about their salaries.

6. Customer satisfaction
(How do you see your quality of service? Do you have a high level of customer value? Do your services meet the customer’s expectations?)

Why: another strong criteria for our business. We’ve even received e-mails about how well our company has done. Very happy customers, who have wanted to use us as an example for other importers how to manage clients. Even if we are dealing with delays, we’re not afraid to tell the truth and handle it respectfully. Openness is extremely important, but I guess we should work on being just as open with all customers. We do prioritize at the moment.

7. Problem solving
(Do you place a lot of effort in solving problems? Do you have a continuous improvement of processes, quality or service level?)
Why: We solve problems, but we could obviously do more proactive work.

8. **Participative management style**  
(Do you encourage change? Do you work proactively?)

Why: I participate in everything, involved in everything. However, I would like to see people taking more responsibility and trusting their instincts since that’s why I’ve hired them. I have very competent people working for me and I trust their judgments. The management has definitely been top-down, but some people have even more experience than me in the business, so I tend to listen a lot too. I try to react in time and be as proactive as possible. But limited resources make it difficult.

9. **Long-term planning**  
(How focused are you on long-term thinking and planning?)

Why: Personally, my perspective is very long-term, and I tend to like planning and looking for opportunities. I’m rather optimistic in my goals, but sales number back my hypothesis. Our growth is pretty much in synchronized with other companies’ growth. The downturn is pretty bad at the moment, but it doesn’t stop us from looking for new customers. Following our earlier plans, we have seen a 10 * growth in our business, which is still rather new. We believe in bigger players, with many sales points in the country. Our targets are targets bigger companies are too lazy to handle appropriately. However, this is only possible if our brands keep showing potential, but they have thus far, along with our service-minded management.

10. **Market sensitiveness**  
(How well is your supply chain able to read and respond to real demand? Please also state below whether you are more forecast-driven or demand-driven)

Why: We respond well. The biggest risk for us is however to lose our place in the market. As long as we don’t oversell our products, or push them too much, we can steadily grow without bigger companies jumping in on our products and taking over. The foundation is good, and we want to keep playing our game. Our demand is now both forecast driven and demand driven, which we are comfortable with.
Lean and agility as supply chain strategies: the situation in Finnish SMEs in the importing and distribution sector

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Abstract

**Purpose** – The purpose of this paper is to identify and analyse strategically lean and agile practices and obstacles for Finnish SMEs in the importing and distribution sector.

**Design/methodology/approach** – The theoretical framework grasps supply chain strategy and breaks down lean and agility paradigms. Following, three SMEs involved in importing and distribution of clothes and accessories are closely examined. The data was collected through (1) primary meetings, (2) pilot interviews and (3) semi-structured interviews. The results were examined to identify lean and agile functions as well as general obstacles for the SMEs in the context of lean and agility.

**Findings** – Overall, the studied SMEs cannot be seen as lean or agile, although they possess some lean and agile features. By analysing the companies based on 10 lean and agile enablers, the case companies ranked rather differently although operating in the same environment. The results show some enablers, like transparency and relationship management, more popular and suitable for SMEs due to limited resources like time and capital. Lean supply chain strategy may be seen as more suitable than agile, due to the time consuming ordering processes.

**Limitations** – This is an exploratory paper qualitatively studying three companies’ lean and agility enablers. Due to the small sample size and the high variation in the results no generalizations can be made. Limited resources result in very personal ways of doing business, which can be seen in the case companies. In order to evaluate lean and agility of SMEs, companies need to be analysed individually.

**Originality/value** – The study identified some critical lean and agility enablers for SMEs, which are based on previous research mostly in the manufacturing industry, but have been modified to apply to lean and agile supply chain strategies. There is still an existing gap regarding lean and agility in the context of SMEs.

**Article Type:** Research paper

**Keyword(s):** Supply chain strategy; SME; lean; agility.
Introduction

A higher focus on meeting customer demand to maintain competitive advantages over rivals has grown into a key emphasis for companies (Agarwal et al. 2006). Regardless of the size of the company, uncertainty and a volatile demand combined with seasonal sale and shorter product life cycles are difficulties any company wishes to overcome (Christopher 2000). A common source for all of the aforementioned challenges is the overall competition among companies worldwide (Sukwadi et al. 2013). The global market is changing. Instead of firms competing against each other, we now have supply chains fighting for effectiveness, thus promoting the importance of supply chain strategies (Qrunfleh & Tarafdar, 2013). In the area of Supply Chain Management (SCM), there are various essential driving forces to enhance business competitiveness like speed, quality, flexibility, innovation, and pro-activity (Yusuf et al. 1999). These are all fundamental forces of agility, which is a paradigm often related to responsiveness and adaption to changes in demand (Christopher 2000). According to Christopher (2002), the agile supply chain has many forms and the need for agility varies depending on the purpose of the company. Small and medium sized companies (SMEs) are continuously battling for survival and for a competitive spot in the national and international markets, thus having to adapt to the constantly changing competitive market-development in order to be able to fight for long-term sustainability (Blome et al. 2013). In a recent study, Aronsson et al. (2011) pointed out that agility and lean have in previous research been successfully combined to manufacturing and the private sector, with less focus on the public sector. Moreover, Gadalla (2013) also called for further definition regarding the agile paradigm, since companies need to define their own agile models. A relating paradigm, lean, has mostly been applied to Large Enterprises (LEs) leaving SMEs out of the picture. SMEs in many sectors are more often acting on a shorter time frame, thus restricting a long-term vision (Sharma 2011; Gulyaz et al. 2013). However, the strategic approach to lean and adoption of the paradigm among SMEs on a strategic level could result in significant advantages (Gulyaz et al. 2013). Lean is often related to elimination of waste and reduction of inventory, which ultimately leads to cost-reductions (Eyong, 2009; Qrunfleh & Tarafdar, 2013). Agility in turn, embraces speed and flexibility through integration of company resources to reach customer satisfaction in a rapidly changing market environment (Yusuf et al. 1999). Cristopher (2005) has stated that lean may be seen as a part of agility, and an integration of the two concepts can result in improved performance and meeting customer specific needs more effectively. Based on a literature review, lean and agility analysis on certain instances among smaller companies remain fairly undone, which calls for further research (qrunfleh & Tarafdar 2013). Elements from both paradigms have been successfully combined with supply chain strategy, resulting in cost-reductions, maximizing the efficiency of resources, and the general responsiveness of a company’s operations (Qrunfleh & Tarafdar, 2013; Kuruppalil, 2007).
The purpose of this paper is to identify and analyse strategically lean and agile practices and obstacles for Finnish SMEs in the importing and distribution sector. This purpose is aligned with the following research questions:

- **How lean or agile are the studied Finnish SMEs in the importing and distribution sector?**
- **Which are the main obstacles these companies face related to lean and agility?**

The research assesses lean and agile functions through a strategic perspective. To reach the purpose of the study, a similar approach to Aronsson et al. (2011) is used in this particular case, meaning that the concepts are restricted to a process level instead of company wide. This simplifies the research of the case companies, as well as the potential adoption of principles from the lean and agility paradigms by SMEs and the case companies. The case companies all operate in similar environments, thus narrowing down the case study to the importing and distribution sector in Finland. The companies mainly deal with mid-fashion clothing. Consequently, the focus will be on importers and distributors, dealing mostly with customers from Finland. Structurally the paper will consist of (1) a literature review regarding lean, agility and supply chain strategies, (2) methodology, following (3) an evaluation of three companies and their processes to identify lean or agile principles in their performance. Finally, the study aims at (4) locating potential barriers and obstacles hindering the adaptation of lean and agile strategies.

**Supply Chain Strategy and SMEs**

SMEs, small and medium sized enterprises, play significant roles in the growth of a national economy. SMEs generate entrepreneurship but normally lack the capital or the technological resources that larger companies possess. (Sharma 2011) Due to this, management and company strategy are essential in order to reach competitive advantages. SMEs have a need to perform and advance in activities where rivals do not, thus deeming strategic awareness and operational efficiency downright necessary (Porter, 1996).

Due to the increased globalization and business without borders, SMEs need to increase efficiency of internal processes and stretch their resources in order to compensate for other weaknesses (Sukwadi et al. 2013). There are vast differences in resources between bigger companies and SMEs, which means SMEs need to compensate by using an effective strategy. It has been known that many SMEs enter similar markets as larger companies, trying to differentiate the products and focusing on filling market gaps. Small companies have also tried to form alliances with bigger companies to achieve advantages, or copying their product using a free-riding strategy (Sharma 2011; Lee et al. 1999). When selecting an appropriate strategy, the company needs to identify its capabilities, resources and opportunities in order to recognize the most fitting strategy (Sharma 2011). Smaller companies tend to struggle with resources, making it even more essential to use these resources effectively and efficiently. Companies with limited investment capabilities are rather dependent on maximizing their
utility in order to have their processes running at their full potential. Lean and agility possess many attributes that can be linked to a company’s processes in order to make them more effective and responsive whilst eliminating excess time and waste (Sukwadi et al. 2013). The transferability of these concepts are difficult to measure since company operations tend to vary, which means each company has to address the existing weaknesses and problems in their supply chain to consequently boost their processes through elements from lean and agility (Agarwal et al. 2006; Sukwadi et al. 2013). Hoek et al. (2001) argued that agility could be used as a mind-set in different areas of the supply chain. The agile mind-set can later on be realized in different operations, after carefully evaluating agile capabilities through auditing, which means an empirical assessment.

Strategic supply chain management has become more important in order to achieve competitive advantages. A supply chain strategy should be formed to support a company’s business strategy in order to be effective. Supply chain strategy could for instance be applied to strive towards responsiveness, which most often is related to the combination of lean and agile operations. Supply chain strategy has been utilized to integrate the operations of suppliers, warehouses and different stores in order to achieve a smooth distribution in the right quantities and at the right time, while minimizing costs and meeting service level requirements (Qrunfleh & Tarafdar, 2013). Qi et al. (2009) emphasized the importance of the supply chain strategy meeting the business strategy of a company in order to improve responsiveness and market performance. Qrunfleh & Tarafdar (2013) successfully showed positive correlations between lean and agile supply chain strategies and supply chain responsiveness through the effect of strategic supply chain partnership. Additionally, Gonzalez-Loureiro et al. (2015) found strategic supply chain management combined with other organizational elements as a foundation for competitive advantages in an increasingly complex world. When applying supply chain strategy to a company, it is crucial that supply chain activities like marketing, operations and logistics are aligned with the supply chain strategy. Consequently, the supply chain strategy can be aligned with certain enablers of lean and agility, creating a customized supply chain strategy (Qrunfleh & Tarafdar 2013; Soni & Kodali 2011). By a rightful combination, supply chain strategy aligned with supply chain activities and lean and agility enablers could result in an enhanced performance and competitive advantages. Figure 1 shows a hypothesized relationship between supply chain activities, supply chain theory and lean and agility enablers.
Lean and agile supply chains

The agility forum has defined agility as “the ability of an organization to thrive in a continuously changing, unpredictable business environment” (Prater et al. 2001). Having been frequently combined with manufacturing, the agile supply chain is useful due to its capability to manufacture goods to increased specifications for different customers (Naim et al. 1999; Christopher & Towill 2001). Generally, agility has contributed to producing a diverse range of low-cost products of high quality with short lead times (Fliedner and Vokurka, 1997; Gligor et al. 2014). Agility is a key driver for competitiveness, due to its ability to maximize customer service and quickly respond to unforeseen changes in demand (Gunasekaran and Yusuf, 2002). During the last decades, agility has been highly applicable to the fashion industry, where time efficiency is crucial due to seasonal sale and the unforeseeable changes in trends (Ciarniené et al. 2014). However, the fashion industry is highly diverse, thus calling for different SCM strategies based on the products. Purvis et al. (2014) summarized four different strategies based on the fashion items of various retailers, depending on the expected shelf life of the products, and whether the items belonged to low-fashion, mid-fashion or high-fashion categories, indicating a rather high level of variety depending on the circumstances. Consequently, agility is a broad paradigm where the activity of a company ultimately determines the need for agility to attend to uncertainty and change (Gligor et al. 2014). The term agility has previously been broken into three important aspects in order to better describe the attributes of the agile supply chain. Primarily, agility drivers define the pressure or circumstances that lead to strategic change in the business environment in order to stay competitive. Agility capabilities refer to the desired
attributes a company seeks in order to take advantage of the changed market climate, and finally, agility enablers are elements, resources and technology, which ultimately determines a company's potential to reach a certain level of agility (Vázquez-Bustelo et al. 2007). Reaching an ultimate, agile supply chain or business through identified capabilities and enablers is rather costly, which in turn divides the financial possibilities depending on the size and capital of various companies. Many previous researchers have identified capabilities and enablers of agility quite differently, varying depending on the operations and preferences of a company. Power et al. (2001) identified 43 suitable enablers for agility and supply chain management. These enablers are divided into 7 main groups. The groups, which could be seen as agility capabilities, define important areas critical to agility like participative management, computer-based technologies, supplier relations and continuous improvement. Yusuf et al. (1999) involved time, cost, responsiveness, quality and customer needs to their group of capabilities, all obviously essential attributes of an agile organization. However, according to Avazpour et al. (2014), these capabilities are of different significance depending on in which field a company seeks to gain competitive bases. Thus explaining the high variation of capabilities identified in previous research. Agility enablers are to be exploited in order to achieve agility capabilities. Examples of agility enablers are market and customer sensitivity, cooperative relationships and process and information integration (Lin et al. 2006; Christopher 2000). The enablers are key whilst measuring agility. Despite the difficulty of measuring agility, there are ways in which it can be done, although the methods vary depending on the reason for measuring. Kuruppalil (2007) has identified 41 agility enablers, of which the 10 most critical enablers are used in an evaluation of agility, indicating that the operations have been broken down into focus points. The enablers might be directly connected to manufacturing, infrastructure, and strategy etc., rendering the list of critical enablers in need of modification depending on company operations (Kuruppalil 2007; Lin et al. 2006). Kuruppalil (2007) has also assembled a list with integrated lean and agile enablers. Based on the literature review, the following enablers and variables have been relevant in reaching lean and agility in different contexts.
<table>
<thead>
<tr>
<th>Author</th>
<th>Study aim</th>
<th>Methodology</th>
<th>Agility Enablers</th>
<th>Lean Enablers</th>
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<tbody>
<tr>
<td>Agarwal et al. 2006</td>
<td>To analyze the relative impact of different enablers on three SC paradigms considered for a supply chain</td>
<td>ANP Methodology</td>
<td>Market sensitiveness, Process integration, Information driver, Flexibility</td>
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<td>Agarwal et al. 2007</td>
<td>To identify variables influencing supply chain agility and to develop generally applicable framework, which establishes interrelationships.</td>
<td>n.a.</td>
<td>Customer satisfaction, quality improvement, cost minimization, service level improvement, delivery speed</td>
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<td>Aronsson et al. 2011</td>
<td>To find out what is important to consider when developing a supply chain in health care, what is required in order to establish a supply chain orientation and how lean and agile can be used as process strategies in order to improve supply chain performance.</td>
<td>n.a.</td>
<td>Process thinking, Integration, Customer value, Organizational, flexibility</td>
<td>-</td>
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<tr>
<td>Blome et al. 2013</td>
<td>Investigates the fundamental building blocks of supply chain agility, which are conceptualized as supply- and demand-side competence.</td>
<td>RBV with dynamic capabilities perspective</td>
<td>Process compliance</td>
<td>-</td>
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<td>Khan &amp; Pillania 2008</td>
<td>To explore the dimensions of strategic sourcing and determines its relationship with organizational supply chain agility and performance.</td>
<td>Multiple regression, ANOVA</td>
<td>Strategic sourcing, supplier partnership, sourcing flexibility, SC members trust</td>
<td>-</td>
</tr>
<tr>
<td>Gulyaz et al. 2014</td>
<td>(a) Understand the major challenges of SMEs; (b) identify the main weaknesses that are highly vulnerable to external threats; and (c) investigate how Lean can address these weaknesses, which ultimately enhance their competitiveness.</td>
<td>n.a.</td>
<td>-</td>
<td>Customer value/Customer centric thinking, Long-term orientation Common purpose</td>
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<td>Arif-Uz-Zaman et al. 2014</td>
<td>To present supply chain metrics and to propose a fuzzy-based evaluation method</td>
<td>Fuzzy-based evaluation method</td>
<td>-</td>
<td>Forecast accuracy, Problem-solving, Ability to respond</td>
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<td>Study</td>
<td>Performance Evaluation Method</td>
<td>Flexibility (Vendor and Sourcing)</td>
<td>Flexibility (Vendor and Sourcing)</td>
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<td>Purvis et al. 2014</td>
<td>The paper explores the meaning of flexibility in the context of lean, agile and leagile supply networks and articulates a supply network flexibility framework</td>
<td>n.a.</td>
<td>Flexibility (vendor and sourcing)</td>
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<td>Prater et al. 2001</td>
<td>We use case studies to show how firms have successfully made a tradeoff between vulnerability and supply chain agility.</td>
<td>n.a.</td>
<td>Flexibility (sourcing, delivery, speed), External vulnerability</td>
<td></td>
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<tr>
<td>Scherrer-Rathje et al. 2009</td>
<td>Identify major criteria and conditions that led to either lean failure or lean success.</td>
<td>n.a.</td>
<td>Employee autonomy, inf. transparency, long-term sustainability, management commitment</td>
<td></td>
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<td>Stratton &amp; Warburton 2003</td>
<td>Explores the role of inventory and capacity in accommodating such variation and identifies how TRIZ separation principles and TOC tools may be combined in the integrated development of responsive and efficient supply chains.</td>
<td>n.a.</td>
<td>Reduce protective inventory, locate inventory, reduce variation</td>
<td></td>
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<td>Sukwadi et al. 2013</td>
<td>To explore how lean–agile operations and supplier–firm partnership can improve garment small and medium enterprise (SME) supply chain performance.</td>
<td>Cross-sectional survey</td>
<td>Technology, supplier-firm partnership</td>
<td></td>
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<tr>
<td>Lin et al. 2006</td>
<td>A particular focus on measuring agility and identifying the main obstacles to agility enhancement.</td>
<td>Fuzzy Logic</td>
<td>Market/customer sensitivity, collaborative relationships, process/information integration</td>
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Table 1, previously identified enablers

As it can be seen, agility and lean have some shared enablers. Lean, also bearing roots in the heavy manufacturing industry, was developed in the automobile industry as an approach to manage large supplier networks whilst providing high quality products to customers (Hines 1996). Lean has mainly focused on waste elimination, lead-time and delivery time, resulting in building a steady flow of value (Naim et al. 1999). The target is to minimize inventory and eliminate slack, eventually eliminating all non-value added activities (Sukwadi et al. 2013). The
lean supply chain aims to minimize waste in every tier of the supply chain, also limiting the number of suppliers, thus being against multiple sourcing (Kuruppalil 2007). Lamming (1996) defined the lean supply chain as transparent and relationship developing through closer co-operation with different players in the supply chain. Lean has developed into a paradigm that is frequently connected to enterprises, supply chain and strategy, referring not only to manufacturing but a lean business principle (Eyong 2009). A lean enterprise strives towards continuous improvement of products and processes, flexibility of resources like employees, elimination of excess material and time, minimization of inventory, which technically all can be added to the foundation of agility. The concept of lean thinking clearly has potential for improving business performance through organizational communication and an increased integration (Stratton & Warburton 2003; Scherrer et al. 2009). However, in order to reach a lean and agile supply chain strategy that ultimately leads to potential competitive advantages, it is highly relevant to understand the stage of a company’s supply chain activities, and ensure a strategic fit between the supply chain activities and a company’s business strategy (Arif-Uz-Zaman 2014; Soni & Kadil 2011; Qrunfleh & Tarafdar 2013). It has often been stated that the lean paradigm is a part of the agility paradigm, and vice versa (Naylor et al. 1999). The two have been said to complement each other, and they have ultimately been combined to create a hybrid concept called “leagility”.

According to Christopher (2005), the “leagile” hybrid strategy should result in agile responsiveness on a company platform that could be seen as lean. This integrated hybrid model addresses both flexibility and efficiency, involving key features from both lean and agility (Eyong 2009). Originally, leagility defined how the agile and lean supply chains could be combined to strategically enhance the usage of the de-coupling point. The adaptation of the lean and agile principles created the possibility to position the de-coupling point to optimally respond to a fluctuating demand and a smooth flow of products upstream the supply chain (Naylor et al. 1999; Kihlén 2007). Kihlén (2007) took the concept further stating that these hybrid strategies allow a capability to in various volumes handle diverse flows of products while creating lean processes. This calls for specialized processes and a clear division of roles, where the desired outcome may be overcoming conflicting demands to a low cost and in a fast manner (Aronsson et al. 2011; Christopher and Towill 2000). According to Agarwal et al. (2005), a leagile supply chain is customized to answer both lean and agile qualities, creating a middle ground where two radicals meet. Hypothetically, in the case for SMEs, standardized processes may allow an increased efficiency based on the lean model while a higher level of agility will simultaneously allow flexibility. In summary, the eventual results may vary depending on the actual required outcome and the desired company objective (Aronsson et al. 2011).

In other words, it may be proposed that by strategically using lean and agile practices in the supply chain, a company could improve their overall performance (Qrunfleh & Tarafdar 2013). Based on previous research, it can also be assumed that lean and agile supply chain strategies work as contributors to not only supply chain performance, but also SME performance. SMEs face significant challenges in the global economy, due to customers having higher demands than before.
SMEs need to become more agile in order to be competitive, which indicates responsiveness as an important attribute for SMEs. Meanwhile, many companies approach the lean paradigm in attempt to reduce costs and establishing long-term relationships with other actors in the supply chain (Qrunfleh & Tarafdar 2013).

5.3 Identification of enablers

Previous authors have published extensive lists of lean and agility enablers. Some of the enablers identified from the literature review can be seen in table 1, other enablers chosen for this paper were chosen based on composed lists from other authors. Since the companies analysed in the empirical part are SMEs involved in the importing and distribution sector, the focus has been on non-manufacturing enablers. Qrunfleh & Tarafdar (2013) stated that supply chain practices need to be aligned with the supply chain strategy in order to achieve an enhanced performance. Since the companies with to achieve speed, responsiveness and minimized costs, lean and agility strategies are appropriate tools in order to reach the goal. Through a comprehensive literature search, a set of essential lean and agility enablers were identified for the study. The enablers are aligned with the lean and agile supply chain strategies and may be used to identify a company’s situation through a lean and agile perspective. Critical enablers chosen for this analysis are process integration, computer-based technology, inventory, relationship management, transparency, customer satisfaction, problem solving, participative management style, long-term planning and market sensitiveness. Based on the enablers listed in table 1, these enablers have also been critical in previous research. The critical enablers chosen for this paper have been enforced by compiled lists of enablers by Yusuf et al. (1999), Power et al. (2001), Kuruppalil (2007) and Gunasekaran & Yusuf (2002).

<table>
<thead>
<tr>
<th>Enabler</th>
<th>Authors</th>
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<tbody>
<tr>
<td>Process Integration</td>
<td>Agarwal et al. (2006); Aronsson et al. (2011); Lin et al. (2006); Sukwadi et al. (2013)</td>
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</tbody>
</table>
Market sensitiveness

Christopher (2002); Agarwal et al. (2006); Lin et al. (2006)

Methodology

In order to address the purpose of the study, the analysis has been performed on Finnish SMEs active in the importing and distribution sector. The companies are all importers and distributors of mid-fashion clothing and accessories, based in Helsinki, Finland. Apart from importing and distribution, all companies also engage in retail. Most suppliers in business with the case companies are based in Europe, but some are also located in China and the USA. Not much is known regarding strategically using lean and agility as supply chain strategies in similar companies, making this study exploratory.

The exploratory research has been performed qualitatively in a deductive manner. Strategically adapting elements from lean and agility in a company’s supply chain has previously enhanced company performance (Qrunfleh & Tarafdar. 2013). However, it has never been stated whether this theory or generalizations can be applied to a specific instance, making a deductive exploratory research highly suitable (Hyde, 2000).

The foundation of the empirical part is built upon a literature review surrounding lean and agility. The additional data sources for the research were threefold. Primary meetings (1) launched the collection of data regarding the companies in order to fundamentally gather significant information regarding their supply chains from a strategically lean and agile point of view. Based on these interviews and an extensive literature review, vital information surrounding enablers for lean and agility were identified to consequently form questions for pilot interviews. The pilot interview (2) contained ten (n=10) critical lean and agility enablers suitable for companies acting in the importing and distribution sector. The enablers are based on previously published material connected to criteria, success factors and requirements a company needs to control in order to be considered lean or agile. The case companies evaluated the level of the enablers on a scale from 1-5, following a short description of their chosen level. Based on the results from the pilot interviews, additional semi-structured interviews (3) were conducted to gather in-depth information regarding the case companies. In summary, the research allows the companies to describe the situation themselves and the researcher to further analyse the responses through further questions and probing. In the results, the companies will be referred to as Company A, Company B and Company C.

The companies were chosen through a combination of the critical-case and criterion sampling strategies. Moreover, they had to be fairly easily accessible, although fulfilling the criterion of being importing and distribution SMEs of clothing and accessories. The pilot interviews and the semi-structured interviews took place between March and April in 2015. The semi-structured interviews contained eight (n=8) general themes that were constructed on the basis of the
Findings and discussion

The purpose of this paper is to identify and analyse strategically lean and agile practices and obstacles for Finnish SMEs in the importing and distribution sector. The qualitative research was performed until reaching data saturation regarding the lean and agile enablers in each respective company. However, only partial data saturation was achieved regarding all processes and the supply chain strategies in the case companies. The companies all face similar challenges and strive towards a higher level of speed and cutting costs, which makes lean and agility relevant strategies for the companies. In order to evaluate lean and agility in the companies, critical agility enablers had to be identified. Even though the companies are of similar sizes and operate in the same environment, there are some significant differences in lean and agility for the companies based on the analysed enablers. The pilot interviews briefly identified the level of lean and agility in the companies through the chosen enablers, thus tending to the first research question of the paper. Due to the fact that this is an exploratory paper and the sample size is small, the results should be interpreted carefully. By having the case companies rate their operations on a scale, it simultaneously forces them to analyse them critically. Therefore, practical issues not necessarily found in textbooks may arise and provide more in-depth knowledge. However, the actual ratings should not be interpreted as precise, since they were merely a tool to extract as much information as possible.

- **RQ1: How lean or agile are the studied Finnish SMEs in the importing and distribution sector?**

To answer this research question, the data from the pilot interviews containing the ten (n=10) critical lean and agility enablers were analysed. The companies categorized the enablers on a scale between 1-5, 1 being the least and 5 being the most, and 3 meaning that they can’t say. The ratings are estimations and should be interpreted with caution.

**Process integration**

The process integration enabler questioned how well the case companies see their processes working together. Process integration indicates collaboration between different parties in the supply chain, but also between shared systems and information (Agarwal et al. 2007). Inter-company process integration is heavily related to lean and agility, but so are also a company’s internal processes by e.g. waste elimination (Sukwadi et al. 2013). The data collected in the pilot interview is more focused on in-house processes. Company A described their processes of being very well synchronized due to the fact that the team is small, efficient and the information is shared throughout the company. They stated that “In case of more time consuming scenarios, employees from other departments will jump..."
in to deal with the problem”, since knowledge and information is widely shared throughout the company. They also have a fully functional ERP system that enhances the integration of information. Company B on the other hand, often experience disruptions and bottlenecks, indicating that the processes lack integration. The main reasons for this were rather out of date computer systems and lack of efficiency in some of the processes like e.g. the handling processes, where inconsistent time frames apply pressure on the workforce. Company C sees their in-house processes being as good as completely integrated. However, they have identified small glitches in ordering and product rotation, meaning that the processes are not as synchronized with suppliers and customers as they would hope. With an effective product rotation, they could see themselves substantially raising sales quotas. The time frame agreed upon with customers is often unrealistic, resulting in delivery delays.

- Company A: 5
- Company B: 2
- Company C: 3

Computer-based technology
ERP systems and investment in computer-based technology is often recognized as a key lean and agility enabler, since many companies compete by increasing knowledge and competency (Power et al. 2001). Not only does it also promote process integration, it also adds speed to the processes through sharing of information (Sukwadi et al. 2013). The computer-based technology enabler in the pilot interview is directed towards ERP systems and investment in information technology. Company A saw themselves valuing computer-based technology rather highly. They have invested in a functional ERP system, which is intended for small and medium sized companies. The investment in the ERP system is currently also financially the most significant. Sukwadi et al. (2013) described the importance of ERP systems for SMEs by having a very high potential for process and information integration, thus making it a key factor when making supply chain processes more lean and agile. Company B does not have a comprehensive ERP system, only an out of date software keeping track of products in their retail store. The out-dated software causes bottlenecks and difficulties keeping track of orders. Company B stated, “We sometimes stumble upon orders we never even knew we received”, thus causing delays and bottlenecks in the supply chain. However, they are currently browsing for an ERP system and it will be one of the most significant, upcoming investments for the company. Company C previously had zero investments in technology, but is currently in the implementation process of an ERP system. Once implemented, this will enhance process integration even further, and bring them up on the scale for the computer-based technology enabler.

- Company A: 4
- Company B: 2
- Company C: 1
Inventory
According to the case companies, inventory is generally something many SMEs in the importing and distribution sector struggle with. Lean has been used to reduce inventory levels and waste to generate value through cutting warehousing costs (Kuruppalil 2007). This enabler measures the level of inventory and warehouses expenses. Company A experienced flaws in their level of inventory due to the fact that their inventory level simply is too high. Company A purchases a lot of their products by using forecasts instead of only making orders from pre-orders. They even make blind-buy purchases, meaning that they have to make rough estimates on how much products they are going to sell, which naturally can cause a lot of leftover products. However, they have a strong channel for clean-up, and they are currently planning on eliminating warehousing costs completely, through turning into an agency based sales organization. Company B has dealt with many customers going out of business after pre-orders due to the weak general economic situation. Warehouse accounts have driven down their businesses and orders get left in warehouses. Company C also struggles with high warehousing expenses, stating “The orders have been too big, mostly due to the growth of our company and the uncertainty of appropriate order quantities”. The leftover products in the warehouse have worked as safety buffers for re-orders, but it is nonetheless ineffective.

- Company A: 2
- Company B: 1
- Company C: 2

Relationship management
Relationship management with suppliers and customers indicates a proactive strategy, by being able to identify changes in the business environment. Customer relationship also means gathering information to be able to proactively detect potential changes in customer demand (Kuruppalil 2007). Powers et al. (2001) sees good supplier relationship and collaboration as highly efficient to develop agile supply chains. Qrunfleh & Tarafdar (2013) also saw positive correlations between a lean supply chain strategy and good supplier relationships, which resulted in cost-reductions. The case companies were asked to focus on how they experience their relationships with suppliers and customers, and whether it is an important issue. Company A once again sees this as an important feature for their company. They are weekly in contact with their suppliers on a macro and micro level. Sales accounts are exchanged and they strive towards flexibility within all aspects of the business. However, 80 % of their sales come from the 5 biggest accounts, naturally creating a higher focus on them. Company B deals with more accounts, having two rather different lines; wholesale and retail, as do Company A. Company B stated “We find it difficult focusing on specific relationships due to conflict of interest since there are many customers, naturally creating a more competitive environment between supply chain parties”. It is challenging for small firms to develop valuable relationships with customers in wholesale and retail since they don’t have enough capacity to serve both. Company C sees this enabler as their main reason for growth. They have a very intensive relationship with their suppliers and customers, which have resulted in mutual trust. They
have on going, contract bound partnerships with suppliers and customers in addition to a very collaborative communication.

- Company A: 5
- Company B: 2
- Company C: 5

**Transparency**

Going hand in hand with relationship management, Sherrer-Rathje et al. (2009) see information transparency as a key feature when implementing lean principles. Transparency is also essential to achieve employee autonomy and organizational commitment, not to mention smooth collaboration with suppliers. Trust through creating a common supply chain identity is a criterion to achieve transparency (Khan & Pillania 2008). The transparency enabler defines the level of transparency in the company and between its suppliers. It also rates the level of trust between parties involved in the supply chain. Company A ranks the transparency very high. They build partnerships based on trust with suppliers and customers, also trying to be as transparent as possible. The motivation for employee participation in most of the decision-making processes also indicates that the internal transparency is rather high. Company B also strives towards high transparency, mostly through trust in the other supply chain parties. The internal transparency level is however not as high. Information transparency is cloudy due to the out-dated systems and which also creates confusion among employees, thus decreasing motivation. Company C has fully transparent processes and information sharing, although lacking information systems. “We openly discuss problems and opportunities internally, and with suppliers and customers thriving towards an open and honest environment”. Customers are aware of their buy-in prices and their margins, thus promoting openness and honesty throughout the supply chain. Additionally, the information sharing among the employees is also high, striving towards keeping no secrets regarding the business in a whole.

- Company A: 5
- Company B: 4
- Company C: 5

**Customer satisfaction**

Customer satisfaction can generally be seen as a result of increased, successful collaboration in the supply chain (Agarwal et al. 2007). Power et al. (2001) also found significant relationships between agility and customer satisfaction. According to the case companies, weak collaboration between suppliers and the case companies often stands as reason for customer dissatisfaction, resulting in scheduling issues and late deliveries. The customer satisfaction enabler referred to the companies’ quality of service and whether their services meet customer expectations. Company A stresses the point that customer satisfaction is hard to achieve on a broad level due to the many brands they carry, although the feedback is mostly positive. Additionally, Company B also sees their feedback as rather
two-sided, seconding that the broad range of brands often causes late deliveries. Company C considers customer satisfaction as another strong criteria for their business. Based on feedback received from customers, they have been rated exceptional managing customers, even when dealing with delays or other problems. Trust and honesty has resulted in increased customer satisfaction, which Company C has prioritized. However, Company C sometimes finds it problematic providing similar service to all customers. During the interviews, company C stated, “Actively keeping contact is rather time consuming, which means that there is a variety of effort depending on the importance of the customer”.

- Company A: 4
- Company B: 3
- Company C: 4

Problem solving
Kuruppalil (2007) listed problem solving as one of his 10 critical enablers out of 41 identified enablers. Problem solving is integrated in a company’s drive towards identifying success and measuring fulfilment of customer needs (Gunasekaran & Kobu 2007; Arif-Uz-Zaman 2014). Attacking problems indicates a drive towards continuous improvement, which is highly connected with both lean and agility. Problem solving as an enabler addressed the case companies’ drive towards solving problems and quality improvement. Company A considers problem solving an everyday issue. They actively work towards solutions to problems mostly connected to suppliers and customers, in order to enhance the collaboration and supply chain efficiency. Company A stated, “Through joint problem solving the result is most likely to favour all parties included in the actual problem”. Company B also place focus in problem solving since they see it as a sign of enhancing trust between parties. Through actively solving problems they enhance their reliability. Despite the positive approach, some problems always remain unsolved due to the broad customer base and lack of time. Company C also considers problem solving a two-faced problem, resulting in not having time to tackle all obstacles. However, the intention is to work proactively to address each form of potential problems, but they see that more could be done.

- Company A: 4
- Company B: 4
- Company C: 3

Participative management style
Sherrer-Rathje et al. (2009) see management commitment as a major strategic component in order to succeed in a lean environment. Previous lean implementations through bottom-up management have resulted in failure, due to lack of participative management, making the top-bottom approach critical for success. This means that the initiative should come from top management, and
they should be intertwined in processes to achieve lean and agility. A participative management style is connected to continuous improvement, which is an indicator for higher agility. Management participation has a proactive effect instead of reacting to problems after they have already occurred (Power et al. 2001). Company A realizes the fact that they need to ride the tip of the wave in order to gain market shares in a rather turbulent market. Struggling for survival, many companies have perished due to the increased competition, thus enlightening Company A to see the importance of continuous improvement. They have however been slow reactors, but are currently going through modifications in their operations, aiming to transfer from an importing and distribution company towards an agency based sales organization. Company B had difficulties determining their management commitment, showing a more careful and conservative pattern. Company B stated, “We find our old activities rather hard to change, although striving towards efficiency in our existing operations”. This would however indicate a lower level of management commitment. Company C has a very involved top management. There is a genuine interest of learning tricks to the trade, while simultaneously having very experienced workers on the payroll. The top management’s involvement is evident even in the smallest decisions, which Company C sometimes considers an issue, due to the fact that they encourage responsibility and effective decision-making. Again, time and limited resources keep reoccurring as key issues.

- Company A: 2
- Company B: 3
- Company C: 4

**Long-term planning**

A strategic approach towards lean and agility demands long-term orientation in order to reach a common purpose. Long-term goals are a challenge for SMEs since many small and medium sized companies are constantly struggling with daily challenges (Gulyaz et al. 2014). A long-term view is also directly connected to partnership extensions and building trust with existing suppliers, which is related to potential cost-reductions and a lean supply chain strategy (Qi et al. 2009; Qrunfleh & Tarafdar 2013). Company A currently has a three-year plan, which they are currently trying to implement. However, since they act in a very sensitive market, they constantly need to make tweaks in their planning in order to adapt to the circumstances. Company B has a short-term plan and a long-term plan. However, the long-term plan is a never-ending process, since it strives towards increasing their amount of retail shops to an unspecified amount. Like Company A, Company B also struggles with a sensitive market, thus making the predictability difficult. Naturally, Company C also struggles with the same problem, considering they act in the same market. However, based on the recent sales figures, Company C has succeeded in their planning. Company C targets customers that bigger companies find irrelevant and unbefitting. However, their growth is synchronized with other companies’ growth, which has been limited by the current economic downturn. Consequently, the choice of brands is essential, since they need to show growth.
Market sensitiveness

Christopher (2002) described the agile supply chain as having to be market sensitive. He defined market sensitive as the supply chain’s capability of reading and responding to real demand. Even though market sensitivity being one of the main capabilities of an agile supply chain; it also works as an enabler measuring customer relationship and customer value (Lin et al. 2006). The result of market sensitivity may vary if companies are forecast driven or demand driven. The qualitative research analysed the case companies and their ability to respond to real demand, also identifying whether they are more forecast-driven or demand-driven. Company A stated that they are able to respond rather well. Their orders are more based on forecasts, which forces them to foresee six (n=6) months ahead for the upcoming season. Normally the forecasts have been rather accurate, but uncertainty is always present. Company B stated that they have a quick response, mainly due to them being a small, time following organization. Company B stated, “We hardly use forecasts, since we deal almost exclusively with pre-orders”. Company C is also responding well to real demand. A general concern is an event where they would lose their place in the market, mainly through bigger companies attacking the market, providing services Company C simply does not have the resources for. The demand is both forecast driven and demand driven, and has caused some turbulence for the company in order quantities. Agility is rather difficult for the case companies to achieve, since the initial pre-orders need to be placed six (n=6) months beforehand. However, the ability to answer to follow-up orders through a responsive supply chain is still possible.

The paper shows that there is a certain degree of variation between the enablers in the case companies even though their operations are similar. The analysis of the lean and agile enablers in the case companies show the lean and agile situation in the companies from a strategic point of view. Based on the results from the qualitative research, there are certain enablers that the companies consider more valuable than others. Communication and openness is an important attribute for the SMEs. Since small companies have limited funding, they tend to focus more on service, relationships and customer satisfaction. None of the case companies can be seen as completely lean or agile, with regards to the identified critical enablers. However, adapting a lean supply chain strategy showed higher potential in comparison to agility, mainly due the willingness towards supplier partnerships, transparency, communication and general management prevailing in especially Company A and Company C. According to Qrunfleh & Tarafdar (2013), the aforementioned enablers all consist in a lean supply chain strategy, and could ultimately lead to cost-reductions. The main
problems and obstacles identified in the study will be further discussed while
tending to the second research question.

RQ2: Which are the main obstacles these companies face related to lean
and agility?

Being lean or agile is highly difficult without a comprehensive information
system, since it is connected to crucial parts of a company’s operations (Sukwadi
et al. 2013; Agarwal et al. 2007). Research shows that the case companies
experienced *warehousing and inventory* as a main problem, thus contradicting
lean supply chain principles. The wholesale part of the operations of Company A
and Company B has suffered since many customers are filing for bankruptcy. A
main reason for leftover products in the warehouses is pre-orders the customer
cannot fill, the pre-ordering also affecting the agility of the companies. Company
B sees this as a long-term struggle, since their customer network is also wider in
comparison to Company A and C. Company A and C are more focused on fewer,
bigger customers, thus concentrating on core brands and valuable customers.
Another limited resource for all companies is *time*. The time frame needs to be
realistic and accurate in order to keep deliveries on time and the customers
satisfied, since it is correlated with a company’s agility (Agarwal et al. 2007;
Power et al. 2007). The small size of the companies has a negative effect on the
operations. Since forwarders see them as insignificant, they do not get the same
treatment as a bigger company, which occasionally causes delays in the deliveries.
Internally, the *handling of goods* is often ineffective, although mainly in
Company B. The inconsistent sizes of the deliveries cause disruptions in the
handling process, which often result in *late deliveries to customers*. Companies
A and C focus on fewer brands while simultaneously having smaller supplier and
customer networks, thus granting them more speed and order. All the companies
share the problem of *reacting to changes in demand and trends*. The orders are
made, mostly through pre-ordering six (n=6) months beforehand, making these
changes difficult to react on. Pre-ordering and forecasting have inflicted
negatively on the case companies and their potential of being lean and agile, since
the results have been increased inventory and rigid responsiveness. Trends are
hard to follow instantly since mid-fashion production is much slower than fast
fashion. *Seasonal sale* has been challenging since the companies act in a country
with four very distinct seasons. Rainy winters and cold summers have a direct
effect on the sales figures, sometimes leaving the companies baffled. The first and
third quarter of the year have proven most significant, potentially standing for
80-90 % of the companies’ sales. The result has been a smaller focus on season
specific clothing and a bigger emphasis on year-around attire. Apart from these
shared obstacles, the companies also have individual problems, which can be seen
from the rather high variety in the critical enablers.

Following the interviews it is clear to see that the case companies are moving in
different directions, the main reason being need for change. Company A is
moving towards becoming a fully functional agency based sales organizations,
thus eliminating many problems they are currently facing, while simultaneously
moving towards more lean and agile supply chain strategies. This will eliminate
their warehousing problems and reduce their responsibility and risk. A simplified
re-ordering process and easy business to business transactions will allow them more time to focus on their core activities like customer relations, sales and marketing. Problems with delivery times and forwarders will so forth disappear. Company B works towards more retail centric operations due to their problems with wholesale. They are moving towards becoming more and more exclusive and focusing more on their own retail stores. Company C has major problems with the circulation of capital. Their growth exploded due to one of their brands becoming widely popular, and due to the slow circulation of capital they have issues making bigger orders. However, an ERP implementation and a more effective billing policy will reduce the problem area. On the same note, it will simplify order making, inventory regulation and process and information integration.

Conclusions and limitations

The purpose of this paper is to identify and analyse strategically lean and agile practices and obstacles for Finnish SMEs in the importing and distribution sector. The theoretical framework provided insights into supply chain strategy, lean and agility, and was used to identify key enablers promoting strategic lean and agility in various companies. Based on the literature review and the lack of studies in specific instances, research questions were made to address to lean and agility situation in smaller companies in the importing and distribution sector. In order to answer the research questions, the identified lean and agility enablers were used to analyse critical parts of the companies.

In the qualitative research, ten (n=10) critical enablers for lean and agility were analysed in three (n=3) case companies. The enablers were identified through a literature review, most of them being transferable between sectors and industries (Kuruppalil 2007). The companies’ relationships to the enablers were evaluated and key obstacles for each company were recognized.

The first research question tended to the lean and agile situation in the analysed companies. Company A displayed some key lean and agile qualities, ranking highly in the process integration, computer-based technology, relationship management, transparency, management commitment and long-term planning enablers. The company has already seen their lean and agile practices result in cost-reductions and added responsiveness, which according to Qrunfleh & Tarafdar (2013) are direct effects of lean and agile supply chain strategies. The company strives toward improving the less lean and agile processes in due time, planning to eliminate inventory levels completely. Company C also showed a set of lean and agile practices, ranking high in relationship management, transparency, customer satisfaction, participative management style and long-term planning. However, lacking a functional ERP system, Company C lacks some essential features in order to be fully agile. Their supply chain carries more elements connected to a lean supply chain strategy, although customer satisfaction also correlates with increased agility (Qi et al. 2009; Qrunfleh & Tarafdar 2013). Like Company A, Company C will also tend to their current flaws,
moving them towards a more lean and agile business in the future. Company B clearly showed least lean and agile qualities, only ranking rather highly in transparency and the relationship management enabler. However, Company B has a more complicated supply chain and distribution network, which often results in disruptions. Overall, Company B also lacked the motivation spotted in the other companies, perhaps due to their future plans of focusing more on retail.

In summary, SMEs find it difficult being completely lean or agile, since there are quite many obstacles in their way. Close collaboration with suppliers and customers are of essence for SMEs, since they can provide a personal service that larger firms simply are not interested in. The results clearly show that the companies all valued close supplier relationships. Furthermore, Qi et al. (2009) stated that building thriving, long-term relationships with suppliers is of essence in order to reach cost-reductions, which in turn is directly connected to a lean supply chain strategy. Since there are many external challenges for SMEs, they all strive towards in-house optimization.

Despite having shared problems, the companies have approached their issues rather differently, leading towards the second research question. Although acting in the same environment, the companies have very different future plans and goals. It is highly difficult for SMEs to excel through agile and lean strategies on a broad perspective, therefore the companies tend to stick to their strong sides. Obstacles like high inventory levels, limited resources, seasonal sale, demand fluctuation, inconsistent forecasting and pre-ordering. These obstacles are difficult to tackle for SMEs since time and capital are limiting their operations. However, improved information systems would simplify tackling these identified obstacles (Sukwadi et al. 2013).

This exploratory paper provides academic contributions in terms of identification of strategically lean and agile enablers and practices. In addition, the study also provides a fundamental practical contribution through the analysis of the case companies’ performances. Despite analysing a rather specific market, elements from the study could be used for additional research. The study creates a calling for further research by quantitatively measuring of level of lean and agility in similar companies, which has already been studied on larger scales by several researchers using for instance fuzzy logic (Arif-Uz-Zaman et al. 2014; Vinodh & Prasanna 2011). After analysing three (n=3) companies, no generalizations can be made based on the results since there is a rather high variety in the results. In order to measure lean or agility, each company has to be individually analysed since there are differences in values and key processes, despite the fact that the case companies are of similar sizes acting in the same environment. Other limitations affecting this research were time and the sample size, since there are not many similar SMEs in the importing and distribution sector based in Helsinki, Finland.
References


Svensk sammanfattning

Introduktion


Syfte

Fastän lean och agilitet är kända begrepp bland många större företag, så har situationen i mindre företag förblivit mera i skymundan. Dessa strategier kan tillämpas på många olika sätt, och båda paradigmen har sina rötter i produktionsprocessen. Under senare år har många företag tillämpat strategiska tillvägagångssätt för att göra verksamheter mera lean och agila, vilket har knuffat många mindre företag åt sidan. Större företag har fått uppleva fördelarna dessa två strategier bringar, vilket har berett väg för att studera situationen bland mindre företag. Syftet med denna undersökning är med andra ord att identifiera strategiska lean och agila funktioner samt hinder för finska småföretag i import och distributionsbranschen. Två forskningsfrågor har uppställts för att bemöta studiens syfte:

1. Hur lean och agila är de undersökta finska småföretagen i sin verksamhet?
2. Vilka är de huvudsakliga hindren relaterade till lean och agilitet företagen tampas med?

Teori samt tidigare forskning

Det teoretiska ramverket består av tidigare genomförda undersökningar relaterade till lean och agilitet, medan viken av en flödesschemastrategi även tas upp. En flödesschemastrategi som är tillämpad för aktiviteterna i ett flödesschema har tidigare bevisats vara gynnsam för företag genom att företaget
får en ökad mottaglighet och hastighet. Att strategiskt integrera diverse aktörer i ett flödesschema kan generera en friktionsfri verksamhet som kan leda till minimerade kostnader och förbättrad kundservice.


Metodik

Forskning gällande småföretags förhållande till lean och agila egenskaper är fortfarande relativt begränsad, speciellt bland finska småföretag. Utöver det, ämnar föreliggande forskning ta ställning till lean och agila egenskaper ur ett strategiskt perspektiv, genom att analysera situationen i finska import- och distributionsföretag. Undersökningen genomförs kvalitativt med en deduktiv prägel, med tre företag som står i fokus. Undersökningen har genomförts genom grundläggande intervjuer och semi-strukturerade intervjuer. På basis av det teoretiska ramverket, identifierades tio kritiska lean och agila faktorer som användes som grund för att analysera företagens verksamhet. De grundläggande intervjuerna (se bilaga 2, 3 och 4) besvarades av ledningen på de undersökta företagen, och resultaten stod som grund för vidare semi-strukturerade intervjuer (se bilaga 1) vars syfte var att extraera fördjupad information gällande företagen och deras processer. Genom undersökningen erhölls företagens egna synpunkter och värderingar gällande deras egna processer, samt vidare data
gällande problem och förhinder som begränsar företagen ifrån lean och agila flödesschemastrategier.

Redogörelse för resultaten


Inget av företagen hanterade alla tio faktorer för lean och agilitet, utan fick främst fokusera på specifika delar och faktorer på grund av begränsade tillgångar. Trots att företagen visade klara skillnader i förhållanden till lean och agila faktorer, präglades företagens verksamhet dock av liknande hinder. Den andra forskningsfrågan redogör för identifierade hinder för de undersökta företagen. Lagerhållning var ett gemensamt problem, trots att orsaken till problemet ofta är olika för företagen. Företagen lider av innestående förhandsbeställningar, prognosmisstag och fluktuationer i efterfrågan som alla bidrar till att varor blir

Avslutning

Forskningsfrågorna utvecklades för att motsvara problemformuleringen och undersöknings syfte, vilka slutligen besvaras av de erhållna resultaten. Teorin redogjorde främst för strategisk lean och agilitet, som senare användes för att analysera finska småföretags verksamheter. Företagen hade generellt en bra uppfattning av vad de lean och agila flödesschemastrategierna kan tillföra ett företag. Därtill fanns det många spår av både lean och agila egenskaper i företagens verksamheter.


Utöver analysen över lean och den agila situationen i finska småföretag, identifierades även hinder som begränsar företagen att nå en lika lean eller agile nivå som storföretagen. Bland dessa hinder fanns lagerhållningsproblem, begränsade resurser som tid och kapital, förhandsbeställningar och prognoser, samt förändringar i efterfrågan, oftast som ett resultat av säsongsförsäljning.

Studien har varit begränsad i form av tid och tillgång till lämpliga företag. Inga generaliseringar kan göras på basis av undersökningen, eftersom småföretag verkar ha en tendens att skilja sig relativt stort i sina värderingar. Undersökningen har dock skapat grund för vidare forskning inom området, genom att t.ex. kvantitativt måta företagens kärnprocesser för mera detaljerad information.