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Strategy of ČSAD Hodonín a.s.

(Bachelor Thesis)

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- Osnova:
1. Základy strategie dopravního podniku
 2. Strategie dopravního podniku
 3. Marketingové prostředí podniku
 4. Firma s dlouholetou tradicí
 5. Cíle a záměry ČSAD Hodonín a.s.
 6. Transformace firmy a inovace služeb jako součást firemní strategie
 7. Logistika jako strategický rozvojový segment podnikání
 8. Analýza postavení ČSAD Hodonín a.s. v podnikatelském prostředí
 9. SWOT analýza
 10. Porterův model pěti sil
 11. Hodnocení přínosu Porterovy strategie v ČSAD Hodonín a.s.
 12. Návrh strategie ČSAD Hodonín a.s.

Bakalářská práce bude zpracována pro: EPI s.r.o., ČSAD Hodonín a.s.

Tento dokument je součástí Vaší bakalářské práce.

S pozdravem

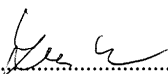

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Statement

I declare, that I have prepared this Bachelor Thesis on my own under the guidance of Ing. Alois Bartončík, and that I have stated in the Bibliography all the literary and specialized sources utilized by me.

Kunovice, August 2006


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Thanks of Gratitude

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Kunovice, August 2006

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Introduction

At present the sector of Road Transport belongs among the dynamically developing sectors.

Czech market is saturated by a large number of entrepreneurs, which results in intensive competition. Growing competition, development of information technology, and not the least, increasing demands of the customers force the transport companies to utilize marketing.

Therefore, if the companies want to survive, they must produce quality services stemming from the wishes and needs of the customers, and at the same time achieve ideally lower expenditure than the competition. And here enters transport services marketing, with the help of which a transport company can determine appropriate strategies in accordance with the firm's visions, and can help to face potential threats.

Unification of many factors is needed in order to create a stable, high quality, and prospering company. The basis is the management model; by management is meant to be understood a specialized working activity, carried out by the management by purposefully influencing groups of organized people. Basis of management is to influence the working activities of people in order to achieve fulfillment of given goals, which the company had set out, or which were for the company determined. The aim of the company is therefore the image of what the firm wants to achieve, that means the idea of a certain result, to which end the activity is directed. Management itself has a special position among functions of the company, because the main task for the management is to unite and to coordinate all activities in the interest of the most effective fulfillment of the company's mission.

Further, it must be determined, where belong the individual elements of management activity: Determination of the target, planning, decision making, implementation, controlling, organization, interacting with the personnel, and coordination. The complete strategy of the company is formed by the partial strategies of all of the substantial areas of the company's development. Marketing strategy of the company has a specific position. It deals with long-term concept of activity of the firm, with the aim to distribute, in a planned and useful manner, resources of the firm so that two basic targets are fulfilled: To satisfy the wishes of the customer, and to achieve an advantage in the competitive environment.

The aim of this Bachelor Thesis is to determine strategy of ČSAD Hodonín (Pty)Ltd. In principle applies, that strategy, or strategic management influences success of the firm much more than tactical and operative management. We can say, that a company without well determined strategy cannot keep up with the competition. That means, that a strategy, and especially well derived strategy is extremely important for the growth of the company, and for the quality of services provided.

1 Basis of Strategy of a Transport Company

1.1 1.1 Management Model

Management needs to be understood as a specialized work activity, which is being implemented by the managers by purposely influencing groups of people. The basis of management is to influence the working activities of people in order to achieve effectively and economically the prescribed targets, which the company determined, or which were given to the company. The aim of the company is the image of what the company wants to achieve, e.g. the image of a certain result, and to this end focuses its activity. The main targets are determined at the highest management level. Management presupposes the existence of a member of the management, who implements the presupposed targets. The only effective management can be such, that is supported by theoretical knowledge about the management process, formulated as management rules, and methods or actions, as opposite to management that is based on practical experience only, respectively on the intuition of the managers. Management is a complex activity, which is composed of a series of different partial activities.

1.2 Management Function in a Company

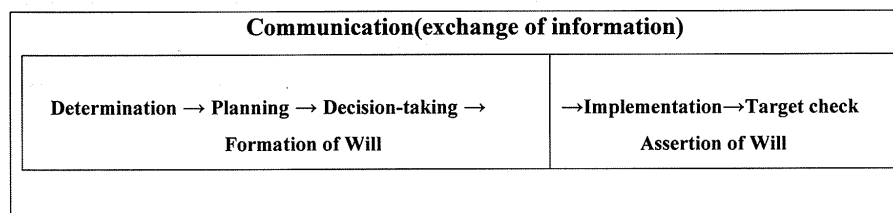
The management function is relatively separate, but unified part of working activity in management, where its place is precisely determined in the management system, in which a certain manner of purposeful orientation manifests itself regarding influencing the managed object by the manager. The company must carry out a number of different activities in the interest of its mission for which it was established. These activities can be joined to several larger units, that are referred to as the functions of a company. In the first place, each company must carry out a base activity by which it immediately secures its mission. For transport companies it means to ensure transit and transport services. The company has to, apart from the base activity, also carry out further derived functions (personal, financial, control etc). In a market economy then arises an individual activity (function) – marketing. Management per se has a special position among functions of the company, because its main aim is to unite and to co-ordinate all the activities in the interests of the most effective fulfillment of the company's mission. According to the theory of systems the company can be considered a system, and its main functions

elements of this system. The management system has then its own elements, which are first of all the following:

- target definition,
- planning,
- decision-taking,
- implementation,
- controlling,
- organization,
- human resources interaction,
- information processing,
- co-ordination.

1.3 Decision-taking Processes of the Company

A definite manner in which a company assembles and realizes its services is the result of the company decision-taking. It does not deal only with formation of structures and processes (organization), but also with the directing of human actions in the company). The decision making represents creative processes, and a process of assertion of will. Decision-taking process of the company can be divided into the following phases:



Company decisions are taken, and are based on informations. Informations are knowledge, which enable purposeful actions at any phase of the decision-taking process to be carried out. Communication, e.g. the exchange of informations – for example between superiors and their subordinates, but also among individual function areas of the company – is considered to be very important in the current phase of company's decision-taking, because it comes into contact with various management levels in the hierarchy of the

company. A successful communication plays an important part not only concerning reaching the target, but assures also the long-term success of the company. During the individual phases of the decision-taking process reversed connections(feed back) could occur. At the same time type, extent, and influence of feed back is formed in the first place by:

- informations, that are available in the decision making process,
- with aid of the rights and duties of the employees in charge of assertion of will, or the decision makers.

To what extent will then be desirable to revise the established targets, alternatives of actions or planning, decisions taken will then depend in every case on the decision maker.

1.4 Description of Individual Elements of Management Activity

1.4.1 Establishment of Target

Phase of target establishment, which is at the beginning of the decision making process of the company, relates to the required state (planned state), the company will strive to reach in the future. At the same time targets should be formulated unequivocally, and that according to content, measure, and time. Targets are not determined only at the top management level of the company (which formulates global ultimate targets only), but also on the middle and lower management levels. These again translate the ultimate goals, allocated for their functional sector, to useful in-between targets, from which are then derived appropriate subordinate targets, possibly partial targets, having the form of definite instructions in the field of tasks and activities of individuals, or of several employees within the function area. In his manner comes into existence a hierarchically structured system, where each in-between target, with regard to the superior one is of a middle character, and with regard to the subordinate one it takes on the character of an aim (purpose).

Inside of the company's target system the targets can:

- be attainable independently of each other (neutral, possibly indifferent target relationship),
- complement each other (complementary relationship of targets),
- obstruct each other (conflicting relationship of targets).

The company strives, using the target system, to achieve the main target. The company, when establishing the targets, takes into account interests of third parties, e. g. employees, own and other persons having a capital participation in the company, customers, suppliers, trade unions, and employer-employee relations .

1.4.2 Planning

Planning occurs at the beginning of the management process, and it can be subdivided into these parts:

- target establishment,
- forecasting (prognosis of market development),
- creation of development concepts,
- own planning process, which is composed of specification of targets for a limited period as reflection of the situation on the market, allocating tasks to the individual elements of management and basic directions which would enable achieving the determined goal.

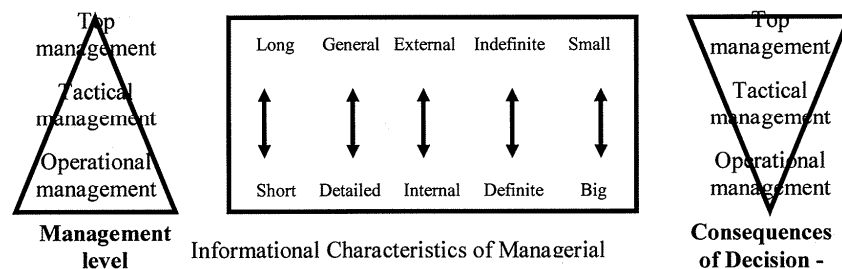
Planning, as a mental pursuing of all the possible alternatives of action, is applicable as a planning summary to the company as a whole. As a partial planning it is then applicable to the individual function areas (marketing, purchasing, manufacture etc). According to the planning interval duration, it is subdivided into long-term(strategic), middle-term(tactical), and short-term(operation).

Basic differences between the tactical, operational, and strategic management

Individual management levels are connected hierarchically to each other. That means, that they differ from each other first of all from the point of view of measures of competence and responsibility when initiating targets, tasks, and their fulfillment. Strategic level determines targets and tasks for the tactical level, which transfers these onto the operational level. There are important differences even in the time span of accomplishment of the targets and problem solving, with which the individual levels are concerned.

Meanwhile strategic planning concerns itself almost always with years, on the operational level one is considering days, possibly even shorter time units.

Basic differences exist even in the character of information required for decision making on the individual levels, and in the effects of the quality of decision-taking, as illustrates Table 1.



Picture 1. Character of information and consequences of decision-taking at the

Source: KERKOVSKÝ, M.; VYKYPĚL, O. *Strategické řízení*. Brno: PC - DIR, 1998. ISBN 80-214 - 1111-2. Page 6.

Strategic decision-taking, differently from the decision making that occurs at the tactical or operational level, is usually accompanied by unique phenomena and situations, that do not repeat themselves. It is very difficult to forecast, even for very experienced managers, their occurrence and course. Strategic decisions are therefore generally considered to be badly structured, their solutions are often based on intuition, and they cannot be formalized. Substantial proportion of information for strategic decision-taking stems from external and informal information sources. Strategic decisions are often taken outside of the formal environment of the organization, when formal information sources may not be available. Solutions of the strategic decision making are often confidential, approaches to solving of the strategic problems represent personal know-how of the top managers.

Some further important differences among the individual strata of management are listed in the following Table 1:

Table 1. Differences between individual management strata

Tactical and operational management	Strategic Management
1. Concerns itself with targets that are derived from goals created at higher levels	1. Concerns itself first of all with the determination and appraisal of new strategy targets.
2. Targets are first of all affected by the experiences with past developments.	2. New targets and strategies can be debatable and controversial. Experiences regarding the implementation of targets are usually minimal.
3. Setting of the targets is in the form of tasks and allocated to the individual function units.	3. Targets are important for the entire company and validity.
4. Managers are closely connected to their function, or profession.	4. Managers should have a view of the entire company, and should be oriented mainly on the environment of the firm.
5. Results of the management work are appraised directly or immediately upon reaching or not the targets.	5. Attainment of the targets can be evaluated only with a longer time distance.
6. Rules of the game are well known, problems are well structured, repetitious. Experienced employees can feel competent, masterful and can apply routine and standard approaches in the process of target implementation.	6. The past experience is for the "new game" usually irrelevant, problems are badly structured, and on the whole unique. Managers must be creative when solving the problems, and exert new efforts continuously.

1.4.3 Decision-taking

Decision making is an activity, which consists of the selection among more variants of further influencing the managed subject. Decision making phase is based on the planning phase. At the same time it is necessary to decide for the optimal alternative of action, and that from the position of target determination. But often it is not possible to foresee all the consequences of alternative possibilities of action. According to the degree of certainty one distinguishes these types of decision-taking:

- Decision making with certainty is distinguished by the result of decision-taking which is unequivocal, and is known to the decision makers on the basis of complete information, that is available.
- By decision-taking with risk it is possible to expect several possible outcomes. But they are not possible to be forecast with certainty, only with a certain probability.

- We are referring to a decision making loaded with uncertainty, when the possibility of a given outcome is unsure, because the person who decides is not acquainted with other suitable data, and also has no experience with these.

Basic presuppositions of correct decision making:

- early definition and a correct formulation of the problem, about which it is necessary to decide
- sufficient information about the problem
- correct analysis of the problem
- determination of the target, that is to be attained by the decision, and a definition of the conditions, which the decision must suit
- suggestion of the possible solutions, and the selection of an optimal solution which is acceptable
- verification, whether a correct course of action was used during the decision making
- issuing of a directive for the implementation of the decision made
- checking during the progress of implementation
- appraisal of the effectiveness and correctness of the accepted decision

1.4.4 Implementation

After decision making follows in the company management process the implementation phase. At the same time it is applicable, that for the assertion of will the necessary conditions for it should be created in the individual function areas. That is the task of the company organisation and management.

1.4.5 Controlling

The main control task is the determination of the extent of deviations from the planned company targets, including the search for the reasons for their dominy into being, and their removal. Controlling is composed of these partial phases:

- determination of the course of events in the company,
- comparison of these phenomena with those planned,

- determination of the deviations and reasons for them, decision, and directives to remove or decrease deviations.

An important control tool are the characteristics based on the data of the company accounting. The type and extent of control measures depends first of all on the management decision, e.g. on the technique and style of management.

1.4.6 Organization

The task of organisation is to purposefully arrange and connect individual elements(people, things, means) into one harmonically functioning whole, that is capable of fulfilling effectively mission and goals of the company.

Organization as a management function, is possible to divide into two groups:

- preliminary organization(purposeful arrangement of elements, creation of elementary work systems, creation of organizational company structure),
- ongoing organization(operational realization in arranging of the elements, removal of breakdowns in the organizational structures).

The basic point of view, from which are created partial organizational units, are specialization and distribution of work inside the company. Organization must establish the basic relations and connections among the individual management and production components of the company. In the management of a company there exist two types of relationships:

- Vertical, which determine relationships between superior and inferior units, (there exist three basic types – line, function, and staff, new more flexible forms = matrix, divisional, project organizational structure). It is necessary to establish accurately the authority and responsibility.
- Horizontal, that determine connections at the individual management echelons.

By combining vertical and horizontal relationships come into being function management posts as the basic elements of the whole management system.

1.4.7 Human Resources Interaction

First and most important condition of successful fulfilling of mission and targets of any company are people. On the qualification and attitudes of people depends the level of management and production activities of the company.. Main components of the work with people are:

- selection, education, and placing (qualification-sum of specialized, managerial knowledge and practical experience, personal character-moral, decisiveness, deliberation, adaptability),
- appraisal(analysis of the results of activities of the people as a starting point for suggesting measures for the increases of qualification),
- motivation(material and moral stimuli),
- leadership(creation of corresponding communication systém).

1.4.8 Co-ordination

Co-ordination is an activity aimed at the bringing together of targets, elements, work processes and people in the company. It is an inseparable component of activity of any manager.

2 Strategy of a Transport Company

2.1 Characteristics and targets of strategy

Central concept of the strategic management – strategy – is closely connected with the targets, which the company pursues. In general we can say that targets are desirable states, that should be reached. Strategies express basic ideas about how the company targets will be reached. For example, if a firm is interested in the increase of profits, then this goal can be reached, under certain definite conditions, using different means and courses of action – by increasing the offer of goods, increase in price, moving to a more profitable market. In other words, in a given case, the target of profit increase is possible to reach utilizing different strategies. Strategy predetermines the future activities of the company, and by implementing these strategies the company will achieve fulfillment of the targets.

Total strategy of the firm is formed by partial strategies of all substantial areas of development of the firm. Marketing strategy of a company has a specific position. It is a long-term concept of activities of the company having the goal of a well thought out and purposeful distribution of resources of the company in such away, that two basic aims could be attained:

- satisfying the wishes of customers,
- achieving an advantage in a competitive environment.

Strategic marketing targets of a company should have these properties:

- orientation on the customer – satisfying the needs of a certain category of consumers on the basis of knowledge of their needs,
- approach to marketing strategy as to a matter for the whole company,
- orientation on the quality of transport services.

Strategy targets can be determined on the basis of an analysis:

- environment, conditions and development trends,
- strong and weak points of the company,
- relationships of possibilities in the environment, and possibilities of the company.

When creating a strategy, it is possible to commence from these steps:

- initial analysis, identification and appraisal of the internal situation of company, chances and risks from the point of view of mission and identity the company, principles of the company, and the peak strategy for the image of the company,
- identification of market situation and basic market parameters, demand, offer, and market saturation, status of competition on the market,
- analysis and appraisal of strategic resources in the company, weak and strong points of the company, unique advantages,
- portfolio analysis aimed at identification of the entrepreneurial space and, based on the determining factors, to express chances and risks for transport and transit services,
- analysis of the experience curve in order to follow situation and changes of market dynamics and market share for groups of transport services with the target to evaluate and forecast development of the individual parameters,
- analysis of structure of the transport program as a whole according to turnover, market segments, customer groups,
- analysis of life cycle of the dominant transport services, identification of their position, stadia of life cycle and market conditions of providing transport services,
- initial formulation of strategy targets, their hierarchical arrangement and evaluation of relations to the peak strategy,
- processing of variants for growth of sales of the transport services, including their supporting tools,
- formulation of the integrated strategic variant, including the corresponding marketing mix,
- evaluation and selection of the strategic variant,
- identification and projection of feedback influences on the peak strategy,
- implementation strategy,
- control of correspondence of fulfillment of the strategic aims with the determined targets.

2.2 Offer Strategy of a Transport Company

Offer strategy of a road transport company already acts as a definite focusing of strategy of the transport company. Offer strategy corresponds to the strategy of the company as a whole, and it strives to determine the offer in such a way, so that the company, with this aid, would reach the predetermined targets. From a wider view it is possible to say, that it is a complex manual, that advises on along-term basis the company, how and what it should offer.

Concept of offer strategy should be of a long-term intention. But, in order to be effective and functional, it is necessary, that the strategy be in a certain sense operational, that is reacting flexibly. Basically it means, that it has to follow and monitor continuously the perpetually changing wishes and needs of customers, watch the competition, and keep updating the long-term strategy according to these findings.

It is generally known about the transport market, that it is a market with the strongest competition. The correct offer strategy, by which the company wants to gain a competitive advantage, should be such, so that it could not be copied over the short term.

2.2.1 Character of Offer Strategy of a Transport Company

When choosing character of the offer strategy, a transport company has, in principle, several possibilities. It's character depends on the marketing targets, which the company wants to achieve. Tools of an offer strategy stem from the character of strategy, therefore it must be determined even before the configuration of these tools themselves. Character of the strategy actually determines, how the individual strategy tools will be set and focused. Hence it could be:

- defense strategy, e.g. transport company is introducing on the market a new offer of transport services with the target, in order to keep it's previous and current market share, and that even during the time of threatening or actual decline in sales of the existing transport services,

- attack strategy, e.g. transport company introduces on the market new, or altered offer of transport services, it's effort is aimed at the increase of saleability with the help of various innovations, variants, and diversifications of transport services,
- developmant strategy, e.g. transport company starts from it's own existing offer, and with the help of marketing tools(sales support, publicity and others) it attempts to increase saleability,
- niche strategy, e.g. transport company, that can have saleability difficulties is trying to find a new position on the transport market, where it could valorize it's offer,
- strategy of strong transport services, e.g. transport company concentrates all of it's attention on one transport service, and by that creates a strongly competitive transport service.

2.2.2 Tools of the Offer Strategy of a Road Transport Company

These tools are identical to those tools which aid in distinguishing the offer of a transport company from the competition offers. The transport company determines itself the differences, that will secure the company the most advantageous position against the competition, an on these will build it's strategy. With this theme is being dealt in Chapter 3 of this Diploma Work. Hence an effective strategy must commence from the correct understanding and setting of these tools. Most often is being dealt with various changes in these tools (see Table No. 2).

Table No. 2: Basic Tools of the Offer Strategy of a Transport Company

TRANSPORT SERVICE	PRICE	DISTRIBUTION	COMMUNICATION	HUMAN FACTOR	PROCESSES	IMAGE
-changes in quality	-changes of level	-changes of marketing distribution methods	-changes in communication	-changes in leadership of the people	-changes in quality of the transport infrastructure	-changes in creating the image
-changes of the delivery conditions	-introduction of the penetration price	-changes of organization and managing of distribution methods	-changes of means of the publicity	-changes in motivation of the employees	-changes in transport means	-changes in focusing of image
-changes in technology	- introduction of profitable price		-changes of forms of sales support	-changes in qualification structure	-changes in information technology	
-changes of style	-changes of payment conditions					
-changes of sortiment						

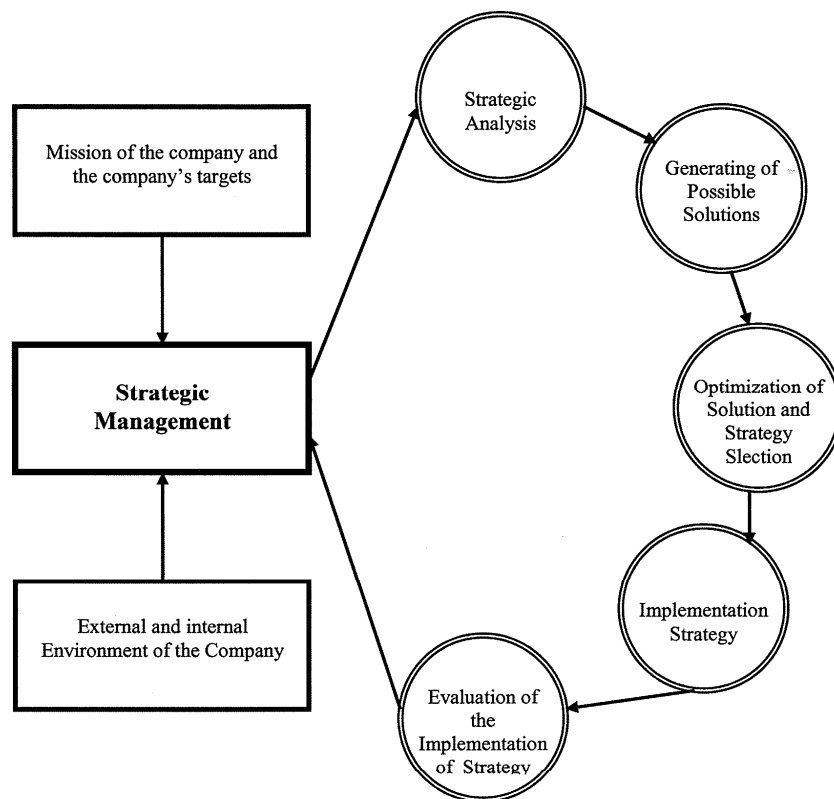
Source: Arrange by ŘEZNIČEK, B., ŠARADÍN, P. *Marketing v dopravě*. Praha: Grada Publishing, 2001. ISBN 80-247-0051-4. Page 133.

2.3 Strategic Management as a Never Ending Process

An ideal model of strategic management of a firm obviously does not exist. Should it be so, then all the firms would embrace such a model, and that would probably mean the end of market economics, because from it's substance follows, that apart from victors there must be the defeated, apart from prosperous firms, whose strategic management is basically faultless, there exist also firms having strategic management of lower standard

and correspondingly having bad results. But the specialists agree, that the strategic management should be implemented in definite, logically connected steps (see *Picture 2*). Strategic management should be understood as a never ending process, a succession of repetitious steps that are connected to each other, commencing with a defined company's mission and targets and strategic analysis, and ending with the formulation of possible variants of solution (strategy), selection and implementation of optimal strategies and controls, and corrections during their implementation. All phases of the scheme according to *Picture 2* can be in reality in an interactive relationship, so that individual activities can occur simultaneously, and that each of them can influence the others (for example when choosing a new strategy, the possibilities of its implementation must be considered]. In reality the strategic management is a continuing process of activities occurring simultaneously. However, for the needs of explanation one has to separate the individual activities.

It can be said, that a well functioning system of strategic management is in its own way more important than those documents that it produces, e.g. strategy and strategic plans. These, in the current very dynamic and turbulent entrepreneurial environment, due to the more pronounced changes of conditions, on the basis of which they were formulated, age often immediately after the beginning of implementation phase, so that information and management processes, which enable to evaluate this aging, and to decide flexibly about the necessary changes of strategy, gain importance more and more. The strategic management is then in its way more important than the strategy itself.



Picture 2 Process of Strategic Management as a Never Ending Process

Source: KEŘKOVSKÝ, M.; VYKYPĚL, O. *Strategické řízení*. Brno: PC - DIR, 1998. ISBN 80-214 - 1111-2. Page. 8.

2.4 Application of the Strategic Targets in the Company Practice

When choosing the optimal strategy, it is necessary to answer the following questions:

- to what extent the transport services with their parameters, which are for the customer dominant, will stand up to the services offered by the competition,

- to what extent do the transport services with their technical, economical, and further parameters –quality of service - fulfill the expectations and wishes of the customer,
- which precautions are necessary to undertake, so that the service reaches the ability to compete on the transport market ,
- in which field has another provider of transport services better ability to compete on the transport market (quality, expenses),
- which types and how many resources are required in order to assure the ability to withstand competition.

Optimal strategy has two limit possibilities – strategy of nett adaptation and development strategy. The bigger the uncertainty of future development, the more necessary becomes the strategy, even in several variants. Process of creation and implementation of strategy is a permanent process, always repetitious, and it's substance is the adaptation of company's activities to the continuously changing needs and demands of the customers, and to the changes of the entire environment of the society.

3 Marketing Environment of a Transport Company

Transport companies are surrounded by an environment, that is acting on them, and influences their behaviour. This environment is formed by a series of factors, which are often dependent on each other, very dynamic, and characterized by a large degree of uncertainty regarding their development.

In the case that the transport company wants to be successful in its activities, it must analyze all these factors, and adjust its behaviour both to the current and to the expected development of the environment in which it exists.

Companies react differently to this environment. Some consider it impossible to influence it, and with the aid of determined strategies they adjust to it, and they try to make use of the advantages which this offers to them. Other firms are attempting to influence this environment in their marketing strategies which can be done, but only to a certain extent. Generally it applies, that the behaviour and reactions of a transport company depend on the position, which the company holds on the market.

Marketing environment of transport company is composed of microenvironment and macro environment.

Microenvironment is created by influences, that have a direct effect the possibility of the transport company to realize its main function – to satisfy the needs of the customers. Macro environment is created by wider influences of the society, which exert influence on the whole microenvironment of the company as a whole.

3.1 Participants in Micro environment

3.1.1 Transport Company

The role a company plays in the marketing environment depends on its organizational arrangement, management system, and on legal form of entrepreneurship. One of the possible organizational arrangements is classification according to the company activities, so-called function classification, where these activities are divided into individual formations. Hence, for successful realization of marketing it is necessary correct and quality co-operation of all of these formations.

3.1.2 Suppliers

These are commercial firms and individuals, that secure the required resources for the company, which are necessary for the fulfillment of functions of the company. Among the most important we place the suppliers of transport vehicles, fuels and lubricants, tyres, spare parts, energy, and in the case of forwarding, also transport services. As suitable suppliers are usually recommended those, who offer the most advantageous combination of quality, price, delivery time, reliability, and complexity of deliveries.

Marketing activities can be influenced to a large extent by changes in suppliers environment. Therefore the marketing managers must follow carefully the price levels and price development for the key items being purchased by the company. The increase of cost of purchases may cause the increase of prices for services, and by that the company can lose competition advantage. Deliveries can therefore influence seriously the costs or quality of services.

3.1.3 Customers

The customer for services that the company is offering can be a traveller, sender of a shipment, a person placing an order, forwarder, and similar. Customers belong to the most important factors of marketing environment. Especially important is their satisfaction and loyalty, therefore they must be studied and followed carefully by marketing.

Customers as public can be subdivided according to various point of view. For example the customers of cargo transport can be divided according to the stability of relations to the company into four categories:

- lasting and regular,
- occasional,
- potential,
- forwarding firms.

3.1.4 Competition

Competition environment represent those firms offering transport services, by which they try to satisfy the needs of the same customers, in the case that their offer is similar. The transport company must therefore strive to satisfy the same needs of customers in a better way than the competition.. To do that, it must know it's competitors, their strategies, targets, strong and weak points, and also, in what manner will they react to a competition threat. For that the transport company must have developed an effective information system concerning the competition.

3.1.5 Marketing Intermediaries

Marketing intermediaries are firms that help the company with advertising, sales and distribution of transport service to the target customers. Among these belong intermediaries (commercial representatives, forwarding agents, logistics firms, and others), agencie of marketing services and financial intermediaries(banks, insurance companies and others).

For transport is usual a direct arrangement of the transport service, when a transport company provides service directly to the forwarder or traveler, or through intermediaries, where in cargo transport these are forwarding firms, and in transport of persons the travel agencies.

3.1.6 The Public

The public is a group of the population, which has a real, or a potential interest in influencing the behaviour of transport company, it's targets and their realization. Thus the public can make the attainment of these targets either more difficult, or easier. Therefore the majority of companies have a department for contact with the public, and their task is the formation of the best possible relations to the public.

Transport company faces several important groups of public

- *Financial public*: financial institutions – banks, investments companies and shareholders. They influence the ability to gain access to the financial means.

- *General public* – broad view of the public of the transport company.
- *Local public* - population living in a given region, and organizations and institutions therein. Relations are determined by the transport company by the virtue of its activities (Offer of employment, sponsorship, quality of transport services, negative influence on the environment and similar).
- *Internal public* - employees of the transport company on all the levels of management. If they have a good relationship with the company, they represent the company suitably, and create a good image of the company.
- *The media*-communication means-press, television and radio. By their news, analyses, and commentaries they can substantially influence the view of the broad public.

3.2 Participants in Macro environment

3.2.1 Demographic Environment

When analysing demographic environment, statistical quantities are studied such as number of inhabitants, density and structure of settlements, age, sex, employment, and others. But this factor demonstrates itself mainly in personal transport, where targeted transport researches have to be carried out.

3.2.2 Economic Environment

Most important are those factors that influence the purchasing power of customers and the structure of their expenditure. When analyzing this environment, it is important to distinguish between the customers of cargo transport or the transport of persons.

In the field of cargo transport the customers of transport companies are first of all production and commercial companies, where it is necessary to find out their financial situation (liquidity, debts, and others). What concerns customers of transport of persons, there is of importance their total buying power, which is influenced by factors such as real incomes, price level, amount of savings and credit.

3.2.3 Technological Environment

It concerns technological changes within the sphere of transport entrepreneurship even in the fields that have apparently no connection to it. It is one of the most important factors acting on marketing decision making. New techniques and technologies help to increase the quality of transport services, work productivity, and to decrease expense.

Transport is one of the most dynamically developing sectors. Therefore it is here, where enormous sums of money are being spent on research and development of new transport means, transport, service, and security technologies, and others.

3.2.4 Political Environment

Political environment is a serious part of transport entrepreneurship. Traffic marketing must respect it when deciding and planning. It is created by the legislature, government agency, and lobbies.

Legislative environment influences the activities of transport companies most. Here belongs, among others:

- Commercial Code
- Law for Small Businesses & Trades
- Civil Code
- Legal Regulations for Prices

3.2.5 Cultural Environment

Institutions and other factors, which influence basic values of the society, views, attitudes, interests, and behaviour create the cultural environment. Some of these can be influenced, which can be made use of for example by advertising.

3.2.6 Natural Environment

Here belong all the incoming and other natural resources, that are made use of, and are being influenced by transport marketing. Transport, and from it above all road cargo

transport and individual car transport belong to the most important polluters of the natural environment. Because of that the transport companies are being forced to accept measures to safeguard the environment, which of necessity must be reflected in their marketing activities.

4 Firm with a Long Tradition

In this Chapter I am dealing specifically with ČSAD Hodonín a.s./ (joint stock company). Similar to other transport firms, also the joint-stock company ČSAD Hodonín followed in the beginning the historical structure of state enterprises ČSAD, whose origin dates from the year 1949. All firms functioning in those times assured variously specialized road transport and transport of persons by buses. After the year 1990 the firm was privatized, *and in year 1993 came into existence ČSAD Hodonín a.s./ (joint stock company).*

This short look into the history enables us to identify the decisive development stages up to the present.

- 1949 – 1992 – firm as national and later state enterprise ČSAD

- 1993 – *transformation into a joint-stock company*

- 1994 – 1998 – intensive enlargement of offers of new services, e.g. customs declarations, warehouse and distribution logistics (building logistics centre in Hodonín and in Brno),

- 1999 – certificate ISO 9002:1994 was obtained

- 2000 – inclusion among the 100 most admired companies in the Czech Republic in the transport field, on the fourth place
 - aggressive entry onto the market by providing logistics services to important local and foreign companies

 - founding of a subsidiary company ČSAD Hodonín – Slovakia (Pty)Ltd with head office in Senice, Slovakia

- 2001 – building of strategic logistics centre in Brno

- 2002** – renewal of the certificate of quality, with an extension to further segments of business activities, according to the Standard ISO:2000

- 2003** – winning the Prize for Logistics of the Czech Republic for successful transformation to transport-logistics company

- 2004** – Association Eurolog came into being
 - gaining The Czech Award for Logistics Excellence
 - being included among the 10 most important providers of 3PL on the Czech market

- 2005** – renewal of the Certificate TQM according to the Standard ISO 9001:2000

- 2006** – opening an important logistics centre in Prague

5 Targets and Intentions of ČSAD Hodonín a.s./ (joint stock company)

ČSAD Hodonín is a reliable and professionally run company, which, in the fields of transport, warehousing, and distribution logistics is a developing and highly competitive business partner also in the third millennium.

Company mission

To fulfil the expectations and demands of customers by responsible approach of all employees to their working duties and to the tasks allocated to them, and to build strategic relations on the global market.

Awareness of employees and their knowledge potential

In the company ČSAD Hodonín (joint stock company) we are aware of the fact, that we will be as good, as good will be our employees, and therefore we support the growth of their knowledge, and of their intellectual outlook on a continuing basis.

To maintain the position of the joint-stock company among the ten best and selected logistical firms in the Czech Republic, and gradually to penetrate among the best firms in the European Union, by the means of satisfied customers, while being supported by:

- a quality and effective management anchored in the management system ISO 9001:2000
- complex logistical services
- appropriate resources
- reliable and efficient co-operation network with important local and foreign firms stems from the continuity of all the positive, what our predecessors had left to us.

This is intertwined with honest and responsible work of the current employees in such away, so that a good perspective and prosperity of our company will be assured.

Slogan

Tradition • Duality • Prosperity

ČSAD Hodonín (joint stock company) is a dynamic company built on a long tradition. It is focused on the provision of high quality services in demand mainly in the sector of movement of products between production and consumption localities. Within the logistical chain it utilizes first of all it's own specific activities, and those which are not provided from own resources, the company makes arrangements for these. Customers are for our company the priority, and therefore we are building with them relations of an above standard and partnership level.

6 Transformation of the Company and Innovation of Services as a Part of the Company Strategy

6.1 New orientation of the firm and choice of the appropriate strategy

After the inception of the joint-stock company, **there followed an important decision about further orientation of our company, and choice of the appropriate strategy**, which would lead to development and prosperity. The basis was the evaluation of developments in the road cargo transport locally and also abroad, which signaled that there exists larger offer than demand. Consequently was carried out a decisive restructuralization and revitalization of the company, and a new approach was selected. Based on a detailed marketing research, and in spite of substantial entrepreneurial risks, followed an expansion to new markets and diversification of the offer by new products.

6.2 Complex Logistical Services

Basic strategy represented **orientation on complex logistical services** focused on the movement of products at the pre-production, and especially in post- production stage and until to the final recipient. Some elements of logistical chain, such as transport, warehousing and customs services the company could provide immediately, and further were necessary to be formed or catered for in such a way, that the offers of customer-oriented services would be the most complex ones. Offers thus formulated were able to address successfully many Czech and foreign customers.

6.3 Organizational, Technical and Technological Changes

Consistent restructuring of the required basic organizational changes, preparation and training of personnel aimed at increasing knowledge and mastering of new professional requirements.

Investments into transport and manipulation technique, warehousing capacities and information technologies. All the effort was subordinated to reaching a level capable to

withstand the competition in the field of logistics with the goal of offering services, which reach global parameters.

6.4 Demands of Changes

Changes required, apart from material investments, also substantial interventions into the personnel sector. To qualify employees for the completely new conditions, persuade them to accept new company vision, and also changes leading to substantially higher productivity, represented the creation of a new strategy in the area of the personnel work. Development of knowledge potential of employees is assured in co-operation with Universities and with the specialized High Schools, and by making use of the offers of educational programs of the Educational Centres.

6.5 Contribution for the Region and for the State

At the regional level this company, as the only one, had been seen as having a wide spectrum of logistical services. It satisfied customer's demand, and contributed to a better application of their products on the market.

Based on successful selection procedures, logistical service with following distribution of goods on the territory of the Czech and Slovak Republics, was ensured for important clients in the central warehouses.

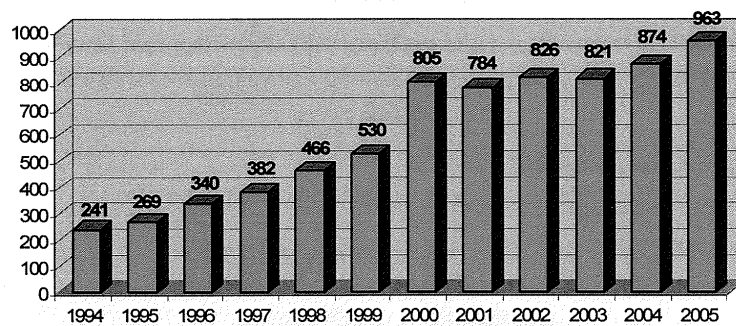
6.6 Support of Services on the Market

Apart from the high standard of services there is being utilized a wide spectrum of tools in order to retain the clientele. As very effective appears the publishing of informations about the company in specialized and daily periodicals, participation in seminars and conferences with specialist themes. Regular presence on logistical fairs in Brno and Munchen is for the company an opportunity to present oneself, and at the same time to keep contact with the world of logistics. Active participation in professional institutions supports the advantageous position of the company in a competitive environment.

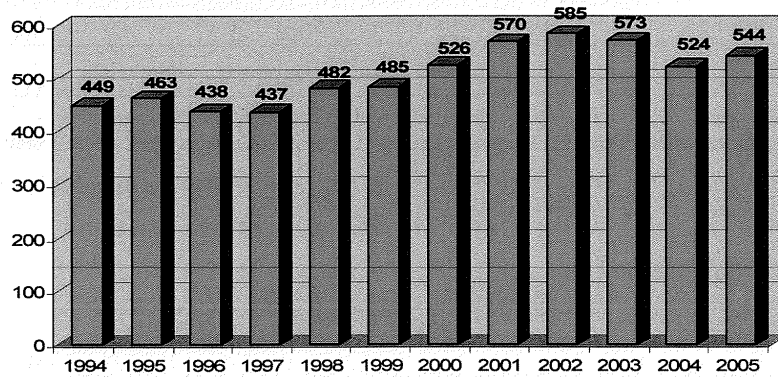
Years of successful entrepreneurship ČSAD Hodonín (joint stock company)

Dynamics of economical growth represent the following graphs.

Obrat / Turnover
(v mil. Kč / in mil. CZK)

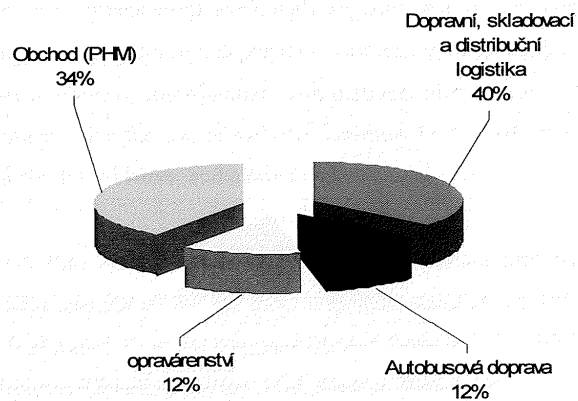


Number of employees



In the year 2004 in our company worked 524 employees (in the year 1994 there were 449, which represents 14% change), but turnover during the same period of time had grown by 363%, and reached in the year 2004 the value of CZK 870 million; thus the turnover increase per employee is 307%.

**Podíl jednotlivých činností na obrátu firmy v r. 2005 /
Individual activities share on company turnover in
2005**



Business (34%), Auto repair business (12%), Bus transport (12%), Traffic, storage, distributive logistics (40%)

7 Logistics as a Strategic Development Segment of the Entrepreneur

7.1 Present time

Substantial importance for processing of flows of goods have the optimally equipped logistical centres, that are capable of receiving shipments by road and by rail. At present we have to our disposal 22 000 m² of covered warehousing areas, in which we fulfil those operations with goods requested by the customer.

For effective management of processes in the logistical centres modern information technology is being used, inclusive of work with bar code, and on-line connection to the information systems of local or foreign depositors. Monitoring of goods flow is ensured in the course of logistical process, co-ordination with partners, identification of goods during it's delivery. Customers have the use of software facilities for the effective processing of orders, information about the orders, and similar.

We are proud, that we are considered to be an important provider of logistical services. That testifies also list of the ten most important suppliers of 3PL on the Czech market, where we find ourselves in the company of such firms as DHL, EXEL, C.S.Cargo, Schenker, HOPI, Jipocar, Tibbett & Britten, ESA Kladno, Wincanton.

7.2 Portfolio of Customers

BC LOGISTICS (Pty)Ltd	LINDBERGH(joint stock company)
Hartmann-Rico,(joint stock company)	Makita,(Pty)Ltd
Cutisin,(joint stock company)	Manuli Hydraulics CR(Pty)Ltd
Whirlpool CR,(Pty)Ltd	Nestlé Czechia(Pty)Ltd
JohnsonDiversey Czech Republic(Pty)Ltd	Ploma(joint stock company)
CHEMPEX-HTE,(joint stock company)	S8K Label,(Pty)Ltd
LAUFEN CZ (Pty)Ltd	

7.3 How are we evaluated

Hartmann-Rico(joint stock company)

Services are provided on a level comparable to the European standards, flexibility, corresponding accessibility of services, professional approach, quality.

JohnsonDiversey Czech Republic,(Pty)Ltd

ČSAD Hodonín(joint stock company) is a professional provider of logistical services of quality. Working together we have managed to achieve shorter delivery times to the final customer by half, increase of the market share on the Slovak Republic market by more than 20%.

Whirlpool CR,(Pty)Ltd

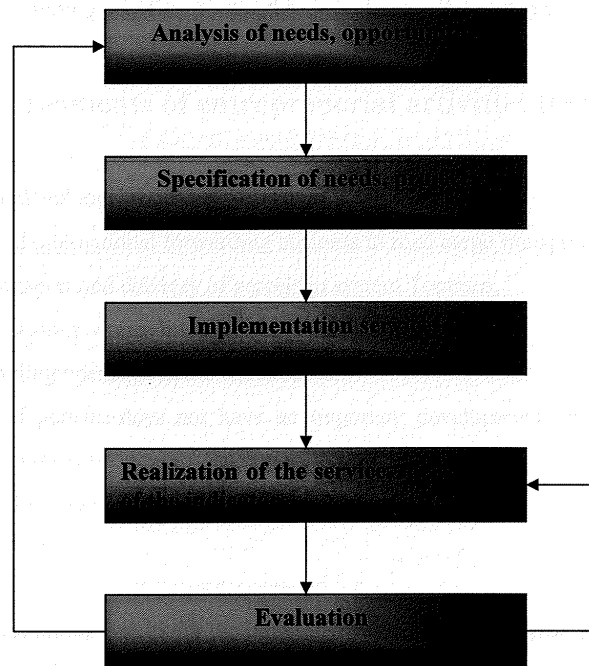
By co-operating with ČSAD Hodonín(joint stock company) since the year 2001 the firm Whirlpool CR gained an important share on the market of electrical appliances, and that for reasons, that the project implemented with ,CSAD Hodonín(joint stock company) brought the shortening of delivery dates to customers, improvement of service while concurrently lowering expense

Among the basic logistical operations, which we in many cases provide in the form of outsourcing, we can list the following:

- transport and forwarding, local and international,
- distribution in a variously time-defined regime in the Czech Republic, and outside of the state territory,
- warehousing operations and stores management,
- advisory activity and projects in the field of logistics.

7.5 Logistical Project

Application of complex logistical services in a dynamically developing society



8 Analysis of the Position of ČSAD Hodonín(joint stock company) in Entrepreneurial Environment

8.1 Determination of the initial situation of the company

ČSAD Hodonín(joint stock company) belongs, in the Czech Republic, to the modern firms having the ability to provide not only the classical transport by trucks(and transport of persons), but also a relatively wide spectrum of services related to the transport of goods from production to consumers.

The company has at disposition modernised transport and manipulation technology, equipped stores, communication and computer technology and staff, who are able to satisfy demands of the management of the company.

ČSAD Hodonín(joint stock company) has a certificate of quality according to the Standard ISO 9001:2000 granted by the English accreditation firm LRQA.

Basic segments of entrepreneurial activities forms

- international and local road cargo transport using own vehicles,
- national and international forwarding business in road cargo transport,
- express transport and delivery of parcels in systém Toptrans,
- providing customs duties including Intrastat,
- goods handling operatins in the warehouses,
- transport of persons-does not have an important development potential, assures standard transport services in the region,
- own servicing supports the reliability of transport technology,
- ČS-sales PHM.

From the accounting results for the individual years of entrepreneurial activities of the company it is possible to conclude a positive development, which contributes to the stability of the company.

8.2 Analysis of the Entrepreneurial Environment

From the regional point of view ČSAD Hodonín(joint stock company) belongs to the top companies, having balanced accounting and a steady turnover growth. It is an important employer in the Hodonín region, and an esteemed partner of the state administration-town and district, especially because of providing regional transport of persons. It differs suitably from other firms in the sector by it's logo, technology, and general equipment. In the district of South Moravia there are firms equal or smaller in size that concern themselves largely with transport. Other of their activities are not so pronounced. Our company, contrary to the other transport firms, is involved in an intensive development of new activities, which fit into the logistical chain of transport of goods.

From the national point of view our company is considered with respect in the sector, and further development and a stable position in the competitive environment are expected from it.

Outside of the Republic ČSAD Hodonín(joint stock company) asserts itself as a forwarder by export and import of products. Gradually it built up direct contacts with foreign logistical operators in the Western and Central Europe.

Entrepreneurial environment is given by

- „force majeure“, e.g. by acts of the state administration-legislature, notices, standards
- competition, that differs by quality and by the range of services offered; here our company is in a good position
- size of transport market, that varies according to the production potential, mainly in the region-the position of ČSAD Hodonín(joint stock company) is good
- it's relation to the transport possibilities abroad and back-ČSAD Hodonín(joint stock company) carries relatively important volumes of goods
- the attractiveness of services of a high standard. Our company , by it's orientation on the complex logistical services stepped out in the right direction, and is above other firms in the District of South Moravia
- co-operational groupings-networks of co-operation with logistical operators and above-standard supplier-buyer relationships

8.3 Clarification of the Status of the Competition

- **transport-geographical location of the firm means a competition advantage** in the context of export-import to and from the Slovak Republic. This aspect it is necessary to develop with tenacity as a foreground for the strategic conquest of the neighbouring state in the field of distribution and import of goods from important firms. An offer of own distribution network was formulated, which is of interest to the customer (for example RICO Hartmann joint stock company).
- **orientation on complex logistical services is without doubt prudent and has a perspective.** On the one side it is a lucrative matter for the company, and at the same time it draws in the customers, because it solves for them in today's business world complicated problems of application of production on the way to the consumer. A strong competition advantage.
- **ownership and renting of warehouses**, which are with specialized personnel capable to fulfil demands of the customers and prepare outputs also for transport, what is , in comparison with other firms, **an important competition advantage.**
- **Certificate of Quality**, which is a **competition advantage**, but only in the case, that it is in the company not **viewed as a matter of formality.**
- **technical amenities in the individual sectors**, which is on a very good level and can withstand the comparison with the facilities of firms in Western Europe, and in our environment have, **in competition, it's meaning.**
- **express transport of parcels Toptrans** is, again in comparison with other companies active in the **same field competitively important.**
- **very developed range of customs services**, which is, in the view of quality and width of services provided, including the territorial spread within the Southern Moravian District, **competitively of importance.**
- **area coverage by workplaces outside of the District** has a relationship to the territorial expansion of the company activities to the area, and offers, in the competitive environment, interesting services of a high standard to the customers.
- founding of the group EURALOG, that represents a close co-operation of six logistics firms on the territory of the Czech Republic, **concentration of a**

substantial potential of warehouse capacities, technical and of personnel, as a response to the penetration of the competition from Western Europe.

Overall it can be stated, that in comparison with similar companies in the Czech Republic, the competition position of ČSAD Hodonín (joint stock company) is comparable, or rather better.

9 SWOT Analysis of the Company

From the point of view of variety of providing services to the customers by the firm ČSAD Hodonín(joint stock company), there was, for the Diploma Work, prepared an overall cross-sectional SWOT analysis, which is a guide for processing of detailed analyses within the individual sectors, that produce a wide complex of services.

Strong points:

- high quality of services, quality certificate ISO 9001:2000
- complexity of services(wide spread)
- individual approach to the customer, logistical projects according to the customer's wishes
- price affordability
- high qualification of employees
- internal and external communication with the support of advanced IT according to
- the demands of the time-continuing investments into transport and manipulation technologies, IT, working environment
- tradition, a good name and image
- good social climate
- company culture
- know-how

Weak points:

- predominant orientation on the home market
- not yet fully developed co-operation with foreign logistical operators
- the absence of concentration of complex logistical services in one central location situated where various types of transport meet, so-called public logistics centre(slow implementation due to the incompleteness of response on the side of the state administration)

Threats:

- stronger market competition following the entry of Czech Republic into European Union
- support of rail transport from EU
- unforeseeable price of crude oil
- shortage of drivers within the EU
- choking of the firm on further activities in the case, that systems organizational precautions and structural changes would not happen
- lack of own capital for development on the level of the competition of EU

Opportunities

- commerce East-West(advantageous position of the Czech Republic in Europe for providing of logistical services)
- Speeded up transport after entry to the EU(waiting on the borders is no longer necessary)
- finding of strategic partners for logistics abroad
- uninterrupted growth of employee knowledge
- following evaluations and purposeful application of new trends in the field
- utilization of financial resources from the structural fund EU Operational Program Infrastructure in order to strengthen financial security for the building of an Intermodal Logistics Centre in Brno

10 Porter's Five Forces Model

10.1 Application of Porter's strategy to ČSAD Hodonín(joint stock company)

Porter's Analysis of the Five Competition Forces is a very widely used frame for the classification and analysis of factors acting in the field. For each of the five forces applies, that the stronger the given decisive factor, the stronger the force.

These five forces are represented by:

- Threat of entry of new competitors into the sector-Risk of entry of potential competitors
- Negotiation ability of the suppliers-Strength of suppliers
- Negotiation ability of the buyers-Strength of customers
- Strength of substitutes (replacement products)
- Intensity of competition struggle within the sector-Strong rivalry on the market

Risk of entry of potential competitors

- we can state that this risk is fairly a small one
- in the field of firm's the activities(provision of logistical services) exist these barriers against entry into the field:
- capital requirements
- volume savings(a new small firm provides logistical services more expensively than the larger existing competitors)
- cost advantages(experience, know-how,...)

Strength of suppliers

- weak
- suppliers are considered for example suppliers of services for transporters, tyres, covering sheets and similar
- there are many suppliers of these products

- customer can easily change for competition

Strength of buyers(buyer, customer)

- great
- customers are large(customers of the company are for example: Whirlpool, LAUFEN-JIKA, JohnsonDiversey, ITC and similar)
- they can easily change for competition
- are sensitive to price changes

Threat of substitutes

- small
- we mean rail transport, shipping, as the substitute for road transport, because the company is oriented primarily on the home market, and there the threat of substitutes is small

High rivalry on the market

- strong
- large number of competitors on the market(for example firms: DHL, PPL, and similar), whose services are similar

Decisive factors from the point of view of the threat of new competitors entering the market are:

- Economical extent-growth of firms by the increase of numbers of vehicles for new orders, possibly enlargement of new activities, influence growth of turnover of a firm.
- Capital requirements(investment necessity)-danger of entry of foreign company with large volume of capital(possibility buying of firms)
- Differentiation of products- company has to try, that it's services would be unique, and by doing that it would differ from the others, so that the customer would like to

return, because he was satisfied with the services provided, and in that case did not have any reason to approach the competition.

- Access to distribution channels-offer of complex services
- Legal barriers and government policies-level of state legislature, support of local entrepreneurs

Decisive factors from the point of view of negotiating power of suppliers are:

- Concentration of suppliers-by suppliers we mean suppliers of for example tyres, cover sheets, etc. Concentration of these suppliers is great, we can easily change to competitors, possibly thus achieving lower prices.
- Expenses for the change to a different supplier-we can state that these are small to zero.
- Existence of substitution inputs-small, bound to the original spare parts due to the reasons of brand service.
- Importance of the volume of deliveries for supplier-while we are in the position of a large buyer, we have guaranteed, that the supplier will attempt to come to an agreement, so that he would not lose a large buyer.

Decisive factors from the point of view of negotiation power of the buyers are:

- Price sensitivity-customer is extremely sensitive to price change. It is advisable to manipulate the price only in absolutely necessary cases, and in the case, that the activity(in our case transport) would be losing money. For example for a long-term growth of the price of crude oil on the world markets an increase of prices is necessary. Further case is the introduction of toll fees-in such a case it is also necessary to increase prices, so that the toll fees are covered, as well as the establishment expenses. The price increase can be carried out within an offer of complex services(transport, customs processing, storage and similar)
- Expenses on the product against total costs
- Competition among buyers-among the buyers rules competition, as well as in any other sector.

- Differentiation of products-competitor can introduce on the market a new product or service, and our buyer will require the same service, of course from the point of view of the customer he has a right to do it, and we have to try to oblige, as much as possible, otherwise threatens the loss of a partner.
- Motivation of those, who decide about buying-those, who decide about purchases, should keep in mind, that they must carry out their work very thoroughly, because then they have a possibility to reach an advancement to a higher function, and therefore will have a larger social prestige, better personal evaluation, employees advantages etc.
- Concentration of buyers against concentration of suppliers-if there is within a given territory approximately the same number of firms, that want to buy, and firms that want to sell, one can talk about equilibrium. But if the concentration of firms in one group is higher, then the firms represented in the other group will have problems with success on the market.
- Expenses of changing supplier-according to my opinion these are minimal.
- Knowledge of buyers-the supplier should, by any means, to make himself visible, and penetrate people's consciousness. To this end serves publicity in radio, on TV, in the newspapers etc.
- Ability of integration with suppliers(reverse integration)
- Existence of substitutes-negotiating power of the buyer certainly depends on the existence of substitutes. As long as in a given field does not exist a substitute, then the buyer has one weapon less for negotiating.

Decisive factors of a threat by of substitutes are:

- Expenses for changing to a new product(substitute)-in question is not only the price of services, but also of course the quality. In the case of lower price this can lead to the worsening of quality, which has a negative influence on the customer, cheaper obviously does not mean better. Services of less expensive forwarder can be cheaper, but it usually applies, that the more expensive, the better quality.
- Relative level of prices of substitutes.

Decisive factors influencing intensity of competition struggle are:

- Growth of sectors-it is meant the popularity of a given sector. If the given field has a perspective, is lucrative, and profitable, the sector will certainly grow, and so the competition.
- Differentiation among products-should there exist firms, that manufacture the same products, or provide the same services, then they certainly differ in something. If we take for example the truck transport. There are many firms providing this service, but just the delivery of services differs by quality of execution, price, delivery time etc.
- Concentration of competition- in the case that concentration of competition is higher within a certain territory, then it has certainly an adverse influence on our entrepreneurial activities. We have to attempt to eliminate the competition by a quality work executed with care.
- Diversity of competitors-it is understood as a variety, or creativity of the individual companies. This criterium is also important when making decisions.
- Expense conditions

Primary object of Porter's analysis(model) is to analyze attractiveness of the sector, so that the profitability in the field could be forecast. Main criticism of Porter's model concerns it's theoretical basis, and also, that competitiveness is a dynamic process, in which an equilibrium is never reached.

10.2 Application of Porter's Strategy to a Definite Firm

On the basis of Porter's analysis of the competitive environment of the firm I had chosen the following fields, in which I believe, that the company is being threatened most:

- 1. Customers + markets**
- 2. Continuous innovation**
- 3. Processes**
- 4. Employee participation**
- 5. Participation of suppliers**

10.2.1 Customers + Markets

- have these elements

1. Marketing orientation
2. Orientation on the customer
3. Forecasting and satisfying of needs
4. Economic contribution and competitive price
5. Strategy of zero faults

Table 3 Customers + Markets

Element	Implementation
1.	Connected with analyses: Customer's Expectations End recipient's expectations Advantages and weak points
2.	Each of the employees must know the external and internal customers, customer's evaluation of services rendered. Output of the above are remedial measures, and preventive measures.
3.	It is necessary to understand correctly the needs of the customer, and cooperate with him in the formation of future needs, eventually relations of a high standard.
4.	All new innovations must start from the determination of introduction of new services including the presupposed profitability.
5.	Processes must be introduced, carried out, and checked according to the rule zero fault. Each discrepancy must be evaluated.

10.2.2 Continuing Innovation

- has these elements

1. Building of competitiveness
2. Assuring development-project management
3. Preparation and implementation of process
4. Determination of time, innovation and expenses
5. Standardization

Table 4 Continuing Innovation

Element	Implementation
1.	Under the leadership of the managers of sectors and sections of strategy and marketing, all sections contributing to the implementation of various services based on the analysis service/customer/market must join in the process of innovations.
2.	Leaders of project teams, eventually co-opted suppliers must attend regular meetings of the project team.
3.	Process must unequivocally reflect the demands of the customer. It is necessary to react to changes.
4.	Management of time, expenses and resources must become a daily occurrence as a necessary common and operational tool.
5.	Standards must improve continually on the basis of experiences from the completed previous projects-to apply the good experiences, and not to apply the bad ones.

Tools-Continuing Innovation

FMEA = analysis of the possibility of disagreements arising, and their consequences. It deals with a method of prevention for the ensuring of quality, which searches for possible mistakes.

QFD = elaboration of customer's demands. It deals with a system of precautions, which ensure the transformation of customer's demands into technical parameters.

10.2.3 Processes

- have these elements

1. Quality of services
2. Logistics
3. Technology, knowledge
3. Flexibility
5. Maintenance

Table 5 Quality of Services

Quality of Services	
Element	Implementation
1. Organization	Control of quality must be organized by from own resources on all workplaces, including internal audits, which are being carried out by designated teams. Directives for the managing of disagreements must be applied.
2. Control	Each employee must be able to pass on his knowledge from the field of quality, and participate in training of new employees.
3. Equipment	It is necessary to improve specialist skills, and to apply improvements stemming from the analysis of processes, and service results achieved.
4. Methods	It is necessary to apply quality indicators relative to the service which is being implemented. Disagreements are to be removed in the place, where they have arisen.
5. Training	Progress towards achieving, that all process documentation be updated, processes corresponding to demands on the service.

Table 6 Logistics

Logistics	
Element	Implementation
1. Services Management	The handing over of the service must be carried out on the border between provider and customer during verifiable conditions.
2. Supplying	Supplying has to be realized based on processed documentation, which determines the relationship between supplier and recipient of material and services.
3. Setting into Space	Services must be optimized, not only in respect of their process management, but also in what regards the territorial accessibility.
4. Training	Services, purchases, logistics have to be, wherever possible, realized in the regime JUST-IN-TIME.
5. Trave Logistics between internal customer and supplier	Methods utilized must lead to the decrease of times and expenses between the internal customer, and the supplier.

Table 7 Technique, Technology

Technique, Technology	
Element	Implementation
1. Technological suitability structuring	During preparation of service it must be taken into account the proposal of optimal technology for inclusion in the process of providing the service.
2. Elasticity and flexibility	All services must be provided in the complex required, according to the immediate wishes of the customer.
3. Simplification of processes	Technical preparation of service, and the definite service must cater for substantiated simplicity, straightforwardness, and reliability.
4. Technological continuity	Technical and technological continuity is necessary to harmonize with the service process.
5. Training	All employees servicing the corresponding technology have to undertake the required training.

Table 8 Flexibility

Flexibility	
Element	Implementation
1. Sequence of services	For the adaptation of service for new needs and demands, only minimal amount of time should be spent.
2. Responsibility for application of changes	Required changes must be executed by the employees themselves, who are providing the service, and who are, on the basis of a worked out method attempting to shorten the time required.
3. Changes in procedures	Prepared organizational and process changes must be realized on the basis of prepared simple procedures.
4. Training	Technical preparation of service must be secured, and the service employees have to, if need be, undergo training, and be capable of training others
5. Risk management	The risk of stopping the service must never influence the internal customer.

Table 9 Maintenance

Maintenance	
Element	Implementation
1. Principles	To maintain a high standard of maintenance and innovation in all sectors of organization
2. Organization	The employees who are attending the equipment have to take part in it's maintenance.
3. Control	Utilization of technology must improve by the regular checking.
4. Concept	Work instructions and manuals must ensure correct handling of the technology, and it's utilization.
5. Training	Trained employees handling technology must be able to pass on their knowledge and experience.

Tools-processes

KANBAN - cyclical supplying of workplaces, delivery on time and to the correct place.

POKA-YOKE - resistance against faults. It issues from the thought, that if it is not possible to prevent the causes of faults, it is at least necessary to prevent the manufacture of faulty products.

Principles - organization, tidiness, cleanliness, standardization, discipline.

Time Tables - both time and expenses are known for the travel between the internal customer and the supplier.

TPM - system of preventive total production maintenance.

10.2.4 Employee Participation

- has these elements

1. Independent multifunction teams
2. Improvement
3. Knowledge of strategy
4. Communication(information)
5. Safety-health

Table 10 Employee participation

Element	Implementation
1.	It is essential to build the entire organization on self-sufficient teams. Each team should attempt to develop itself, and always, when necessary, to form a group solving problem.
2.	Allocated employees are obliged to participate in the work of the group for problem solving, which goes through all phases of the process.
3.	The management must be able to train the employees in the principles of strategy.
4.	Meetings have to be held, even if the employee, who conducts these, is absent, in order to ensure passing further of the informations.. Notices have to be updated at the required intervals.
5.	It is necessary to avoid any accidents. Teams should co-operate actively on decreasing their own absences due to illness.

Tools of Employee Participation

Monthly briefings-Interaction and brainstorming.

Evaluation of satisfaction by the customer

Group for problem solving

10.2.5 Participation of Suppliers

- has these elements

1. Transfer of customer's expectation onto the supplier
2. Selection and evaluation of suppliers
3. Tendency of improvement of suppliers
4. Logistics
5. Cost effective suppliers

Table 11 Supplier Participation

Element	Implementation
1.	Narrow supplier-recipient relations must be applied. It is essential, that the suppliers keep continuously their high level with their technologies, product innovations, and services, and would be able to withstand competition in the long term.
2.	Selection and evaluation of suppliers should be carried out on the basis of worked out methodology, that contains criteria for selection, and enables to evaluate the suppliers.
3.	Evaluation of the suppliers according to an existing system(supplier cards) has to serve for the improvement of supplier-recipient relationships.
4.	Suppliers of materials and services must not disturb the logistical chain of providing services to the end customers. For that, basic principles have to be worked out(contracts), relationships based on trust, transparency, and improvements.
5.	Suppliers must fulfil selection criteria, and be capable to compete by quality and price in the future.

Tools for supplier participation

Ensuring the quality of the supplier-systems audit

Ensuring product quality-inclusive of process

List of suppliers

11 Evaluation of the Contribution of Porter's Strategy in ČSAD Hodonín(joint stock company)

In the following Chapter I will attempt to summarize briefly what contribution could Porter's Strategy for the firm ČSAD Hodonín(joint stock company).

11.1 Customers + Markets, Evaluation

- appraisal of contribution by these elements

1. Marketing Orientation
2. Customer Orientation
3. Forecasting and Satisfying of Needs
4. Economic Contribution and Competitive Price
5. Strategy of zero faults

Table 12 Customers + Markets, Evaluation

Element	Evaluation of contribution
1. Marketing orientation	By the analysis of behaviour of customers and competitors we should obtain a better picture about our company's ability to stand up to the competition, and what is the firm's position from the point of view of the customer, and also of the competition.
2. Orientation towards the customer	The following well known proverb should apply: „The customer is always right“.
3. Forecasting and satisfying of needs	For the company it should be clear, what it wants to offer to the customer, therefore it is easier to forecast and keep satisfying his needs.
4. Economic contribution and competitive price	In our case, each service should be of a higher quality than that one of our competition, and for a lower price. All should be done with an utmost involvement, and with the vision, that well executed work will have an economic contribution for our company.
5. Strategy of zero faults	By focusing on the customer(in the form of various questionnaires, or opinion surveys) we will safeguard ourselves from faults during transfer.

11.2 Continuing Innovation, Evaluation

- evaluation of contribution of these elements

1. Building the ability to compete
2. Assuring development-project management
3. Preparation and implementation of process
4. Establishment of timing of innovations and expenditures
5. Standardization

Table 13 Continuous Innovation-Evaluation

Element	Evaluation of contribution
1. Building of the ability to compete	Ability to withstand competition is for the company very important.
2. Ensuring of the development-project management	Individual leaders of organizational teams should carry the full responsibility for results achieved in the field of development.
3. Preparation and implementation of process	Co-operation with the customer is essential.
4. Determination of timing of innovations and expenditures	Time and expenses of development should become an important competition advantage. It is most important to know, when the time is appropriate for innovation.
5. Standardization	"One learns from one's mistakes". Not to repeat mistakes, that have occurred sometime before.

11.3 Processes, Evaluation

- evaluation of the contribution of these elements

1. Quality of service
2. Logistics
3. Technical aspects, technologies
4. Flexibility
5. Maintenance

Table 14 Processes, Evaluation

Element	Evaluation of contribution
1. Quality of service	Quality work should be a matter of course.
2. Logistics	It should be attempted to distribute the goods in the most effective manner possible.
3. Technical aspects, technology	Technology is a field, in which innovation and modernization advance fast forward. It is necessary to essential to follow the new trends.
4. Flexibility	The ability to react to changes which are life important to the company.
5. Maintenance	To maintain vehicular depot must be a routine.

11.4 Employee participation, Evaluation

- evaluation of the contribution of these elements

1. Individual multi-function teams
2. Improvement
3. Knowledge of strategy
4. Communication(information)
5. Safety-health

Table 15 Participation of Employees-Evaluation

Element	Evaluation of the Contributon
1. Individual multi-function teams	Law of synergy applies $1+1=3$, team work is more advantageous for the company, then the work of one employee, who is working on his own.
2. Improvement	Each of the employees should be motivated, should work on himself, and develop his knowledge.
3. Knowledge of strategy	Strategy should be known to each employee.
4. Communication (information)	Briefings are important, especially from the point of view of employees being kept informed.
5. Safety-health	Safety and health must be taken into consideration, the employee should be doing the maximum to safeguard health in the workplace.

11.5 Supplier Participation

- evaluation of contribution of these elements

1. To transfer customer's expectations onto the supplier
2. Selectin and evaluation of suppliers
3. Trend of improvement of suppliers
4. Logistics
5. Cost-effective suppliers

Table 16 Participation of Suppliers-Evaluation

Element	Evaluation of Contribution
1. To transfer expectations of the customer on to the supplier	A supplier should be found, that ensured 100% success of deliveries and services requested.
2. Selection and evaluation of suppliers	Selection of a supplier could be sometimes risky, we should take account of solvency of the supplier, and we should establish his standing.
3. Trend of improvement of suppliers	Suppliers should also be motivated to effect improvements.
4. Logistics	Logistics must be thoroughly worked out.
5. Cost effective suppliers	The number of suppliers must be optimal. When selecting we should take into account regarding their ability to compete well during the next several years.

12 Suggested Strategy for ČSAD Hodonín(joint stock company)

An important condition for the functioning and development of each entrepreneurial undertaking is a qualified strategic management. By the term strategy it is generally understood the definition of long-term targets of the company, and the determination of procedures of how to reach these targets. Gradual fulfillment of the individual strategic targets leads to the realization of a predetermined vision, which represents the final solution of the company's intention to build a new, stable, and competitive entity in an entrepreneurial environment.

The company ČSAD Hodonín, as a Czech joint-stock company, has been moving for several years among the front logistics operators in the Czech Republic. Based on the analyses listed in the seminar work it can be stated, that it offers it's customers relatively wide spectrum of services in the sector of product transport, from the place of their manufacture up to the customers, including the requested operations, generally realized in the logistical centres in Brno and Hodonín.

The company gained trust of important customers, such as for example attractive orders from firms Whirlpool CR(Pty)Ltd, JohnsonDiversey Czech Republic(Pty)Ltd, Hartmann-Rico(joint-stock company), and others.

Commencing from the successful development of ČSAD Hodonín(joint stock company), which was founded by a transformation to a new legal subject, and by it's orientation on the provision of complex logistical services, we can state, that strategy of the joint-stock company rests even further with the development of logistics services on the territory not only of our state, but also of Central Europe, as a response to market needs. With that is closely related the formation of function alliances with proven, reliable and important foreign logistical operators. In order to manage these perspectives the company must have built production, technical and personnel base located in a suitable locality, which is characterized by a strong production-consumer base, the meeting of various flows of goods, and a suitable transport connection.

The basic strategic targets we can summarise as follows:

- pro-active global policy of the joint-stock company with an effective application of resources, dynamic development of quality and utilizable properties of our products(services) continues the ČSAD Hodonín by a process of continuing improvement to the:
- strengthening of existing and gaining of new markets
- building stable and reliable co-operations with suitable logistics operators within the extent of Central and Eastern Europe

That is in connection with the:

- formation of function transport and logistical networks of co-operation
- creation of alliances with local and foreign firms to form strategic positions in the sector, in order to cover the needs of customers
- offering of complex services to the customers
- providing of logistical services with a higher value added(storage, packing, labelling, arranging of goods, completing etc).
- strict application of TQM according to the Standard ISO 9002, which improves the quality of management and projects itself into the offer of services to customers
- building up the knowledge potential of the company(by education and training of the workers) in order to ensure the ability of the joint-stock company to react to all the development trends in transport, forwarding, business. Experience has to harmonize with an overview, and the capability to apply suitably everything new.
- thorough reconnaissance as:
 - To what degree suits the range of the offer the demands of customers at the moment.
 - How and when will the demands on the definite manner of transport execution, and on the logistical services change
- long-term stability of the demand for services, and then is the output of the survey the enlargement of existing market, e.g. of transport and logistical services.

- impending changes, which signalize the formation of a newly structured offer of services that suit the demand.
- tactical penetration into the consciousness of the customer firms-definite persons, who decide on the realiation of a request for services.
- public relations, advertising
- further support activities

Conclusion

This Bachelor Thesis deals with the strategy of ČSAD Hodonín(joint stock company). Strategy is an important part of each company, and therefore it should be stressed by the management. Strategy should be a basic tenet of success of each company.

The aim is to elaborate an optimal strategy for ČSAD Hodonín(joint stock company). For the determination of an optimal strategy it is important to familiarize oneself totally with the environment, in which the company acts, and with all the existing influences and factors affecting this strategy.

The first two Chapters deal with the strategy of a transport company. They explain the basis of strategy of a transport firm, and strategy of the company. The central term of strategic management, e.g.strategy, is closely related to the aims, that the firm follows. Strategy predetermines the future activity of the company, by the realization of which the company will reach it's targets. The total strategy of the company is formed by partial strategies of all the substantial areas of development of the firm. Offer strategy of a road transport firm appears already as a definite focusing of strategy of a transport company. Offer strategy corresponds with the strategy of the whole firm, and therefore it attempts to establish the transport offer in such a way, that the company would achieve it's defined targets. An ideal model of strategic management of a firm apparently does not exist. Hence the strategy of each firm is individual..

Third Chapter deals with marketing environment of a transport company. It is concerned with the fact, that transport firms are surrounded by an environment, that affects them, and influences their behaviour. This environment is formed by a number of factors, that are often dependent on each other, very dynamic, and characterized by a large degree of uncertainty, as far as their development is concerned. Therefore these days, for a transport company, marketing is indispensable. Traffic marketing we can understand as a tool, which brings success not only to the company itself, but also to the customer, and that by having influence on the increase of quality of transport service, lowering of expenses, enlarging of the sortiment of transport service, or lowering of entrepreneurial risk.

In further phase of the Bachelor Thesis a description and history of the company ČSAD Hodonín(joint stock company) can be found. There are worked out targets and intentions of the company. Here is described the transformation of the firm and innovation of services as a part of the firm's strategy, analysis of status of ČSAD Hodonín(joint stock company) in the entrepreneurial environment. Further there is the SWOT analysis, that

gives us the overview of the strategic situation of the company, without which a quality strategy cannot be created.

Further important pillar for the creation of strategy is without doubt Porter's Model of Five Forces. This model is focused on the risk of entry of potential competitors, rivalry among the current competitors, negotiating power of suppliers, threat of substitute products. Porter's model of five forces, as well as the SWOT analysis, are both a welcome aid for the establishment of optimal strategy.

Abstract

The aim of this Bachelor Diploma Work was to apply theoretical knowledge of management, and to utilize this to initiate steps corresponding to the establishment of an optional strategy for ČSAD Hodonín(joint stock company), because determination of the optimal strategy for a particular company is the correct way to foster the firm's growth, and to strengthen it's market position.

As a part of this work, in ČSAD Hodonín(joint stock company) were carried out the SWOT analysis, Porter's Model of Five Forces, and a brief proposal of strategic development for the company was compiled, together with a formulation of further supporting steps. SWOT analysis belongs among recognized analyses, with which help is prepared an overview of strategic situation of the company, with strong and weak facets and opportunities, threats. Porter's Model of Five Forces is no less important than the SWOT analysis, and it is a net, which helps the managers to analyze the competitive forces in the firm's surroundings, and to discover opportunities for the company, and also the threats directed against it.

Strategy thus established forms a frame, which should help the company to become a leading company not only in the Czech Republic, but also abroad, and that in transport, and logistics. After the entry of the Czech Republic to EU the competition has further increased, so that there is no doubt that this way is very demanding, but with the help of an optimally selected strategy, this is not a completely unreal way.

When compiling this Bachelor Thesis, sources as listed in the Bibliography were utilized. The whole work was aided by programs MS Word and MS Excel.

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List of Abbreviations

ČS – Refuelling Station

ISO – International Standards Organization

IT – Information Technology

JMK – Southern Moravia

PHM – Fuel

SWOT – Analyse (Strengths, Weaknesses, Opportunities, Threats)

TQM – Total Quality Management

3PL – Level of Forwarding