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## **CHAPTER 4**

### **THE EMPIRICAL ANALYSIS OF LOGISTICS ENTERPRISE STRATEGIC MANAGEMENT UNDER THE E-COMMERCE----RESPECTIVELY TO SF, DEBON AS AN EXAMPLE**

#### **4.1 SF EXPRESS**

##### **4.1.1 Enterprise profile**

SF EXPRESS was founded in Guangdong in 1993, with international and domestic express service business. At the beginning of the establishment of the SF services mainly in Hongkong and Guangdong Province, with small parcel express logistics service. In the late 90s China rapid development of market economy tide, SF EXPRESS early adopted network expansion franchise, the rapid expansion of market scope, 1996 SF EXPRESS to expand outside of Guangdong Province, entered the domestic courier; in 2002, in Southern China provinces have 180 outlets; in 2006, SF service network throughout the country more than and 20 provinces and cities as; at present, SF EXPRESS has covered more than 2 thousand counties and cities of the service network, and a service point in nearly eight thousand villages.

SF EXPRESS has a strong logistics system resources. The hardware aspect, all network backbone service SF are self-employed, currently has more than 120 thousand staff, more than 15 thousand Taiwan express opened its own transport vehicles, transport trunk and feeder more than 13 thousand, network covering the whole country; have more than and 40 cargo aircraft, both at home and abroad covering more than and 20 countries in more than and 30 city; the software, with the most advanced domestic express the most comprehensive business management system, can realize the information acquisition, tracking, query and resource allocation of the logistics of the whole process, the logistics industry leading time. Advanced software and hardware configuration of SF EXPRESS in the industry has a

strong core competitiveness, after more than and 20 years of development, in 2015 1 billion 700 million annual SF express delivery, the annual revenue of 47 billion 300 million yuan, net profit of 1 billion 930 million yuan, the market performance as shown in Figure 1, Figure 2.

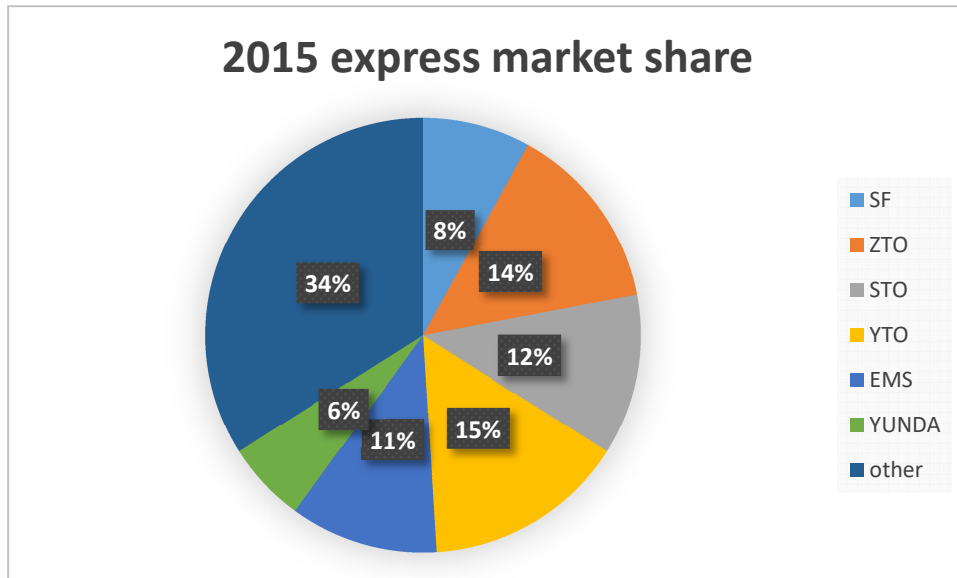


Figure 1:2015 China express market share distribution map

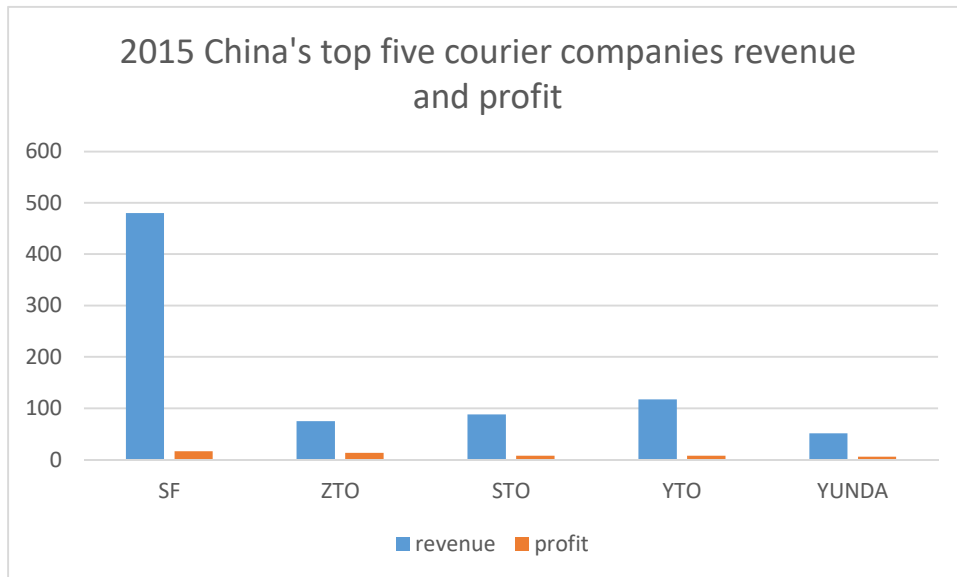


Figure 2:2015 China's top five courier companies revenue and profit statistics

From the above figure, compared with similar enterprises in China, SF EXPRESS's competitive advantage is more prominent. Although SF EXPRESS's market share is not high, but its operating income and net profit ranking first in the

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industry, the quality advantage of its courier service products have the advantage of price advantage and profitability is better than friends.

#### **4.1.2 strategic management analysis**

1. strategic environment. From the analysis of the development of SF EXPRESS, see its strategic environment to grasp the degree. SF established time coincides with the Chinese internal reform and opening into the deep water area, Deng Xiaoping's "Southern tour speech" []. Before Guangdong is located in the forefront of reform and opening up, has richly endowed by nature policy environment; and Hongkong has been mainland economic exchanges with the outside world window, resources are concentrated in the circulation of commodities, for which SF EXPRESS started cargo delivery to provide a good market environment. "Southern tour speech", Chinese the process of reform and opening up, the national economy has maintained two digit growth sub, the consumer market is very active, the logistics industry in the EMS market gradually bred SF EXPRESS seize market opportunities opened nationwide expansion of the road.

From Deng Xiaoping's "Southern Tour" in 1999, China Internet development began to enter the fast lane, the Internet began to spread from universities and government departments to the whole society, the number of sites and the rapid growth of Internet users. During this period, the influx of speculative funds began to make the global Internet industry bubble, 1999 spread to China's Internet industry. In the difficult environment of the industry, China's e-commerce market began to sprout, the emergence of the first shopping site - "8848" network. In the same year, SF EXPRESS began to stop the expansion of the franchise system, the right to take action.

In 2002 China senior government began to attach importance to the development of e-commerce, e-commerce industry reshuffle after the depth of the external environment after enthusiasm greatly improved, B2B industry leading Alibaba profits, eachnet.com received the largest e-commerce company eBay investment. 2003 "SARS" hinder the public normal life, people began to attach importance to the network consumption patterns, an unexpected opportunity for the

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development of electronic commerce Chinese, Alibaba B2B sites began to profit, its C2C website taobao.com on-line; B2C website is dangdang.com breakeven, Ctrip, eLong Travel ticketing business market segments start the implementation of profit, including Ctrip success in NASDAQ listed at the end of the year. The rise of e-commerce market to the development of logistics delivery opportunities. In the face of the development trend of good industrial environment, SF EXPRESS began to speed up the strategic deployment, in 2002 to set up headquarters, combing the internal organization, the East China region and the layout of good economic base, electricity market is more developed; the "SARS" period in 2003, e-commerce consumption soared to express demand did not fall, opening nationwide strategic layout. Since then, with the continuous optimization of China's domestic economic structure, national income continued to grow, the e-commerce market is in a state of rapid growth for a long time. The influence of external strategic environment, SF EXPRESS also began to gradually strengthen the construction of the internal environment, advanced enterprise values, such as honesty, innovation, responsibility of customer centered proposition promotes the formation of excellent enterprise culture; and continuous purge according to the business process organization, the scale of growth on the function, shape the internal management of soft power.

2. strategic resource control. Logistics system resources is the core strategic resources of SF company. In China's e-commerce development environment, SF EXPRESS stressed the absolute control of the logistics network. Before the e-commerce market has not formed, SF EXPRESS rely through local agents or cooperation to achieve the integration and expansion of the logistics system resources, but the resources strategy is bound to face the risk of losing control, SF headquarters for the effect of local franchisee weakened, contrary to the unified enterprise development strategy implementation. For this, through the acquisition of SF to join the network, into direct system, realize the cyber source logistics system centralized control, strengthen the headquarters of the absolute authority on local operators. At the same time, also seize the opportune moment to resource expansion SF: 2003 China aviation industry trough SF EXPRESS took the opportunity to layout of air

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cargo, a precedent in the industry; the human resources, the express industry is labor-intensive industries, large amount of labor, the high turnover rate of employees, SF EXPRESS employees in the industry's premier, the benefits are more complete, close to every single the Commission is higher than the industry average, human resource control ability; market resources, with its excellent quality SF EXPRESS service has been firmly occupy the most high-end express market share, and will continue to optimize the product line layout to enhance the user viscosity, conform to the environment of electronic commerce has launched the "SF today", "SF morning", "the next day, SF sea purchase Feng Yun and other eight kinds of products series, expanding high-end users Select the range, can effectively meet the personalized needs of different users in e-commerce environment.

3. strategic focus. In the e-commerce environment, the focus of SF EXPRESS's strategic implementation has never been away from the information technology, the logistics optimization and the positive integration with e-commerce industry. 2003 began the layout of the ERP based information management system, and in the lead in the popularity of handheld scanning terminal for distribution services. More than and 10 years, SF EXPRESS has invested a huge amount of money for iterative and perfect, has cooperated with IBM, Oracle company, to build a comprehensive cluster server, established a highly integrated information management system, involving the GIS system, GPS system, express business management system, risk management system, time management system and CRM system of forty a line close to the handheld terminal; all equipped with real-time information exchange, equipped with real-time information monitoring equipment for all vehicles, self sorting center, to achieve parcel transportation, sorting process dynamic control. Improve and advance the construction of information technology so that SF EXPRESS's ability to use the logistics system is highly competitive. On the basis of information, SF EXPRESS carried out early in the industry, realize the continuous optimization of logistics aging processes through standardization and promotion, from 2007 to 2010, SF EXPRESS formed a complete set of standard operating procedure and unified, to the aging products service requirements as the

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basis of staff training in detail, the operation of the standard tests, fully familiar with the scope of services, product specifications, Business Hours, convergence process full express service cycle, and the aging performance supervision management system.

SF EXPRESS is also a fusion in electronic commerce and electronic commerce industry spare no effort to explore the depth of positive exposure to the development trend of e-commerce, has made many efforts and attempts: 2011, 2012 and has launched the SF e values, SF preferred e-commerce platform, cross industry test, and access to electronic payment license; in 2014 launched the SF match products with low price strategy to cater to e-commerce logistics demand; 2014 opened on a large scale passenger hey SF community store, O2O e-commerce trend fusion localization; combined with 2015 SF in the pass, Shen Tong, rhyme, Papadopoulos four logistics companies jointly established Feng nest company, more than half of the integration of industry resources to launch a smart courier cabinet for market. The logistics network coverage to the community, to solve the electronic commerce logistics "last mile" problem.

#### **4.1.3 Lack of strategic management**

Strategic planning is not perfect SF EXPRESS focus on high-end users, along with e-commerce logistics market competition and the development of the logistics industry to raise the level of demand and the development trend of the logistics cost of the whole society to reduce continuously produce a certain threat to the high-end line, also on the logistics cost control ability to control more difficult challenge. Although SF EXPRESS began to try the low-cost strategy to attract more customers in e-commerce market since 2014, but the friends of the low price competition strategy is quite effective, resulting in the SF EXPRESS express market share exceeded the limited space, sustained growth, the scale of the market equilibrium product layout creates bottlenecks, is not conducive to long-term growth strategy. The reason is caused by the two sides of the direct mode, although the direct mode of SF EXPRESS strategy implementation of good consistency, resource control and strong strength, but the corresponding cost of manpower cost, operation is also

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high, have a greater pressure to the limited resources of the enterprise, make the logistics system network expansion is slowing down, which restrict the realization of strategic objectives the.

## **4.2 Debon Logistics**

### **4.2.1 Enterprise profile**

Debon logistics company was founded in 1996 in Guangdong, the earliest in Zhongshan city in 1997 moved to Guangzhou engaged in freight services, air services, began in 1998 by air cargo agency services, creatively carry out zero closed the whole mode of air transport services, Debon logistics company was established in 2000, covering Shenzhen and Zhuhai, by 2002 nearly monopoly of Guangdong LTL cargo market. In 2001, the opening of the Guangzhou road transport logistics in Beijing freight line, 2004 start Debon logistics regional layout, started to increase the additional speed in the Southern China area network; 2009 headquarters to Shanghai, take the national pace. In cultivating the LCL Operation for twenty years, Debon logistics has gradually grown to third party logistics enterprises focus on LTL high degree of specialization, the formation of integrated logistics enterprise to LTL, balance the supply chain logistics, warehousing, courier. As of 2015, Debon logistics system network covering the whole country, nearly seven thousand outlets, including more than 5 thousand outlets, own transport vehicles nearly million, 100 thousand employees. 2015 annual operating income of more than 10 billion, is the leader of China's LTL logistics industry. In addition to outstanding achievements in LTL logistics, logistics internal management norms, business process standard, a high degree of information, the quality of logistics service quality has received market approval, has supply chain logistics services for HUAWEI, BYD, Emmett, oil and other well-known enterprises.

Macro Chinese LTL logistics market, the overall scale is big but the market resources are more dispersed, due to lower barriers to entry, the current distribution of hundreds of thousands of the size of the logistics enterprises, compared with the success of world Arima, Debon logistics, logistics, logistics and other large message

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security logistics market sum is less than 1/10, the future development of logistics broad prospects.

#### **4.2.2 strategic management analysis**

1. strategic environment. From Debon logistics development process, the external environment faced by SF EXPRESS and the like, are based on the heights of reform and opening up in Guangzhou, seize the opportunity in the good momentum of the development of the market economy environment in rapid expansion. In this process, Debon logistics at contrarian. The last century at the end of 90s, with aviation fuel prices and road transportation, container shipping mode gradually improved, air cargo freight market slowdown, the decline in the development of Chinese air cargo logistics, the opposite took the opportunity to intervene, but in the Guangzhou air cargo market has achieved good results; China e-commerce development stage, and a freight B2B market demand increasingly strong, in this environment Debon established growth direction in the big express logistics service as the core of the enterprise; in 2008 by the global economic crisis, the market environment China road freight has deteriorated, Debon in second in Shanghai to establish a national headquarters for the national market, and provide accurate logistics service, logistics outlets nearly doubled that year, operating income growth rate reached 90%, has become the industry A.

Thus, Debon logistics strategy for the situation of basic grasp more accurate, strategic decision-making in the market environment and the poor situation is very decisive.

2. strategic resource control. Adhere to the direct Debon logistics is logistics system network layout in the process of expansion strategy, ensure the headquarters firmly hold the dominance of logistics strategic resources. Human resources, internal Debon attaches great importance to the introduction and training of talents, human resources as the source of the core competitiveness of enterprises. 2002 open reserve personnel selection and training mechanism, set up a special training department in 2003, 2005 after the pilot in 2006 took the lead in the industry for major colleges and universities to recruit graduates, master graduates recruitment began in 2008. Debon



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logistics established a complete and orderly talent management system in the staff occupation planning, promotion channels, incentive measures, the industry by the friends welcome enterprises make logistics staff turnover, and even competitors spared no expense to dig away high-end talent from Debon logistics, because this is also known as Debon logistics industry "Whampoa military academy".

Debon logistics is also good at the use of the whole industry related resources, through strategic cooperation in the field of cross shaped self-contained competitive advantage. In the process of strategic management, Papadopoulos influential supplier logistics facilities in Asia and Debon strategic consensus, has established a nationwide 13 warehouse distribution hub base, strategic expansion with its rich experience in logistics network layout to implement sound; long-term cooperation with the famous consulting firm, strategic analysis and strategic planning. In the management of the organization, business process optimization, reshaping operation mechanism innovation and logistics planning of the line to improve the strategic management objective and professional degree; to adapt the development logistics informatization, de state logistics by IBM, Oracle Corp in the business of computer hardware and software technology and mature technology resources, optimize the internal logistics management information system operation efficiency, aging thanks to this Debon logistics has a competitive advantage in the industry; the financial resources, Debon Logistics relies on one of the world's four largest accounting firm Ernst & young, continuous improvement of capital structure, optimizing asset allocation, by means of rational allocation of capital resources and achieve external control; transportation resources, logistics and Volvo, Michelin and Benz Corp have cooperation, reduce the purchasing cost through jicai. The current logistics accurate card boat products straight line, Volvo truck is the main models, Volvo, excellent quality, advanced technology to ensure the stability and economy of logistics capacity, reduce the failure rate of transport vehicles and cargo damage rate.

To sum up, to adhere to the direct business development background mode dominated, Debon logistics on human resource control and Industry Association resource application ability is more prominent in the key areas of the organization

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construction, strategic resources allocation rules and logistics system optimization for enterprise development to build a strong backing.

3. strategic focus. The focus of logistics in e-commerce strategy implementation, still lies in the integration of information technology, optimization and aging and electronic commerce.

Debon logistics informatization construction began in 1999, when the main air cargo deployed "flight 2000" Debon air cargo system; in 2002 the deployment of TIS logistics management system, realize the network end goods inquiry; in 2002 the implementation of OA office system; e-commerce market high speed growth after 2005, Debon Logistics Informationization: opened in 2006 call center; 2007 deployment of transport vehicle GPS tracking system; 2008 has opened a network service, the establishment of ERP management information platform, the introduction of Kingdee EAS financial management system and human resources management system, realize the integration of network application system and information management system. As of now Debon logistics were equipped with hundreds of server and more than a dozen cabinet, inside has dozens of R & D personnel, integration of GPS, GIS, Web application, barcode, RF and wireless communications and information technology, including the formation of the CRM system, EHR system, FOSS system, PDA system and other dozens of management software the logistics operation support system, daily processing about 800000 orders, powerful.

Debon logistics aging optimization is established on the basis of information in the control level, to achieve dynamic data acquisition through the implementation of monitoring network covering warehouse distribution center, business outlets, all-weather track goods; through innovative modes of transport, for the market launch of aging products with precise navigation, precise timing point card carrier line operation, and time delay is commitment shipping is free, for their own logistics optimization provided inherent power limitation. The executive level to establish standard operating procedure, and included in the KPI examination, the vehicle running time, loading and unloading time, cash aging are strictly defined, strictly control the damage rate and loss rate; the implementation of the incentive mechanism

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in the whole logistics system, the information system in aging chain based according to the data of the monthly and yearly assessment. The formation time of strict standard implementation organization.

In the age of electronic commerce, logistics also serves as a focal point to take the initiative to integrate into the implementation of the strategy. 2008 Debon logistics network according to user habits, the network business hall will be revised, its service products to the field of electronic commerce, the network channel revenues of more than one hundred million; 2009 officially Debon logistics cooperation with Alipay online payment, is the electronic commerce environment in LTL logistics enterprises, 2010 Debon company became the first B2B logistics service partner Alibaba group; for the infinite potential market demand of B2C electricity market, Debon logistics market actively layout, 2012 by the courier business license, 2013 open courier business; 2015 Jan express joined Alibaba led the establishment for rookie logistics network for supporting e-commerce, and launched the electricity supplier enjoy service products. In August of the same year, the electronic commerce to solve the last mile distribution, logistics conditions to give up direct mode to insist for a long time, the implementation of the standard management, unified logo "business partner" franchise mode, half the time signing thousands of outlets, to promote the logistics system and the channel sink expansion rate.

#### **4.2.3 lack of strategic management**

The strategic management process, Debon logistics enterprise, the logistics optimization strategy for organization and management of the time dependent, strict appraisal system of KPI have strict requirements for human resources management, employee performance pressure, lack of humanized management accordingly, resulting in serious loss of root Debon logistics talents; in the strategic planning process, making Debon the logistics used by the third party consultation mechanism to complete the strategic environment analysis and strategic target, the strategy is to complete the express in McKinsey's help, but spontaneous ability inadequate enterprise strategic management. After all, as a professional consulting company as an outsider, the logistics industry environment, the development prospects of the

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understanding and understanding of the logistics enterprise itself, if not long-term practice.

In strategic decision-making, Debon logistics has been steady, based on the full assessment of the consulting plan, generally choose the more secure solutions, direct network construction strategy of logistics to insist for a long time, even in the LTL logistics enterprises to join by land grab does not easily change []; and the electronic commerce industry integration, logistics in an earlier time, but the depth of the intervention, the response speed of the e-commerce environment is inadequate.

### **4.3 Comparative analysis**

#### **4.3.1 Strategic convergence**

SF EXPRESS and Debon logistics is almost the same period developed in the same region, the market environment determines the growth trajectory of highly similar, and thus the strategic management of convergence is also reasonable.

Especially in the e-commerce environment, both through the active deployment of information strategy and efficiency optimization, to obtain and maintain competitive advantage in their respective focus on market segments; in the expansion of the scale of logistics system, have to take direct strategy, to ensure that the core resources of enterprises firmly in control of the logistics system, which put a lot of money in transport vehicles, sorting centers, human resources construction of logistics infrastructure; with the development of electronic commerce in depth, both of them can merge with the electronic commerce industry from different angles, each department of logistics service channel sink strategy, efforts to solve the need to face together the last mile distribution problem; the two sides of the business strategy is also cross the convergence of the SF in recent years have the layout in LTL express market, while in small Debon logistics express market success It.

#### **4.3.2 strategic differences**

Because of a focus on the field of strategic management, SF EXPRESS and Debon logistics are also different.

SF EXPRESS in the main courier industry, adhere to high-end express line,

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has a strong market competitiveness in the market, e-commerce market demand more from the B2C model; Germany focused on LTL express logistics, to road transport, air freight subsidiary, large cargo logistics services in the B2B e-commerce market the most competitive advantage; the information construction, the starting time of SF EXPRESS's earlier higher starting point, enough to become the industry benchmark, and logistics information starting point is relatively late, there is room for improvement; SF EXPRESS platform logistics service enterprise's development direction, and logistics integrated supply chain services along the direction of development; the development of SF EXPRESS early expansion strategies take the franchise model in logistics system are relatively aggressive, out of control risk to war Slightly adjusted, and the expansion of the scale of strategic Debon logistics has been conservative, even the recent introduction of the "business partner" franchise model, still take a conservative strategy of standardization management, through unified training, unified identity, strict assessment measures to ensure headquarters control efforts.

Different enterprises in the complex and ever-changing environment of the formation of corporate culture, business model and strategic management focus, are suitable for their own. The difference is SF EXPRESS and Debon logistics strategic management should be evaluated objectively, speaking strictly does not compete with .