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THE CONCEPT OF KEY SUCCESS FACTORS IN LOGISTICS AND SUPPLY CHAIN MANAGEMENT IN THE CONTEXT OF CREATING BUSINESS COMPETITIVE ADVANTAGE

Abstract

Firms are constantly looking for ways to create a competitive advantage. An important place among the factors affecting the way in which this advantage is gained is taken by success factors including, but not limited to, the so-called key success factors that may be related to the domains of logistics and supply chain management. The aim of the article is to identify the basic characteristics of the concept of key success factors in logistics and supply chain management. The article presents the essence and importance of success factors in the context of creating the business competitive advantage, the basic concepts of key success factors related to resource-based and market-based strategic management as well as the most significant characteristics of the concept of key success factors in logistics and supply chain management.

Keywords: logistics, supply chain management, key success factors, competitive advantage

Introduction

Firms are constantly looking for ways to create, maintain and strengthen their competitive advantage. In general terms, the competitive advantage means that the firm achieves market and economic outcomes more favourable than competitors, or that the firm takes a more competitive position on the market compared to its competitors (Matwiejczuk, 2014). One of the concepts often used in creating the business competitive advantage is logistics, perceived as the management

of materials, goods and information flow within the firm and the entire supply chain¹.

The business competitive advantage is related to the broadly understood business success which can be influenced by various factors, referred to as success factors. A set of various success factors creates the so-called business success potentials that can be associated with various functional areas of the firm, including, but not limited to logistics. Such potentials are then referred to as logistics potentials of success (Matwiejczuk, 2015).

The aim of the article is to identify the basic characteristics of the concept of key success factors in logistics and supply chain management. The key business success factors, enabling the firm to achieve the expected market and economic outcomes and, consequently, create a lasting long-term competitive advantage can be indicated both in the domain of logistics and in the supply chain management.

1. The nature and significance of business success factors

There are several factors affecting business success in the broad sense of the word. The basic problem associated with the concept of success consists in the fact that it is a quite commonly used concept, but at the same time difficult to be precisely defined. For this reason, the success factors play a special role in the description of business success, i.e. factors contributing to its achievement by the firm. The integrated composition (bunch) of success factors creates the so-called success potentials, sometimes referred to as the business potentials or strategic potentials.

A leading role in the efforts to identify business success potentials (factors) is played by the so-called resource-based strategic management (Barney, 1991; Grant 1991). According to Krupski (2006), the business potential is created by resources and competences that are the main components of the business competitive advantage. On the other hand, in the opinion of Gierszewska and Romanowska (2002) according to the resource-based concept, the business success is determined by the business strategic potential in the form of appropriately selected and competitive resources and the firm's capability of using these resources in an innovative and effective manner.

The strategic potential understood in this way is the basis for achieving the expected market and economic outcomes being the manifestations (symptoms) of business success.

2. Scope and directions of the impact of success factors on creating business competitive advantage

Various proposals of relations expressing the scope and directions of the impact of specific success factors on creating the business competitive advantage are

¹ For more on logistics as a concept of management of materials, goods and information flow, see Blaik (2017).

presented in the literature on the subject. Examples of such relations are presented in Table 1.

Table 1. Relations between success factors and business competitive advantage

Author/Authors (year)	Concepts of relations concerning the impact of success factors on creating the competitive advantage
Grant (1991)	Resources \Rightarrow Capabilities \Rightarrow Competitive advantage \Rightarrow Strategy \Rightarrow Resources
Barney (1991)	Diversity and limited mobility of business resources \Rightarrow Value, rareness, imperfect imitability and substitutability of resources \Rightarrow Sustainable competitive advantage
Bharadwaj, Varadarajan, Fahy (1993)	Potential sources of competitive advantage (resources and skills) \Rightarrow Competitive advantage related to the competitive position on the market \Rightarrow Sustainability of the competitive advantage related to the competitive position on the market \Rightarrow Long-term outcomes \Rightarrow Reinvestments in resources and skills
Zahra, Das (1993)	Resources, production strategy, outstanding competences \Rightarrow Competitive advantage \Rightarrow Outcomes
Petts (1997)	Skills \Rightarrow Key competences \Rightarrow Competences related to benefits for the customer \Rightarrow Sustainable competitive advantage \Rightarrow Profit \Rightarrow Decisions on investment, training and recruitment
Olavarrieta, Ellinger (1997)	Firm resources \Rightarrow Strategic resources (superior assets, distinctive capabilities, key capabilities) \Rightarrow Sustainable competitive advantage \Rightarrow Relative, superior outcomes \Rightarrow Organizational learning
Veliyath, Fitzgerald (2000)	Firm (resources, capabilities, competences, 'new 7S') \Rightarrow Business strategies (differentiation, cost leadership, concentration) \Rightarrow Convergence with hyper-competition arenas \Rightarrow Competitive advantage \Rightarrow Firm competitiveness
Srivastava, Fahey, Christensen (2001)	Market-based assets (intellectual, relational) \Rightarrow Generating value for customers through processes related to market orientation and marketing concept (product innovations management, supply chain management, customer relationship management) \Rightarrow Sustainability of the customer value and competitive advantage \Rightarrow Performed values and financial returns \Rightarrow Investments in market resources

Source: (Matwiejczuk, 2014)

The striving of firms to achieve success and, consequently, gain a competitive advantage involve achieving the expected market and economic outcomes. These outcomes are the result of aimed and planned processes and activities oriented towards the performance of designated tasks carried out on both the strategic and operational levels (Matwiejczuk, 2014). Day and Wensley (1988) mention the following most important market outcomes that the firm is striving to achieve: (1) customer satisfaction, (2) customer loyalty, and (3) market share, while among the most important economic outcomes achieved by the firm they distinguish: (1) profit, (2) profitability, and (3) return on invested capital.

The expected outcomes achieved by the firm in the process of creating the competitive advantage are the 'traces' of success that can be understood as symptoms of business success. The relations between factors and symptoms of success have been presented by Day and Wensley in their concept of creating the business competitive advantage. This concept presents a mechanism of 'transformation' of success sources, which are the business success factors into symptoms of this success related to gaining a competitive advantage and obtaining – in relation to this

advantage – the so called benefits from the competitive advantage held, referred to in short as competitive benefits (Day, Wensley, 1988).

According to Day and Wensley, firms undertake long-term investment activities consisting in prioritising the treatment of resources and capabilities, specific for individual firms, constituting the basis for achieving success and creating a competitive advantage. The most important, potential sources of business success listed by the authors include resources and capabilities, distinguishing the firm against the background of competitors that form the basis for the development of distinctive competences. The distinctive firm resources, capabilities and competences are transformed from potential into real sources of success when they gain the status of the so-called key success factors (Day, Wensley, 1988).

3. Basic concepts of key business success factors in the context of creating competitive advantage

As it has been mentioned above, a competitive advantage means that the firm achieves market and economic outcomes more favourable than competitors, or that the firm takes a more competitive position on the market. Correct identification of key success factors is crucial for identifying the business strategic potentials, including resources, capabilities and competences that may be the determinants of creating the business competitive advantage.

According to Gołębiowski (2001) key success factors are all the important resources, competences, activities and results of the current activity which are necessary to achieve success in a given field of activity (industry). Taking into consideration the aforementioned concept of Day and Wensley, it seems that the achieved business results are rather symptoms of the business success than factors influencing such success.

Key success factors can be key resources, key capabilities and key competences, including in particular their integrated compositions, which – in addition to contributing to the business success – are distinctive with respect to the potential of competitors and thus enable a competitive advantage to be created. Key success factors which include an integrated composition of resources, capabilities and competences, perceived as unique compared to competitors, are the key potentials of business success.

As highlighted by Gierszewska and Romanowska (2002), key success factors should not be equated with market success factors. According to the authors, the market success factors determine the firm's and its products features, that are appreciated by customers and on the basis of which customers make their decisions about purchasing a product of a given brand or a given manufacturer.

The differences between key success and market success factors are related to two concepts of success factors – slightly differing from each other – the first of which is located in the area of strategic management, and more precisely, within the resource-based strategic management area, while the second concept concerns product development issues and is largely associated with the concept of marketing

and the positional stream of strategic management. Based on these two proposals, the concept of key success factors can be applied in other areas of broadly understood management sciences, including, but not limited to the area of logistics and supply chain management.

3.1. The Concept of Key Success Factors in the resource-based of strategic management

The Concept of Key Success Factors (Foss, Harmsen, 1996) placed within the framework of the resource-based strategic management is based on the criteria that form the basis for identification of key resources. These criteria include: (1) value, (2) rareness, (3) imperfect imitability and (4) non-substitutability (Barney, 1991). In addition to resources, these criteria can also be applied to capabilities and competences, contributing to the recognition of key capabilities and key competences, respectively. The 'key importance' of resources, capabilities and competences should be assessed in the first place from the perspective of the market and economic outcomes achieved by their utilization, which are more distinctive and more advantageous compared to competitors (Eden, Ackermann, 2010). In such event resources, capabilities and competences can be referred to as key business success factors.

A resource-based approach in the process of identification of business success potentials (factors) is presented by Gälweiler (1987) who believes that the strategic potential of the expected outcomes and success is a general structure of all specific product and market conditions that are relevant from the point of view of business success. Such success is related to achieving long-term profits and the desired level of benefits for customers as well as the implementation of other strategic business goals. According to Gälweiler (1987) the most important premises for achieving the expected business outcomes and success are related to specific functions and management systems, while the potentials of expected outcomes (including the number of detailed success factors) formulated at the strategic level are sources of business success in the long-term perspective.

3.2. Concept of Key Factors of Success in marketing and positional stream of strategic management

The Concept of Key Factors of Success (Foss, Harmsen, 1996) placed within the marketing and positional stream of strategic management is related most of all to the product development process. Identification of factors determining business success applies then in reality to the firm's market success, evaluated from the perspective of customers, including in particular their needs, preferences, requirements, expectations, etc. Therefore, this concept does not have to refer directly to the firm resources, capabilities and competences which often are not 'noticed' at all by customers assessing the market offer from the perspective of meeting their own needs. As has been mentioned above, resources, capabilities and competences are the business success factors, while market success – in addition to the competitive

position – can be perceived most of all as one of the most important symptoms of the business competitive advantage.

The positional approach to business success factors is presented by Pümpin (1986). He treats success factors not so much as capabilities and premises in the areas important for achieving business success, but as the symptoms of the so-called strategic position of success and the benefits related thereto that were successfully achieved in the process of competition. As a part of the positional approach to business success potentials (factors), special emphasis is put on the conscious endeavours of firms to achieve conditions for creating a competitive advantage to allow above-average market and economic outcomes to be achieved on a long-term basis. It is therefore why Pümpin (1986) aims primarily to identify the firm's position on the market in relation to competitors, referred to as the competitive position, which – similarly to the market success – is a symptom of the business competitive advantage.

3.3. Basic characteristics of the concept of key success factors in logistics and supply chain management

The concept of key success factors in the area of logistics and supply chain management mainly refers to the resource-based stream of strategic management which is associated with identification of the so-called logistics potentials of success, including:

- 1) Logistics resources, understood as the firm's tangible and intangible assets being components of its logistics system.
- 2) Logistics capabilities, perceived as business success factors related to the shaping and utilization of diversified compositions of logistics resources, taking into consideration activities, organizational routines, processes, systems and employee skills to develop products and services creating value for the customer and for the business,
- 3) Logistics competences constituting long-term capabilities (compositions of capabilities) of using resources (compositions of resources), in particular logistics resources, actively involved in the implementation of the set business goals and tasks, leading to the achievement of the expected market and economic outcomes, including primarily outcomes related to the generation of value that forms the basis for creating a competitive advantage (see Figure 1).

Similarly to the 'general' business success potentials, the logistics success potentials are sets of specific factors affecting the achievement of expected market and economic outcomes by the firm, which are the basis for creating a competitive advantage.

The increasing significance of logistics, more and more often perceived and implemented as a concept of management of the goods and information flow, affecting, *inter alia*, the creation of a competitive advantage, is substantiated by the results of many research studies conducted on a global scale (Blaik, 2017). A special type of logistics potentials considered from the perspective of the possibility of their impact on creating business competitive advantage are logistics competences (Blaik, 2017).

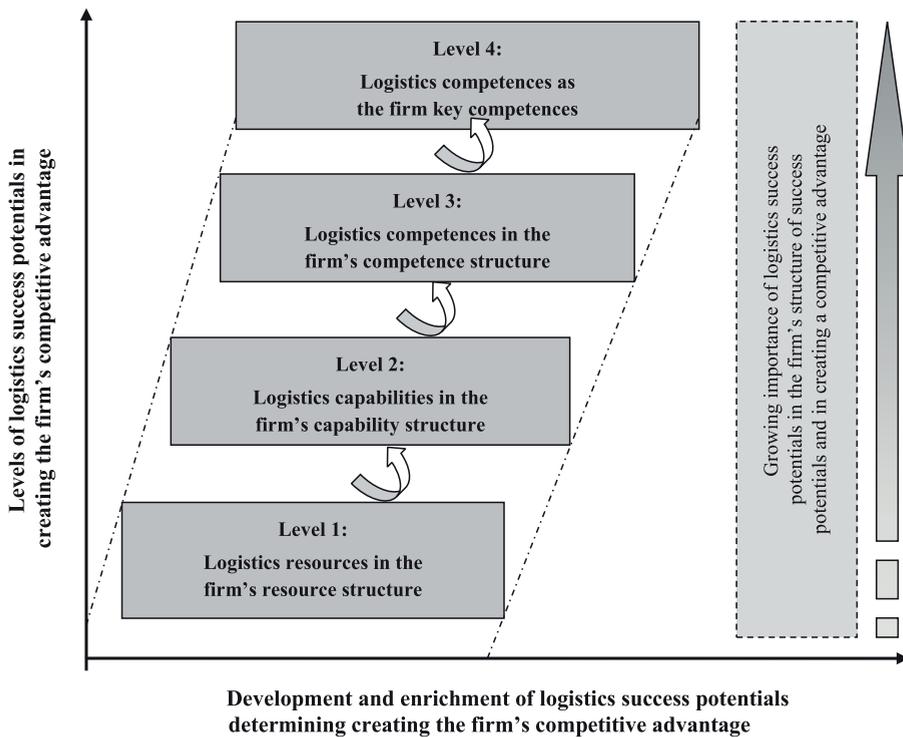


Figure 1. Hierarchy of logistics business success potentials.

Source: (Matwiejczuk, 2014)

When citing the results of the research conducted by the Technical University of Berlin and the German Logistics Association Blaik emphasizes that currently the business strategies related to planning and implementation of logistics systems often focus on key competences.

The most important place among the key success factors affecting achievement of the expected market and economic outcomes as well as gaining a business competitive advantage is occupied by logistics competences. As emphasized by Sennheiser and Schnetzler (2008), a condition for the development of logistics competences is the prior identification of appropriate logistics capabilities, which in turn are based on logistics resources.

Logistics competences are at the highest level in the structure of logistics potentials of business success (see Figure 1). They are developed based on the firm's logistics resources (compositions of resources) and capabilities (compositions of capabilities) to utilize them. Logistics resources and capabilities are required to form and develop logistics competences, nonetheless, it is the logistics competences which are the potentials 'spreading' on logistics resources and capabilities that have the greatest significance in achieving business success, and thus creating a lasting, long-term competitive advantage.

Conclusions

Logistics, and in particular logistics potentials of success, play an important role in creating the business competitive advantage. The article presented the most important characteristics of the concept of key success factors that can be used, *inter alia*, in logistics and supply chain management. Having in mind the constantly growing role of logistics in contemporary management, and particularly in strategic management, appropriately identified potentials of logistics success, including logistics resources, logistics capabilities and – above all – logistics competences, can be the key success factors contributing to the firm's achievement of the expected market and economic outcomes being the basis for creating its competitive advantage on the market.

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