

*European Polytechnic Institute, Ltd. in Kunovice*

*Field of study: Management and Marketing of the Foreign Business*

# **THE BUSINESS ACTIVITY ANALYSIS OF THE FIRM ČSAD HODONÍN**

*(Bachelor Thesis)*

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### Zadání bakalářské práce

Vážený studente, vážená studentko,

jako téma Vaší bakalářské práce ve studiu oboru Management a marketing zahraničního obchodu Vám zadávám

### *Analýza obchodní činnosti firmy ČSAD Hodonín a.s.*

- Osnova:
1. Seznámení se společností ČSAD Hodonín a.s.
  2. Vyjmenování, popis, ekonomika obchodních činností
  3. Vývoj obchodních činností společnosti za posledních 5 let
  4. Údaje a ukazatele za poslední rok
  5. Analýza současného stavu
  6. Prognóza vývoje obchodních činností společnosti

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

Tento dokument je součástí Vaší bakalářské práce.

S pozdravem

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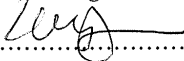
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Statement

I declare that I prepared this bachelor thesis by myself under supervising of Ing. Alois Bartončík and that I stated all used literature and special sources in the literature's list

Kunovice, August 2006

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## Introduction

In my bachelor thesis I will deal with business activity analysis of the firm ČSAD Hodonín.

I want to analyse the firm ČSAD Hodonín a.s. and its business activities and last years' results with the emphasis on the last year 2005 and also to locate other possibilities that would enable increasing of this company's qualitative and quantitative growth.

By the entrepreneurship The Business Law means systematic activity practising by the entrepreneur singly, with the own name and the own responsibility with this purpose – to reach a profit.

A company is defined as a collection of material and non-material entrepreneurship components. The sense of any company is to organize people activity in this way that foreign needs will be satisfied also with the entrepreneur's needs.

The key aim of any company is to make a profit. A profit represents the difference between firm's revenues and costs. The other aims are for example to maximize sales, to minimize costs, modernization, innovations, firm's expansion, goodwill, the employees' satisfaction and so on.

The aim of the firm ČSAD Hodonín a.s. is to be a priority firm in the Czech Republic in the haulage and logistics and to be an equivalent partner to similar firms in Europe concerning the quality of provided services.

For the creating a strong company everyone needs to make the right entrepreneurial strategy. By the help of strategy there is way how to achieve the firm's aims. Strategy are usually made for few years forward (mostly 5 years) but nowadays when the time is turbulent and the conditions for the enterprising, too, it's necessary to watch and revise the strategy.

My aim is to describe and evaluate the business activities and the present economic results of the firm ČSAD Hodonín a.s.

Whole my bachelor thesis is divided into few divisions. In the first one I will describe the company ČSAD Hodonín a.s., in the second one I will name and describe firm's business activities and in the next ones I'll bring in the business activities' development in the individual branches of enterprising during the last 5 years with the emphasis on last year and analyze the present situation.

I also try to draw out the future firm's and business activities' development and describe its strategy.

For this bachelor thesis there were used **real economic indicators** about economy of ČSAD Hodonín a.s. as a base, namely costs, revenues and income trading of individual business activities of the company for the years 2001 – 2005. With respect to trust being secret about these strategic informations there was chosen such a model of their presentation which has a communicative value for this thesis' intention, but it's not dangerous for the company in term of escape of secret information.

**All tables and graphes stated in this Bachelor thesis are gathered from the internal materials of ČSAD Hodonín a.s.**



# 1 ČSAD Hodonín a.s. – Firm's Profile

## 1.1 Firm With a Longstanding Tradition

As another originally just haulage firms joint stock company ČSAD Hodonín a.s. joined the historical structure of the state ČSAD companies, whose establishment was in 1949. All firms functioning in these times ensured variously specialized road lorry transport and persons' carriage by buses. After the year 1990 the enterprise was privatized and in 1993 came into being ČSAD Hodonín a.s – joint - stock company.

At the present the enterprising objects are lorry and bus transport, complex logistic services (express carriage of packages – TOPTRANS, storage, forwarding, customs services), car sales (Citroen), wholesale of fuels, a network of petrol stations, servicing, repairs, and further services.

A look into history, with the help of the following table, will enable us to recognize the decisive development stages of the company up to the present time, whereby we stress the occurrences of the last years.

1949	Founding of the enterprise, the firm functioned as a part of national, and later state company ČSAD
1949 - 1993	Gradual growth, with a single orientation on the national and international truck and bus transport
1.11.1993	Transformation of the firm into a joint-stock company under the trade name ČSAD Hodonín
1991 - 2000	Stabilization, and the acceptance of a new strategy of the joint-stock company as a company with orientation on transport, forwarding, and supply and distribution logistics
1993 - 2002	Creation of further workplaces, for example customs declaration inland, and on the border with Slovak Republic, logistics and distribution centres in Brno, Hodonín and Senice, network of petrol stations(Hodonín, Veselí nad Moravou, Velká nad Veličkou, Brno) and other.

1999	The obtaining of the certificate of quality according to the Standard ISO 9002
2000	The company ČSAD Hodonín was included in the 100 most admired firms in the Czech Republic; in the transport sector it took the fourth place on this list.  Energetic entry onto the market of provision of logistical services for important domestic and foreign partners  The founding of subsidiary of ČSAD Hodonín-Slovakia(Pty)Ltd, with head office in Senica, Slovakia
2001	Building of a logistical centre in Brno
2002	Defending the Quality Certificate, with an extension to other segments according to the Standard ISO 9001:2000
2003	The Prize for Logistics of the Czech Republic was awarded to the company for the successful transformation to a transport-logistics firm
2004	Obtained The Czech Award for Logistics Excellence
2006	Opening of logistics centre in Prague

## 1.2 Transformation of Company, Innovation of Services

### New Orientation of the Company and Choice of the Appropriate Strategy

After the inception of the joint-stock company followed an important decision about further orientation of the company, and the choice of correct strategy, that would lead to development and prosperity. Basis for this was the evaluation of development of road cargo transport here, and also abroad, which signaled excess of offer over demand. After that, a radical restructuralization and revitalization of the firm was carried out, and a new approach has been chosen. On the basis of a detailed marketing survey expansion onto new markets and diversification of the offer occurred, in spite of substantial entrepreneurial risks.

### **Complex Logistical Services**

Basic strategy represented orientation on complex logistical services focused on the movement of products at the pre-production, and especially 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 offer of customer-oriented services would be the most complex one. Offers thus formulated were able to address successfully many Czech and foreign customers.

### **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 came into transport and manipulation technologies, 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.

### **Demands of Changes**

Changes required, apart from the 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 personnel work. Development of knowledge potential of employees is assured in cooperation with Universities and with specialized High Schools, and by making use of the offers of educational programs of the Educational Centres.

### **Contribution to the Region and to the State**

At the regional level this company, as the only one, had been seen as having a wide range 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.

### **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 the specialized and daily periodicals, participation in seminars and conferences with specialist themes. Regular presence on logistical fairs in Brno and Munich 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.

### **1.3 Membership in Important Organizations, Unions and Co-operatives**

The company ČSAD Hodonín is a member of the following organizations:

- The Association of Transport, Forwarding, and Service Companies of Bohemia, Moravia, and Silesia
- The Czech Logistics Association
- The Czech Society for Quality
- ČESMAD
- The Chamber of Commerce and Economy, Brno
- Slovak-Czech Chamber of Commerce
- Association of Service Stations
- Union for Vehicle Workshops of Czech Republic
- Transport Union of Czech Republic
- Union of Border Forwarders and Customs Agents CR
- Union of Forwarding and Logistics CR
- Union of Forwarders of Slovakia

### **1.4 Further Activities of ČSAD Hodonín a.s.**

ČSAD Hodonín is further:

- regular exhibitor on the Transport Logistics Fair in Munich
- regular exhibitor on the International Transport and Logistics Fair TRANSPORT AND LOGISTICS in Brno

- constant participant of venues organized by OHK Brno, inclusive of the business forum KONTACT-KONTRACT

Further of the firm's activities:

- co-operation with Universities and specialized Technical Colleges in order to foster the knowledge potential of employees
- publicity and increasing of the image of company through various media

### **1.5 Update-Opening of the Logistics Centre in Prague**

The latest ČSAD Hodonín news is the opening of a new logistics centre in Prague, that opened 2.1.2006, and its importance is especially in the shift of ČSAD Hodonín directly to Prague, to the customers. The Logistics Centre has an overall of 2 800 m<sup>2</sup> of covered area with the possibility of air-conditioning, partially equipped with shelving, and sufficiently large preparation area with three ramps. The trading hours are non-stop Monday to Saturday, and also a proportion of own vehicles was moved here for distribution in the Czech region. On the 2.2.2006 took place the opening ceremony of this Centre with the participation of more than fifty representatives of the business partners or potential customers. All the participants had the opportunity to become acquainted with the possibilities of the Logistics Centre and actually with the whole complex offer of logistical services by ČSAD Hodonín a.s.

## **2 Enumeration, Description of Business Activities**

### **2.1 Starting Point of ČSAD Hodonín a.s.**

ČSAD Hodonín a.s. belongs, in the Czech Republic, to the modern companies having the ability to provide not only the traditional transport by lorries (and the transport of persons), but also a relatively wide spectrum of services related to the transport of various goods from production to consumers.

The company has at its 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 has the Certificate of Quality according to the Standard ISO:2000, granted by the English accreditation firm LRQA (*Lloyd Register Quality Assurance*).

Basic entrepreneurial activities are:

- complex chain of logistical activities
  - international and domestic road transport using own vehicles
  - local and international forwarding business in road cargo transport
  - express transport and delivery of parcels in the system TOPTRANS
  - providing of all customs duties inclusive of INTRASTAT
  - goods handling operations in warehouses
- sales and servicing of Citroen cars
- service activity-supports the reliability of transport technology
- petrol station - sales of fuel
- transport of persons-does not have any important development potential, it assures standard transport serviceability of the region
- station of technical control and metrological activities connecting with the calibration of tachographs

From the accounting results for the individual years of entrepreneurial activities of the company it is possible to deduce a positive development trend that contributes to the firm's stability.

### **2.1.1 Analysis of Entrepreneurial Environment**

**From the regional point of view** ČSAD Hodonín a.s. belongs to the top companies, having balanced accounting and a steady turnover growth. It is an important employer in the Hodonín region, and 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 its 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 a **further development**, and a stable position in the competitive environment are expected from it.

**Outside of the Republic** ČSAD Hodonín a.s. asserts itself as a forwarder by export and import of products. Gradually it built up direct contacts with foreign logistical operators in the West and Central Europe.

#### **Entrepreneurial environment is given by:**

- “vis maior”, 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 a.s. is good
- its' relation to the transport possibilities abroad and back-ČSAD Hodonín a.s. carries relatively important volumes of goods

- the attractiveness of services of a high standard. This company, by its orientation on the complex logistical services stepped out in the right direction, and is above the other firms in the District of South Moravia
- co-operational groupings-networks of co-operation with logistical operators and above-standard supplier-buyer relationships

### **2.1.2 Classification 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 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)
- 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 customer. 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, which is, in comparison with other firms, an important competition advantage.
- Certificate of Quality, which is a competitive advantage, but only in the case, that it is not in the company viewed as a matter of formality.
- Technical amenities in the individual sectors that are 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 its 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 range of services provided, including the territorial spread within the Southern Moravian District, competitively of importance.



- Area coverage by workplaces outside of the District bears 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.

Overall it can be stated, that in comparison with similar companies in the Czech Republic, the competition position of ČSAD Hodonín a.s. is comparable, or rather better.

## **2.2 Logistical Activity**

Logistics forms today 40% of the company's output. Development of earnings corresponds closely with the enlarging of offer of services.

Logistics has become lately a fairly familiar term in the Czech Republic. When considering the current competitive pressures on productivity and effectiveness, which the large multinational corporations bring, also a very important term. Nowadays, if companies want to penetrate not only the international, but also domestic markets, they must concentrate all their powers and abilities on the main activity, and all the other activities they have to leave to the specialists, who are able to carry them out far more effectively, and of better quality, than if the respective company would have executed these themselves.

At the present logistics is a line of business, which has during the globalization one of the most important influences upon material and information flows on this planet. Logistics plays a key role in the economy, mainly in two basic directions. It supports continuousness and effectiveness of material and information flows and that's why it's a necessary part with sale's realization – goods or a service can be different.

Logistic firm must manage combination of various haulage lines of business and a lot of services that are connected to.

In the Czech Republic most of firms providing logistic services rose from the firms of international forwarding and haulage. In the recent years it has been there a very quick comprehension change of the term logistics (especially under pressure of foreign companies).

Generally the logistic firms' customers are automotive field, network of hypermarkets and supermarkets and due to inflow of foreign investments and the construction of new works also electronic industry and IT industry came to be perspective.

The importance of logistics rests especially in the systems approach, e.g. in the analysis, strategy formulation, and tactics; and by operation management of the logistical processes it respects always the function relations among the individual elements of the logistics system as an entity.

We can define logistics as the “organization, planning, management, and implementation of flow of goods, commencing with development and purchasing, and ending with production and distribution according to the order of the end- customer in such a way, as to fulfil all the market demands while incurring the minimal expenditure and minimal capital outlays”.

**Transport logistics** is mainly concerned with solving of logistical tasks and precautions, that are required to be realized during preparation and implementation of transport, above all with those activities that are connected with the material flow, storage of finished products up to the delivery, including the required information. An important phenomenon is also the fact, that in logistical systems it is beginning to predominate the orientation towards agreements, rather than orientation on the individual transactions - e.g. relationships based on a single transaction are visibly in retreat. Logistical services are becoming the focal point of dealing between the buyer and the seller.

Integration of logistics into the process of business and exchange of information represents also one of the cost items and due to it influences the other economic activities and logistic is simultaneously influenced by them.

In logistics there are built up – as a necessary part of its development – new strategies, which lead to aggregate reducing of logistic costs, synergic effects and to the increase in competitive strength in the globalized markets.

Logistics must be able to react for the newest trends of goods’ and information’s flows. In its momentarily most sophisticated form “5PL” it comes to be essential unification element of all processes, including their additions. It’s getting near what was in the past named logistics – it becomes philosophy.

### **2.2.1 Logistics as Applied to the Example of ČSAD Hodonín a.s.**

From the accounting results of ČSAD Hodonín a.s. during several past years it is obvious, that the company’s outputs have a continuous rising tendency. But what is

essential is that structuring has changed to the advantage of the atypical transport, respective logistical services-operations with goods long the way from the manufacturer, completing services and similar. Great emphasis is being given to ensuring reliability, punctuality and security, as well as on deliveries remaining intact and without damage, according to the customer's wish up to the point of destination.

The gradually acquired complexity of offered services, and their execution according to the customer's needs, have become for ČSAD Hodonín a.s. a competitive edge, and thus it can co-operate with the large organizations, for whom it assures complete logistical services, and can therefore perfect itself in doing so.

Of course the firm ČSAD Hodonín a.s. is known for its quality of provided services, such as speed, security, and reliability. And now to the individual elements of the logistics chain:

### **2.2.2 Storage**

The direction of logistics and storage logistics is ensured from the logistic centre in Brno – Slatina.

Logistical activities (such as stores, following of goods movement in warehouse, checking and stock taking of the stored goods, packaging, arrangements and similar) are being carried out in the so-called logistical centres- the firm ČSAD Hodonín a.s. owns these centres in these localities: Brno-Slatina, Brno-Dornych, Šlapanice by Brno, Senica in Slovakia. These centres are equipped by the corresponding transport infrastructure, and by information technologies.

#### **Overview of services provided:**

- storage in distribution and customs warehouses in Brno (public customs and distribution warehouse in Šlapanice-area 4 100 m<sup>2</sup>; distribution warehouse Brno-Slatina: area 8 000 m<sup>2</sup>; warehouse Brno-Královo Pole: area of warehouse 2 400 m<sup>2</sup>), Hodonín (public customs and distribution warehouse- area 2 500 m<sup>2</sup>), Senica (storage area 1 130 m<sup>2</sup>), Prague (Hostivař-total storage area 2 800 m<sup>2</sup>)
- placing of goods in bonded warehouses, including fast expedition, and guaranteeing the debt to customs; keeping the appropriate records
- organization of distribution to your customer

- warehousing operations
  - receiving, control and storing goods in storage locations
  - possibility of on-line connection of the information system to the system of the depositor
  - speedy checks and stock-taking of stored goods
  - warehousing operations according to the agreed parameters (expiry date, identification, FIFO etc)
  - support for usage of bar codes EAN-code
- preparation of deliveries, and removal of goods
- providing goods with documentation and components, simple modifications, re-packing and labelling, fast completing of publicity items for marketing presentations

**Advantages:**

- insurance of goods
- individual approach
- flexibility
- storage services are certified according to CSN EN ISO 9001:2000

### **2.2.3 Forwarding**

ČSAD Hodonín a.s. assures transport, in most cases, in trucks, camions with trailers of a large capacity. Should there be no spare capacity, the company would buy services from another transport firm. There are also open forwarding workplaces in Brno and Senice. These workplaces arrange for transport of shipments both inland and international over the whole of Europe.

**Overview of provided services:**

- national and international camion transport (utilization)
- transport of parcels in the Czech Republic
- transport of parcels between the Czech and Slovak Republics within 48 hours

- international transport of parcels
- arranging of container, air, and rail transport

**Advantages:**

- guarantee of quality
- own distribution channel for the distribution of deliveries in the Slovak Republic including processing through customs
- insurance of goods forwarded

**2.2.4 TOPTRANS**

ČSAD Hodonín a.s. is a member of parcel transport system Toptrans-it is the operator for Moravia, and at the same time the operator for distribution in the Slovak Republic.

The expression Toptrans represents express transport and door to door delivery of consignments within the Czech Republic in 24 hours, and to the Slovak Republic within 48 hours.

It assures a speedy and quality delivery of consignments to any location on the territory of the Czech or Slovak Republics

The company ČSAD Hodonín a.s. plays an important double role in this progressive system:

- workplace in Brno is, apart from servicing the region, the second largest re-loading centre of the system, through which passes daily almost 30% of all shipments
- workplace in Hodonín is the transit terminal for consignments with destination in, or originating in the Slovak Republic, and also serve for collection and delivery in their respective regions

**Overview of provided services:**

- within the Czech and Slovak Republics there are transported consignments having mass of an envelope up to large volume shipments

- guarantee of payment for goods before it's being handed over – C:O:D:(cash on delivery)
- securing of the originals of confirmed delivery notes

**Advantages:**

- easy ordering of transport
- providing of free of charge customer's software including training for register and processing of your orders
- guarantee of quality

### **2.2.5 Customs Services**

Customs Centre ČSAD Hodonín a.s. provides a wide sortiment of services at the inland customs offices of the Southern Moravian Region, on the border crossings, and bordering workplaces with the Slovak Republic.

**Overview of services provided:**

- representation in customs proceedings in standard and simplified proceedings (import, export, transit /Common transit)
- issuing of documents in connection with customs proceedings, and supplementary transit documents
- guaranteeing the customs duty
- special services for customers having agreement with the company (for example customs processing of postal consignments, register of regimes with economical effect according to the customs regulations, e.g. bonded warehouse)
- representation in system INTRASTAT

These services, including the guarantee of customs duty are being provided independently, and also as a part of the complex logistical services (that is including transport, storage, and similar).

**Advantages:**

- services of the Customs Centre are certified according to the ISO 9001:2000
- location of workplaces providing customs services in the complex of customs offices
- reliable workers with long experience in the field of customs
- own guarantee documents for the customer's use
- connection to reputable partners

## **2.3 Fuels**

### **Offers of Products:**

- Diesel, Class B, D, F (quality ČSN EN 590)
- BA SUPER 95 – NATURAL 95 (quality ČSN EN 228)
- NORMAL 91 UNI (quality ČSN EN 228)
- BA 91 – petrol special (quality ČSAN 656505)
- BA 98 –super plus (quality ČSN 656505)

### **Means of delivery:**

- rail tanks having volume 50-56 tons
- road transport tanks, volume 33 000 litres(compartmentalized, possibility of any kind of transport, equipped with calibrated measuring technology)
- in the case of own transport the possibility of supply directly from storages in Hodonín or Veselí nad Moravou

### **Advantages:**

- guarantee of quality
- interesting prices
- possibility of discounts for volume

**Credo is: „Satisfaction of our customer comes first“**

## **2.4 Lorry Transport**

- reliable transport technology of major capacity
- professional management and transport personnel
- business communications being conducted in Czech, German, English, and Russian
- certification according to CSN EN ISO 9001:2001
- transfer insurance of international and domestic shipment

## **2.5 Citroën**

- Establishment of authorized dealership Citroën ČSAD Hodonín a.s. – April 2002
- Sale and service of the cars Citroën
- Other offered services:
  - emission (in 2004 emission station was built)
  - controls of air-conditions (since 2006)
  - vehicle body and varnishing services (the own vehicle body machine, external paintshop)
  - tyre-service of cars and vans



### **3 Development of Business Activities in ČSAD Hodonín a.s.**

#### **3.1 Logistical Services**

Forwarding and logistic services are services of all kinds which are connected with the carriage, (they are executed by one mean of transport or multi-modally), storage, manipulation, packing or distribution of goods and also helpful and advisory services, connected to; including but not explicitly customs and tax things, declaration of goods for the bureaucratic purposes, assuring insurance of goods and intake or assuring payments and documents concerned with goods. Forwarding services includes also logistic service with modern and communicative technologies in relationship to carriage, manipulation or storage of goods and de facto aggregate management of supplier chain. These services can be made to measure with the purpose of flexible assuring of provided services.

##### **3.1.1 Business Logistic**

Business logistic – in the sense of trade functions and logistics – deals with any business activities that enable goods' flow from the raw materials' demand, materials, goods to the final consumption (as well as information's flow because pieces of information is connected with this flow.

The business logistics' aim is to safe bypass (vaulting) between demand and supply in this way so customers could own goods and information at this time and place what they demand.

##### **3.1.2 Distribution Logistics**

Distribution logistics represents connecting item between production and output of a company. It represents distribution chain which includes all store and transport goods' moves to a customer and accompanying informative, operative and controlling activities.

The aim is to make the right goods at the right time on the right place and with the right quality and quantity available and simultaneously to make an optimum rate between certain collection of delivery services that a company is able to provide and rising costs. It's important to serve output ways in the right way.

Companies invoke increasingly the allocation of their products as an instrument of competition that shall enable them to gain advantages by improved delivery services against competition. We must, though, watch the consumer's requirements, which consist

mostly in providing extra services - as a storage or preparation of a assortment. Customers still try to reduce own reserves that's why they prefer purchase orders with the smaller quantity and shorter intervals, with the maximal synchronization with the needs; this necessitates suppliers' companies to pursue suitable delivery strategies, which assure high delivery readiness and promptness without simultaneous increase in costs. The main distribution logistics' domains are directed to:

- ✓ Choice of standing of distribution stores
- ✓ Storage
- ✓ Factorage and wrap economy
- ✓ Output of goods and assuring of loading activities
- ✓ Transport

### **3.1.3 Main Functions of Distribution Chain**

Distribution chain consist of large quantity of separately functioning participants that take a part in some way share in distribution of goods to consumer. The proposal of the distribution chain must be formulated in this way to safe five basic functions:

- Completion of goods – the aim is to make a needful assortment of goods in the certain market segment, it's provided for example in distribution stores
- Transportation's function – we can comprehend the transport as the most important part of these chains because it enables us the own connection of individual parts of these chains. It' important to use different transport systems for example container transport system, delivery track system, carload transport system, package transport system and so on
- Storage's function – system of making reserves, direction of costs for reserves
- Manipulative function – use of manipulative resources dueing the loading operations
- Communicative function – use of informative systems – computer networks, expert systems, public data network

In the distribution chain there is important to ensure coordination to better cooperation among individual entrepreneurial subjects. One of the possibilities how to assure unified leading and controlling of whole chain is "Controlling by owner". It means that one subject owns whole chain (for example creating own extensive networks of

distribution stores). As more practical there is a method which we can name “Persuasive”. In this case a stronger partner in a chain has a role of a coordinator.<sup>1</sup>

### **3.1.4 Transport (Haulage)**

Transport is one of the most significant components of logistically comprehensive material chains from raw materials’ suppliers to a final consumer. Its function is to safe a goods’ motion in the framework of circulatory and productive processes. It’s also a significant part of connecting item between production and a consumer. We can characterize it as a purposeful motion activity which consists of moving objects (things) or persons during the move of vehicles on traffic roads.

### **3.1.5 Transport as a Part of Logistic Distribution Chain**

Logistic chain is a collection of material and non-material flows in the line of consequential elements in progress, its structure and behaviour are derivate from requirements to satisfy given final consumer’s need flexibly and economically.<sup>2</sup>

The growth of lorry transport is guided by extensive changes in European economy and its production system. Since the half of the 80’s most of companies has come - or has been coming - from “storage” economy to “continuous” economy. The “continuous” direction of economy in European Union led in establishment of production system of the type JIT – Just In Time.

All of these changes were the cause of penetrative change in pretensions set on the distribution part of a logistic chain. After fulfilment of new duties in haulage, there is a necessarily presumption to assimilate to a new system of directions and goods’ and information’s flows of a logistic chain.

For an achievement of maximal processes’ effectiveness is necessary to accept such a type of direction, which enables to combine different carriage systems in this way so we can achieve a basic project: the right goods – in the right quality – at the right time – on the right place.

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<sup>1</sup> PERNICA, P. *Logistický management, teorie a podniková praxe*. Praha: RADIX, spol s r.o., 1998.

<sup>2</sup> CEMPÍREK, V. a KAMPF, R. *Logistika*. Pardubice: Institut Jana Pernera, 2005.

With the change in the comprehension of economy the role of providers of logistics services has increased. The transporting part of a logistic chain turned into a next specialized part, which need highly sophisticated system. So for business' and production companies it is to economically interesting to not split their activities, set apart this activity and buy it as a service (outsourcing).

Transport as a part of a whole logistic chain is often a subject of outsourcing. At the present time there are just providers of services 3PL and 4PL who have dominant position at the transportation market.

### **3.1.6 Optimalization of Processes**

Optimalization of processes connected to transport, storage and distribution of goods demand a certain specialization. The solution can be the transfer of these processes to an external supplier if these services – outsourcing.

The external provider of logistic services takes the goods from the client/partner and operates with these goods in a certain way, it means he places it to his processes.

The processes consist of different consequential operations.

On the part of a provider these operations are quite standardized. This standardization is necessary for ensuring controllability of operations and achievement maximal effectiveness of operations – on the part of provider as well as client/partner.

Consequential operations create chains of particular activities, its' summary leads to client's/partner's satisfaction of needs (requirements).

A character of these operations and their gradual ordination is determined by:

- The aiming effect (e.g. why client/partner entrust goods to a provider, what operations he demands, what effect he waits)
- The character of goods (type and quantity, customs status)
- The way of unloading (taking-over for cross-dock, storing, distribution, number of operations etc.)
- Technical and organizing possibilities of provider

## **3.2 Logistic Activities – ČSAD Hodonín a.s.**

### **3.2.1 Strategy in Logistics – ČSAD Hodonín a.s.**

Revenues trend in individual business activities of ČSAD Hodonín a.s. is closely joined to business strategy of company in the sphere of logistic. It's agreed with the revenue trend in individual periods. Strategy consists in what section the company wants to create the main planned profit. It means if it's made in the sphere of distribution, storage, forwarding and so on. Logistics in ČSAD Hodonín a.s. started to develop especially in the section of distribution and then in storage.

**ČSAD Hodonín a.s.** as a Czech subject has been already few years moving among frontal logistics operators in the Czech Republic. To its customers the company offers quite widely spectra of services in the section of storage and carriage (transport) of products from their rise to final consumers, including required operations, pursued at the logistic centres in Brno, Hodonín, Prague, Senica or other places.

In the process this firm gained a trust of significant customers, which overgrew into stabilized partners' relationships. The evidence of it is for example attractive contracts from companies such as Whirlpool, Johnson Diversey, HARTMANN-RICO, Nestlé ČR, Levi International and others, which are completely fulfilled. It represents high assignment of employees, appropriate organizing, technical and personal acquisitions to ensuring optimalization of goods' flows directing to the decreasing costs including high standard of quality.

ČSAD Hodonín a.s. doesn't forget quality of provided services, which is key element for maintaining of customers' favour.

Decisive activities coherent with logistics were attested by reputable foreign company Lloyd Register Quality Assurance (LRQA) accordance with standards of management of quality system ISO 9001:2000 and granting a certificate.

### **3.2.2 Informative and Control System**

For effective processes' controlling of logistic centre an informative and control system (IS) is necessary, it's able to assure full support to all basic activities connecting with providing logistic services to individual external subjects. As a suitable operating IS logistic store programme ORISIS, transport programme COLLI and accounting programme POWER TERM were chosen. These programmes are connected among themselves by data, whatever dual operations are excluded.

### **3.2.3 Distribution Centre**

The direction of logistics and storage logistics is assured from the logistic centre in Brno – Slatina. Store service in ČSAD Hodonín is assured by 65 employees altogether (storemen, administrative employees of customer service, officers).

## **3.3 Logistical Business Activities**

### **3.3.1 Storage**

Optimally equipped logistic centres and stores have an essential singnification for the assuring of goods' flow in the international business. The most known is distribution centre in Brno – Slatina with temporary capacity 8 000m<sup>2</sup>. This centre is joined by factory railway to the railway and operatively and technologically linked with other logistic centres and stores. At the present time ČSAD Hodonín a.s. disposes above 20 000 m<sup>2</sup> covered storage area where it realizes operations with goods required by customer. The company in the framework of assuring customers' requirements disposes by three cathegories of stores:

	Category	Capacity – m <sup>2</sup>	Capacity in p.m.
DC Brno	1	8 000	400
Hodonín	2	1 700	2 010
Šlapanice	3	4 200	0
Brno – Královo Pole	2	2 300	800
Praha – Hostivař	1	3 000	900
Senica (SR)	1	800	400
Together		20 200	4 510

The essential development in the section of storage was initiated in the year 2001, where the company built the new distribution centre (DC) in Brno. Till then the firm had just disposed stores in Šlapanice and Hodonín.

**Standard storage services:**

- standard manipulation (pallette/carton/piece)
- direction of quality
- electronic storage evidence
- electronic joining to customers (interface, e-mail, fax,)
- knowledge and work in systems SAP 3, SUN
- co-packing of goods
- cross dock – reloading of goods (camion: Distribution vehicles)
- railway Cross dock (vagons: camions and vice-versa))
- scanner system On-line
- monitoring of different parameters of goods (expiration etc.)
- support of promotion actions for customers
- special packing of goods (for business chains for example goods 2+1)
- monitoring and facturation according to agreed parametres
- labelling goods
- call centre – special service for customer
- regular inventarization of goods/overpricing-marking of goods

**Business activities in the section Storage:**

1. Obtaining of customers:
  - a. According to recommending from business partners (for example contemporary depositors, f. TOPTRANS etc.)
  - b. Due to Internet
  - c. Due to telephone
  - d. Business supplies aiming to the choice according to a) assortment, b) direction of business or production company (looking for potential partners)
2. Conclusion of business conditions (storage procedures, tariffs) – contracts
3. Monitoring of agreed conditions – printing of power configurations, bases for facturation
4. Price politics – strategy of storage (formation of price with the linkage for another activities – synergic effect)
5. Basic dividing of storage activities:
  - a. Long-term storage
  - b. Short-term storage
  - c. Packing of goods
  - d. Reloading goods– Cross dock
  - e. Complex assurance of logistic services with the connection to other activities (distribution, forwarding etc.)
  - f. Scoring of cooperation at long-term clients per year
6. Development of logistic services
7. Direction of investments in the section Storage
8. Personal assurance
9. New logistic projects
10. Assuring of short-term rent of storage spaces and activities for covering goods' overflows at business partners (depositor)

***Economic indicators' trend in last 5 years for the storage – costs, revenues, trading income (economic outcome)***

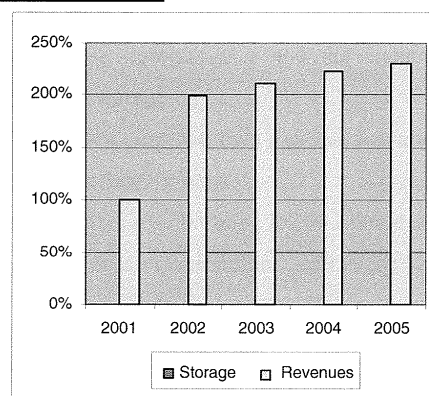
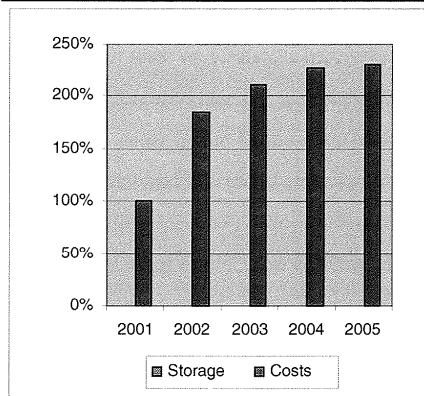
Costs and revenues can't be interactively compared, because there are not interconnected percentage values – the real data from the year 2001 at costs (revenues, trading income) was determined at each of business activities as an outcoming point –



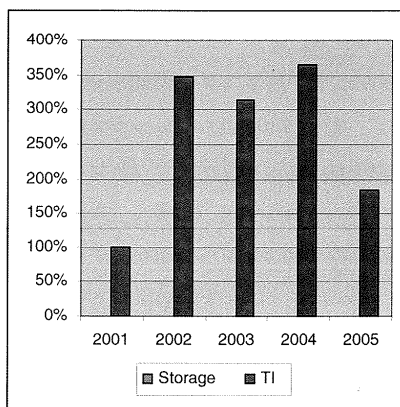
100%. But data itself can be interactively different, it means revenues can be for example at any activity much higher than costs, but in the tables there are always the same value – 100%.

	2001	2002	2003	2004	2005
<b>Storage</b>					
Costs	100%	184,96%	210,25%	227,41%	229,62%

	2001	2002	2003	2004	2005
<b>Storage</b>					
Revenues	100%	199,11%	210,19%	223,11%	230,24%



	2001	2002	2003	2004	2005
<b>Storage</b>					
Trading income (TI)	100%	345,92%	314,75%	363,96%	184%



**Revenue trend in storage:**

In the year 2001 there was agreed strategically important business contract on complex logistic services of the foreign company. In this year new Distribution centre (DC) was built in Brno and there was joined to investments in a few millions Czech crowns. At the beginning of the year 2002 there was agreed another strategic contract on complex logistic services for the store in Hodonín and connecting investments to shelves' (racks') system. These strategic intentions correspond with revenues trend during the years 2001 – 2002.

During the years 2002 – 2003 short-term contracts were agreed (1 – 2 years) which were assured also from other storage destinations from the reason of insufficient storage capacity. It was expressed especially as increase of storage space and the company evidently decreased starting investments to the section storage.

The costs in the framework of storage are almost constant, they increase just about a few per cent and this trend can continue also in the following years.

Trading income of storage has moved since 2002 (after building Distribution centre in Brno and after conclusion of strategical contracts) at the quite similar level every year; in 2005 decline occurred, which was the cause of increased intra-plant costs. But the motion to the former values is awaiting.

**Basic indicators influencing trading income of stores:**

- Length of contract – for example 5 years
- Fixed costs joined to rent of storage spaces and working
- Store equipment – manipulative technique, shelves' systems, infrmative technology
- Kind of goods – if an air-conditioned store is required (for example food, chemicals), the way of placing, possibilities of pallettes' stocking, kind of manipulative unit and so on
- Tariffs of services – an agreement of both contracting sides, it's connected with next offered services (distribution etc.), the chance of correction or prices' arrangements (in the case of increase in price of oil etc.)
- An ability of store to react after fluctuations of clients' store reserves
- The goodwill and serious acting of the firm – payment moral, communicativeness while solution business conditions
- Trend of suppliers' prices and services

- Quality – a level of offered services – higher level of servicing means higher costs (it means there are activities where profit about 15% is a standard but there are activities where profit is only about 5%)
- Qualitative storage staff = lower number of damages etc., fluctuation of workers is limited
- Qualitative process chains and so on

### 3.3.2 TOPTRANS

The TOPTRANS system has established in 1993 as an all-Czech company without any foreign share. Whole system is centrally managed from Prague. The only activity of this system is a carriage (transportation) of packages and parcels from house to house, from day to day, with the guarantee that it's supplied till 24 or 18 hours. For the carriage packages are received from the envelope up to the 5 000 kg heavy goods, the length can be till 3,5 metres and the height till 1,8 m, the width till 1,9m. When the package exceeds the maximum proportions, the supplementary payment 50% is charged.

For its activity TOPTRANS use 25 regional depots and three central tranship points in Prague, Brno and Jihlava where NONSTOP working is. All depots send over every day at least one semi-trailer with the goods from their region to the central tranship point in Prague and Jihlava. Every night 30 camions and above 10 000 packages are charted in Prague. At the central point in Brno the goods is overlaid between the Moravian depots. Averagely 10 camions commute to Brno daily and every night 4 000 packages go through this tranship point. Camions ride at the central tranship point from 19 to 23 hours accordance with the time table and they must be checked-in in this way to be the latest at 6 a.m. the following day in the mother depot.

Here 5 – 20 different vehicles waits (it is according to greatness of the region), which deliver packages to customers. Currently they do haulage of packages for the next route.

Over whole republic above 700 TOPTRANS' vehicles journey day by day. Most of the transporters are the contracting ones, but even their vehicles TOPTRANS provide with new tilts with the system's logo. The own vehicles, by which TOPTRANS manage, are of modern foreign production with the special equipment such as elevated brows and so on.

Just in Prague there are twenty vehicles in the service park which provided with the elevated browse that enables process of unloading to the satisfaction of the customer. Concurrently TOPTRANS supplies its' tranship points with productive and reliable facilities, every driver has own mobile phone.

Whole system is equipped by unified computer engineering. Software was built from the beginning according to TOPTRANS' needs so it isn't just an assimilation of any universal spedition programmes. It is still developing and reacts even for new conditions.

Pieces of information about packages are carried by e-mails.

TOPTRANS is able to give the information about package to customer whenever (internet) and also can provide him a survey about the structure of ordered carriages, the amount of individual packages in all weight- and kilometres- zones, eventually even development of volume of transport in the particular months.

"TOPTRANS' price list is fixed with the depending on distances and packages' weight. In the case of not observance of delivery time, TOPTRANS gives back to customer 50% of the transport charges. TOPTRANS offers to customer two terms of delivery:

- Standard delivery time – 24 hours, delivery time starts from 6 p.m. on the day of serving the package to the transportation and the package must be delivered till 6 p.m. the following day.
- Abbreviated delivery time "TOPTIME" – 18 hours, the time starts to go at 6 p.m. on the day of taking-over of the package and it must be delivered up to 12 a.m. the following day. For the abbreviated delivery time "TOPTIME" TOPTRANS accounts 25% extra payment. There are also next extra services such as Top Weekend and Top Privat

TOPTRANS offers carriage of packages to the Slovak Republic with the delivery time 96 hours. Two camions with the packages intended to the Slovak Republic are daily sent from the centre in Hodonín to Bratislava and Nitra in Slovakia.

The customer can order (book) the carriage of packages with the customers' programme, e-mail, fax, telephone or personally. TOPTRANS service the regular customers on the basis of agreement without purchase order. The taking-over of the packages is carried out during the "Forwarding commission", in which a customer names the address of the accepter, the amount of pieces, the weight, eventually the cash on packet. During taking-over the packages are labelled with the barcode. For the regular

customers TOPTRANS offers an interesting customers' programme. A customer gets his number line, the programme prints according to scheduled data Forwarding commission and labels for the packets. To the programme there is got back to the customer information with the date, the hour of delivery and the name of the person, who took over the package, eventually the reason of not delivery of the package in the guaranteed time. The customer can watch move of the package in the internet.

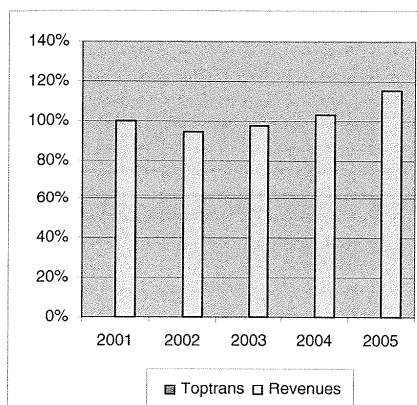
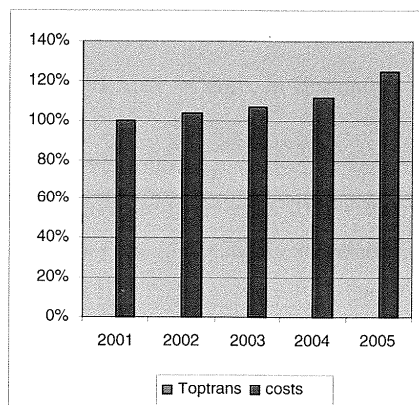
As any other systems TOPTRANS offers encashment prices of goods at the receiver. At the present time, when the payment discipline is not good, is this service positively evaluated by customers. It's enough to bring out the cash on packet. TOPTRANS lays out post remittance instead of a customer and guarantees the sending out of money the same day, when was encashed from the recipient.

During its existence TOPTRANS gained in this section goodwill thanks to quality of services, which provides. TOP means the top, summit, finale so we can say this system has this word in its name rightfully.

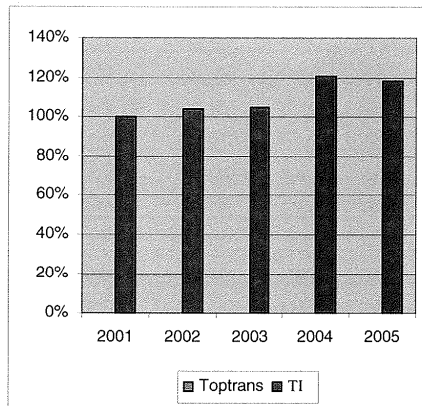
***Economic indicators' trend in the last 5 years for TOPTRANS – costs, revenues, trading income***

	2001	2002	2003	2004	2005
<b>TOPTRANS</b>					
Costs	100%	103,58%	106,52%	111,09%	124,35%

	2001	2002	2003	2004	2005
<b>TOPTRANS</b>					
Revenues	100%	94,15%	97,75%	103,18%	114,99%



	2001	2002	2003	2004	2005
<b>TOPTRANS</b>					
Trading income (TI)	100%	103,28%	104,33%	120,76%	118,27%



During the last 5 years costs have slightly increased in TOPTRANS annually, it's a more permanent situation, which can be further continue. TOPTRANS is also business activity, by which the biggest difference is between intra-plant revenues and costs in a whole company.

Trading income of TOPTRANS has increased about one fifth during the last 5 years. This slightly increasing trading income would continue also in the following years – despite the increasing competition and more complicated demand in the market, also thanks to established goodwill, joining with the high quality of provided services.

#### **TOPTRANS – Centre in Hodonín**

The following scheme determine revenues, indicators about picking-up and distribution during the years 2001 – 2005 after particular months; data is always compared to year per one (procentually expressed = index) and everything is concerned the centre in Hodonín. Picking – up = P-U, Distribution = Dist, Packages = Pac, Month = M

**Comparison of Revenues, Data about Picking – up and Distribution –  
the years 2001 and 2002**

M	Revenues			P-U (Pac)			Dist (Pac)		
	2001	2002	index	2001	2002	index	2001	2002	index
1	1 114 779	1 538 416	138	2132	2824	132,5	1764	2623	148,7
2	1 122 454	1 400 995	124,8	2091	2797	133,8	1852	2557	138
3	1 381 670	1 413 124	102,3	2463	2705	109,8	1989	2666	134
4	1 198 122	1 471 942	122,9	2232	2890	129,5	1880	2864	152,3
5	1 415 178	1 794 696	126,8	2679	3522	131,5	2067	3644	176,3
6	1 508 943	1 592 721	105,6	2874	3185	110,8	2406	3350	139,2
7	1 603 376	1 619 026	101	2875	3145	109,4	2547	3345	131,3
8	1 603 253	1 490 375	93	2875	3043	105,8	2547	3093	121,4
9	1 449 679	1 656 032	114,2	2619	3058	116,8	2071	3344	161,5
10	1 776 716	1 837 784	103,4	3158	3474	110	2707	3825	141,3
11	1 763 300	1 798 996	102	3231	3530	109,3	2634	3951	150
12	1 631 827	1 411 499	86,5	2913	2735	93,9	2083	3263	156,6
=	17 569 297	19 027 608	110	32 142	36 908	116	26 547	38 525	145,9
+/-		1 458 311			4 766			11 978	

**Comparison of Revenues, Data about Picking – up and Distribution –  
the years 2002 and 2003**

Month	Revenues			P-U (Pac)			Dist (Pac)		
	2002	2003	index	2002	2003	index	2002	2003	index
1	1 538 416	1 472 289	96	2824	3087	109	2623	3245	124
2	1 400 995	1 423 133	102	2797	2877	103	2557	3004	117
3	1 413 124	1 617 108	114	2705	3242	120	2666	3515	132
4	1 471 942	1 669 345	113	2890	3331	115	2864	3706	129
5	1 794 696	1 661 289	93	3522	3350	95	3644	3754	103
6	1 592 721	1 803 588	113	3185	3700	116	3350	3976	119
7	1 619 026	1 976 162	122	3145	4004	127	3345	4303	129
8	1 490 375	1 794 283	120	3043	3 573	117	3093	3 820	124
9	1 656 032	1 877 169	113	3058	3 721	122	3344	4 095	122
10	1 837 784	2 169 229	118	3474	4 208	121	3825	4 434	116
11	1 798 996	2 190 671	122	3530	4 028	114	3951	4 540	115
12	1 411 499	1 858 209	132	2735	3 697	135	3263	4 133	127
=	19 027 608	21 512 475	113,2	36 908	42 818	116,3	38525,0	46525	121,4
Differ.		2 484 867			5910			8000	

**Comparison of Revenues, Data about Picking – up and Distribution –  
the years 2003 and 2004**

M	Revenues			P-U (Pac)			Dist (Pac)		
	2003	2004	index	2003	2004	index	2003	2004	index
1	1 472 289	1 795 187	121,9	3 087	3 608	116,9	3 245	3 675	113,3
2	1 423 133	1 736 782	122,0	2 877	3 566	123,9	3 004	3 777	125,7
3	1 617 108	1 941 495	120,1	3 242	3 887	119,9	3 515	4 288	122,0
4	1 669 345	1 996 885	119,6	3 331	3 908	117,3	3 706	4 526	122,1
5	1 661 289	2 026 957	122,0	3 350	3 992	119,2	3 754	4 362	116,2
6	1 803 445	2 109 182	117,0	3 700	4 238	114,5	3 976	4 563	114,8
7	1 976 162	1 938 228	98,1	4 004	3 923	98,0	4 303	4 012	93,2
8	1 794 283	2 005 910	111,8	3 573	4 013	112,3	3 820	4 188	109,6
9	1 877 169	2 120 106	112,9	3 721	4 277	114,9	4 095	4 453	108,7
10	2 169 229	2 187 315	100,8	4 208	4 061	96,5	4 434	4 275	96,4
11	2 190 671	2 301 806	105,1	4 028	4 404	109,3	4 540	4 758	104,8
12	1 858 209	1 864 929	100,4	3 697	3 660	99,0	4 133	3 984	96,4
=	21 512 332	24 024 782	114,6	42 818	47 537	113,3	46 525	50 861	112,2
Differ.		2 512 450			4 719			4 336	

**Comparison of Revenues, Data about Picking – up and Distribution –  
the years 2004 and 2005**

M	Revenue			P-U (Pac)			Dist (Pac)		
	2004	2005	index	2004	2005	index	2004	2005	index
1	1 795 187	1 595 574	88,9	3 608	3 404	94,3	3 675	3 624	98,6
2	1 736 782	1 593 139	91,7	3 566	3 168	88,8	3 777	3 696	97,9
3	1 941 495	1 765 740	90,9	3 887	3 745	96,3	4 288	4 167	97,2
4	1 996 885	1 766 279	88,5	3 908	3 791	97,0	4 526	4 346	96,0
5	2 026 957	2 040 579	100,7	3 992	4 340	108,7	4 362	4 626	106,1
6	2 109 182	2 094 889	99,3	4 238	4 465	105,4	4 563	4 714	103,3
7	1 938 228	1 852 147	95,6	3 923	3 794	96,7	4 012	4 010	100,0
8	2 005 910	2 051 868	102,3	4 013	4 325	107,8	4 188	4 051	96,7
9	2 120 106	2 121 973	100,1	4 277	4 776	111,7	4 453	3 958	88,9
10	2 187 315	2 223 133	101,6	4 061	4 468	110,0	4 275	4 036	94,4
11	2 301 806	2 430 236	105,6	4 404	4 994	113,4	4 758	4 491	94,4
12	1 864 929	1 994 817	107,0	3 660	4 178	114,2	3 984	3 988	100,1
=	24 024 782	23 530 374	93,7	27 122	49 448	98,2	29 203	49 707	99,9
Differ.		-494 408			22 326			20 504	

Legend: Tablet is divided into 4 parts – Revenue, Picking-up (the number of packages), Distribution (CZK) and Distribution (the number of packages); every part contains the indicator for contemporary and per one year and their percentage comparison (=index); distribution proceeds in the districts Hodonin and Břeclav

M – months in the year

= - aggregate annual summary for particular months

+/- - difference in compared indicators for a whole year



### 3.3.3 Forwarding

ČSAD Hodonín a.s. intermediates not only classical forwarding services but also it emphasizes especially distribution.

The company assures mainly inland forwarding, the international one is not worked too much by reason of riskiness and generally bad payment moral.

Distribution made in ČSAD Hodonín a.s. is characterized by common transport (carriage) of different packages with various logistic parameters, from different committers, to different places in the Czech Republic. Just this sentence characterizes the difficulty of presenting effectiveness of carriage.

In the course of presenting distribution we can use configurations which are offered by informative system COLLI.

The economic configuration is used and it's able to classify costs for packages or deliveries in the rate to its weight. It's possible to dispose its' exact variety which considers also destination to the place offloading (kilogramme-kilometres).

Feedback of this evaluation is the pressure on optimalization of distributing traces and the right choice of transport without changing delivery conditions.

The indicator, which has a great influence on effectivity, is a greatness of delivery for one delivery address. In the distributing trace it can be also planned a few packages from different suppliers to one consumer, that's why evaluating of particular packages is not exact.

On the other hand it's needed to use both indicators during statistic evaluating.

At used way of distribution there are quite dissimilar counts of the most probable greatness of package / delivery, which are median or arithmetic average. That's why we must always use the same methodology.

For the purposes of economic scoring are used these indicators, too:

- trading income of all distribution – the net profit
- productivity of fixed costs
- productivity of variable costs,

where we mean costs for technical equipment, technology, telecommunication and human resources under the term fixed costs, under the term variable costs there are costs for outsourcing of transport service.

Quality of deliverance – efficiency is measured by KPI analysis. It's monitored if the parcel (package) was delivered and was delivered in time (the exact hour of deliverance – if the package was delivered later, even though everything else was alright, but it's noted as a mistake in statistics), disagreement, damage of package. In spite of that the efficiency is permanently very high, about the level of 98 – 99%

The way of deliverance – ČSAD Hodonín a.s. delivers also goods for example to operation halls, to the retirement castles etc., due to a value added is higher than at the classical operators, with whom the firm doesn't compete in the flexibility of goods' size, but contra it beats them in the sphere of value added. This value added the competitors cannot afford because of their sizes of parcels.

In the framework of ČSAD Hodonín a.s. a cooperation between TOPTRANS and forwarding proceeds only where it is possible, mostly there is a coaction in the forwarding with the external collaborator.

Transporters: Kříž – DOPOS, Hama trans, P - Logistik, GM Trans

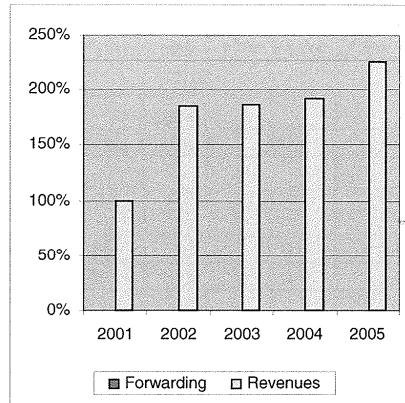
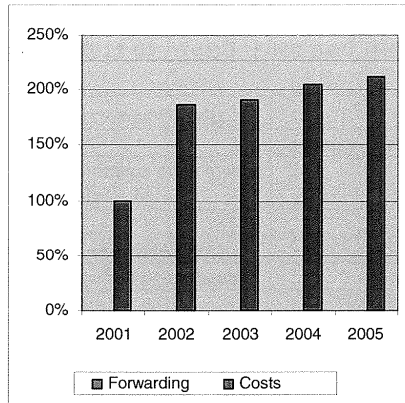
The most significant customers: Whirlpool, HARTMANN-RICO, Johnson Diversey, Laufen

Despatcher is covered by great number of information – one package means one different and special case. Drivers are equipped by PDA mobile phone, where a part of information is in the software and they dispose it; there is loading bill in which a driver writes after delivery of goods to customer his name and the information about the right and quality deliverance comes to dispatching.

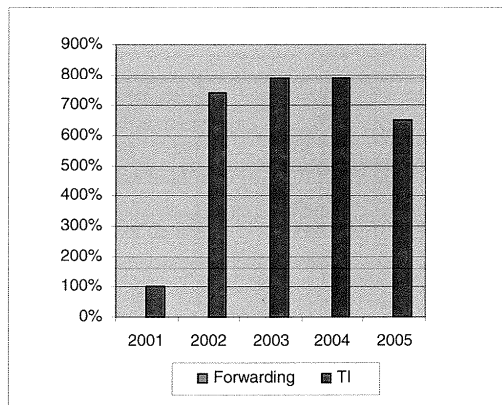
*Economic indicators' trend for the forwarding in the last 5 years – costs, revenues, trading income*

	2001	2002	2003	2004	2005
<b>Forwarding</b>					
Costs	100%	186,60%	191,12%	203,95%	211,80%

	2001	2002	2003	2004	2005
<b>Forwarding</b>					
Revenues	100%	184,44%	186,24%	192,05%	224,52%



	2001	2002	2003	2004	2005
<b>Forwarding</b>					
Trading income (TI)	100%	741,31%	790,16%	788,89%	647,80%



Costs and revenues in forwarding are in the trend of slight increase. Trading income achieved dramatical increase in 2002 - against the year 2001; since this year the trading income has achieved a slight increase annually, excepting the year 2005. It is supposed the trading income will be (connected with the – but not drastical - growing costs) relevant with the growing trends.

### Indicators of Monitoring and Measuring Processes – the Year 2004

	Indicator of Quality	2004					
		January	February	March	April	May	June
1	The number of provided parcels	3743	4358	5051	4761	4543	4160
2	Ratio of complaints	0	2	1	1	0	2
3	Ratio of disagreements	5	10	6	9	4	5

	2004					
	July	August	September	October	November	December
1	4821	6060	8670	7790	8706	8173
2	2	0	3	1	2	0
3	7	4	9	6	7	1

### Indicators of Monitoring and Measuring of Processes – the Year 2005

	Indicator of Quality	2005					
		January	Febr.	March	April	May	June
1	Number of provided parcels	7082	7234	7874	7054	6609	6868
2	Ratio of complaints	8	5	8	14	19	6
3	Ratio of disagreements	27	72	125	108	82	20
4	Timeliness of delivery	99,72%	99,09%	98,57%	98,70%	98,81%	99,83%
5	Completeness of delivery	99,79%	99,85%	99,75%	99,58%	99,56%	99,8%
6	Faultless of delivery	99,51%	98,94%	98,31%	98,27%	98,47%	99,62%

	2005					
	July	August	September	October	November	December
1	7671	9413	9450	8859	8078	8025
2	13	17	10	13	13	10
3	90	65	35	100	148	48
4	98,94%	99,49%	99,68%	98,96%	98,27%	99,53%
5	99,71%	99,64%	99,84%	99,76%	99,74%	99,75%
6	98,66%	99,13%	99,52%	98,72%	98,01%	99,28%

## Indicators of Monitoring and Measuring of Processes – 2006

	Indicator of quality	2006		
		January	February	March
1	Number of parcels	7 990	11 436	13 276
2	Ratio of complaints	99,82%	99,89%	99,91%
3	Ratio of disagreements	98,79%	99,42%	99,51%
4	Timeliness of delivery	99,04%	99,58%	99,65%
5	Completeness of delivery	99,75%	99,84%	99,86%
6	Faultless of delivery	98,75%	99,34%	99,47%
	Complaints	14	13	12
	Too late	77	48	46
	Not delivered	6	5	7
	Complaints + reservations	3	10	5
	Together	100	76	70
	Ratio of complaints – complaints			
	Ratio of disagreements – complaints + not delivered + too late			
	Timeliness – late			
	Completeness – complaintse + not delivered			
	Faultless – complaints + late + not delivered + reservations			

### 3.3.4 Customs Service

One of the possible items of logistic operations' chain is a collection of customs services. Under the term customs services it's thought:

Representation of declarant during the customs operation

Assuring of customs debit, which could come dueing the releasing of goods to any of customs regimes or during the change of customs status at the goods

Working and exposure documents for the customs operation

Making and monitoring required evidence

As we can see – demand or supply of customs services is concerned with just these operations where it shall be loaded the goods under the customs control. By the customs control it's meant such activities and acquisitions which enable customs rules enforcement which are related to loading of goods that underlies this control.

Exercitation of customs control:

Customs operation, e.g. kind of administration operation; here customs authorized determination or customs regime is allocated to declared goods, assigned fees are measured (to the refund of possible customs debit), it's authorized eventual assurance of customs debit or there are assigned conditions for the loading with the goods

Imported / exported goods' controlling (verification of features, quantity, quality), customs enclosures' apposition, connecting documents' controlling

Controlling of conditions' observation which are given by customs administration body for loading goods in some of customs regime with the economic effect, which was authorized by customs administration body

Customs control is exercitated for these business operations:

- goods have not Union goods' status (goods imported from the third country), enters the Union customs territory and shall be let go to the free circulation in the Union or to some of economically functioning regimes
- goods with the Union goods' status and shall be permanently exported out of the Union territory

Customs control is executed by customs administration in the Czech Republic.

To put up goods to the customs control is obliged for every declarant or his deputy.

A declarant is a person that holds goods (in possession) which underlie or shall underlie of customs control.

A declarant deputy is a person that is accredited by declarant fir the deputing in the customs control. The possibility to depute declarant in the customs control creates a space for customs services' outsourcing.

With the delegation to deputing a declarant brings over his duties against customs administration body to the provider of customs services and he doesn' take a part a customs control.

In respect of the characteristics of activities making in the framework Public logistical centres (PLC) can be anticipated that dimension of needs of customs operation joining to goods manipulating in PLC will be variable and its portion in light of total size of operations will be small. But if there is such need, then realization of customs operations will be a limiting factor especially for the speed and fluency of making logistic operations and also the next business operations joining to these goods.

In the cases loading goods, that is or shall be under the customs control it's not possible to leave the customs control.

The basic forms of customs processes needed for complex functioning PLC are:

Finishing transitive regime at the export

Following leaving to another customs authorized determination, which needs assuring customs debit:

- free circulation
- the next transit
- storing under the customs control (temporary storing, customs store)

Initiation the transit regime (at the transport of goods, which is under customs control)

Initiation the export regime, evidence of exporting operations in respect of the client's taxes duties

Setting up and negotiation over special documents (carnet TIR, carnet ATA, CIM)

Assuring customs debit in the law given cases

Besides these forms the clients can also require releasing to the economic regimes and finishing these regimes (active and passive improvement relations, overworking under customs control), in case of need leading appropriate evidence.

Legislative customs rules' framework is made by:

European Union Legislature, that is created by European Union administration bodies – European Council, European Commission, European Parliament – for example Customs Codex etc.

Nation's legislature (Customs law, Customs administration law, Value added tax law and so on)

Internationally accredited agreements and contracts (Agreement TIR, Agreement ATA, Agreement CIM)

### **Customs Services - ČSAD Hodonín a.s.**

#### **Activities**

The workplace of customs services provides complex of services for internal and also of course external clients.

The spectra of provided services is given by a) workplace placing (frontiers)

- b) external demand (external clients' needs CS)
- c) internal demand
- d) the way of working of appropriate customs office

The rate between external and internal customers is different in respect of particular workplaces. This rate also changes with using another measurement (work's dimension or difficulty, the height or kind of used liability, time of liability, financial heftiness of used service and so on).

#### **Customs Centre ČSAD Hodonín a.s. after the Czech Republic's Entry EU**

The customs service centre started to form in the company in the years 1992 and 1993 at the same time the Czechoslovakia was dividing. At the beginning the customs agents of the company worked at very hard conditions, provisory objects and minimally equipped. Contemporaneously with the frontier workplaces inland customs declarations' workplaces rose as well. Its placing and field of activity was directed by clients' needs and company leaders' strategical decisions. Typewriters were very quickly substituted by computers technologies. Gradually there were well-equipped workplaces up to four frontier crossings to the Slovak Republic (Hodonín, Sodoměřice, Velká nad Veličkou, Strání) and two road workplaces (Velká nad Veličkou – Customer service, Sodoměřice – parking place). Contemporaneously ČSAD Hodonín's customs agents provided whole packet of custom services at five inland working places (Hodonín, Brno, Břeclav, Hustopeče, Slavkov).

At the top era customs centre employed 48 people. Each of these workplaces functioned at different conditions, had a packet of "own" clients with specific needs and each of them functioned at the very competitive environment. In spite of that these working places were successful. The competitive advantage were – and still have been – high expertness and skill of customs agents to acquire and use IT. This is documented by the results of customs service trading income at this time as well as high standard of provided services.

Before the Czech Republic enter European Union, it means before 2004, the customs centre belonged to the most prosperous activities in the company. At the best times this centre achieved very interesting economic outputs.

With the entry European Union the situation at the customs service market has dramatically changed. Customs services' need decreased jumply – about 80 – 85%. There was a necessity to close extra workplaces and reduce remaining workplaces. At first workplaces at frontiers and road workplaces were enclosed. This phase lasted from the October 2003 to April 2004. When the Czech Republic entered the European Union the number of customs agents at inland working places was significantly reduced and



gradually extra workplaces were enclosed. After enclosing workplace in Břeclav (the 30<sup>th</sup> of September 2005) nowadays only two essential customs declaration's workplaces are active. It is the workplace in Hodonín which employs five female workers – customs agents and the place in Brno with four female workers.

Period between May 2004 and September 2005 was the significant economic decline for the customs centre and the time for finding new ways as well. The period of decline ends slowly and the time of finding still lasts.

The development of customs service trading income reached in the last months represents the light at the end of the tunnel. The centre in Hodonín has been out of area of red numbers since 1<sup>st</sup> quarter of 2005 and the centre in Brno approximates to this point. This trend has a permanent tend. A new demand on customs services appears. On the 1<sup>st</sup> of February new customs declaration working place in Prague was opened.

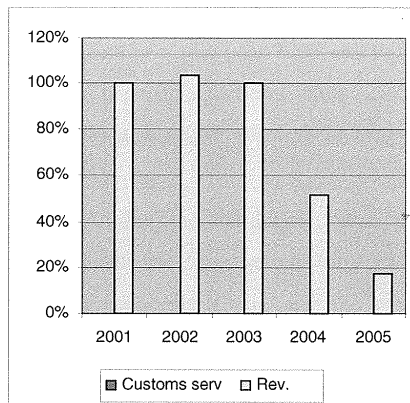
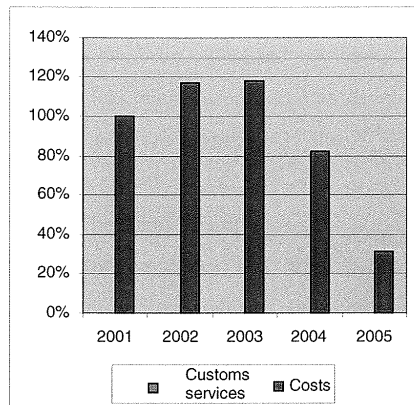
Customs services are required by clients in "new quality", which corresponds with the situation in EU. This "new quality" requires provider's high skills and corresponding IT equipment that's why it costs something. With regard to outer conditions it cannot be counted with reaching high rentability as at the time "before Union". Aggregate economic environment doesn't correspond it (the height of necessary costs, input prices, increase in prices for skilled work, quantity and character of required operations). But still it's true, that providing customs services can be profitable, because:

- 1) possibility of providing own customs services as a part of logistic services' packet can signify certain competitive advantage for provider
- 2) separate providing customs services for entrepreneurial public is hard and risky activity but it will be still demanded especially at the places where entrepreneurial (for example logistic) activities are concentrated – public logistic centres and so on

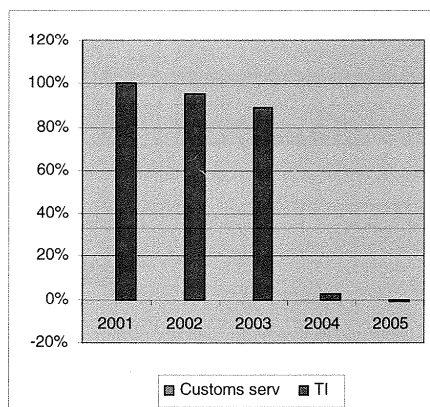
*Economic indicators' trend for the customs services in the last 5 years – costs, revenues, trading income*

	2001	2002	2003	2004	2005
<b>Customs services</b>					
Costs	100%	116,53%	117,29%	82,02%	31,22%

	2001	2002	2003	2004	2005
<b>Customs services</b>					
Revenues (Rev)	100%	103,57%	99,78%	51,70%	17,52%



	2001	2002	2003	2004	2005
<b>Customs services</b>					
Trading income (TI)	100%	94,93%	88,70%	2,57%	-0,96%



At the customs services it's needed to delimitate two periods – before the Czech Republic's entry European Union and after the entry (1<sup>st</sup> May 2004). In the 1<sup>st</sup> period trading income of customs services embodied unusually positive data, what was changed with the Czech Republic's entry European Union, when the need for customs services dramatically sank about 80 – 85%. Particular customs workplaces had to be closed and it was of course connected with the laying-off employees. In the tables we can see very significant decreasing costs and as well as revenues – in 2004 and still more in 2005). The most illustrious decline is evident in the case of trading income.

But at the present time there is evident motion to the better times – the centre in Hodonín has been out of red numbers since the beginning of the year 2005 and the centre in Brno has been moving to this dividing line; it's a permanent trend. New demand on customs services appears. On the 2<sup>nd</sup> February 2006 new customs centre in Prague was opened.

The trend of improving situation because of trading income doesn't mean, though, that customs services will achieve the outcomes from the time before entry European Union; providing customs services is behind the economic zenite and the time was changing. It's needed to try to cover occupied positions, try to find out new ones and use customs services as a value added to the packet of other logistical services.

Customs centre's operations during the years 2001 – 2005)							
(the number of provided documents)							
	2001	2002	2003	2004-1	2004-2	2005	Together
IMPORT	22 797	23 505	22 294	4 594	912	946	<b>75 048</b>
EXPORT	8 306	8 403	8 935	3 058	577	665	<b>29 944</b>
TRANSIT	33 104	19 215	18 916	3 648	218	243	<b>75 344</b>
OTHERS	0	0	0	0	698	897	<b>1 595</b>
<b>TOGETHER</b>	<b>64 207</b>	<b>51 123</b>	<b>50 145</b>	<b>11 300</b>	<b>2 405</b>	<b>2 751</b>	<b>181 931</b>

### 3.4 Fuel

#### 3.4.1 History

After nationalizing process during the years 1948 – 1949 small haulage firms arose, which own wide spectra of transport technique for various kinds of fuelling. The most known fuelling was wood gas, petroleum, low-octanoic fuels, oil etc. This transport technique had often war origin so it was gradually changed for more modern one with the diesel engines.

That's why own need arose to build small petrol station only for the oil with the adequate oil economy directly at the haulage works and its workrooms. Accordingly ČSAD Hodonín had to solve buying fuel at the time of its rise. It's obvious that fuel just purchased and consume at that time.

From the rise of small works' petrol stations to the time of "Velvet revolution" the law didn't allow commercial using and the need to sell oil to private subjects didn't arise, because the lorries were owned by almost nobody and cars with the diesel engines were at the market just in the limited measure. At that period petrol stations Benzina and Benzinol were determined for the commercial using.

The first indicia of the commercial sale were in ČSAD Hodonín dated to the beginning of the year 1991, when the companies Benzina and Benzinol had still limited sales time up to 5 a.m. or 7 a.m. At the ČSAD Hodonín's petrol stations there was a two-shift work and first customers wanted to prosper from that. They needed to tank also after closing time; they were especially citizens who used oil to the oil oven. These customers had various bins or vessels, which wouldn't sure charged ecological conditions in these days. ČSAD Hodonín provides lorries for the economic rent as well and also small firms arose which found out suitable resource for its work. It's necessary to say these sales were more or less occasional, just rarely it was a contract sale. Here the basic business thought starts how to use petrol stations better, which served mainly for a firm's lorry and bus transport.

Since the year 1991 the laws because of water economy and ecology has started to be more severe. From the past time ČSAD Hodonín didn't solve ecological loadings on some workplaces and it was necessary to solve this. One of these loads was petrol station in Hodonín as well as the second one in Veselí nad Moravou. In the autumn in 1994 the leaders of the company decided to build new public petrol station in Veselí nad Moravou. In March 1995 building up of new modern petrol stations was initiated. On the 1<sup>st</sup> of August first commercial sales started – not only oil, but also fuel, food, alcoholic and non-alcoholic drinks, toys, various oleums, car-cosmetics, car accessories and also restaurating services. Thereby competitors fight for canvassing customers was initiated.

The increasing motorism in the region forced the council in Veselí nad Moravou to solve the situation with the car washing at the family houses. They spoke to different companies to give any suggestions to resolve these problems. ČSAD Hodonín a.s. accepted this challenge as a occasion to the next accesorying services. In 1998 and again on the 1<sup>st</sup> of August the company opens new eork of automatical and hand-washing.

Because the sale at this petrol station was in the process successful, the management decided to build up other two petrol stations. At the beginning of the year 2000 petrol station in Hodonín and half a year later in Velká nad Veličkou were finished.

With the widening of logistic activities in Brno – Slatina there was demand of vehicles ČSAD Hodonín a.s. and contracting transporters at the logistic centre on fuel. Primarily intended non-attended station came to work in the half of the year 2002. After diffident starting its significance has still greater dimension in the company's petrol stations network and it's decided that this petrol station stays with attendance and non-attendant automatic machine with the sign NONSTOP.

ČSAD Hodonín's business activities expand by the joining to various systems of refuelling across whole Czech Republic and particularly Europe as well.

### **3.4.2 Present**

The development grew from the primary situation, when petrol stations functioned in the framework of ČSAD Hodonín only for its own need and consume into the present situation when ČSAD Hodonín a.s. controls the modern petrol stations network, which offers not only quality fuel but also various car accessories, oleums, food, alcoholic and non-alcoholic drinks, toys, news, tobacco products etc. etc.

ČSAD Hodonín a.s. tries about interconnected and quality card system, which unificates petrol stations of customers, especially haulage companies and due to enables relative fuelling at other places across the Czech Republic by one card and for the same price.

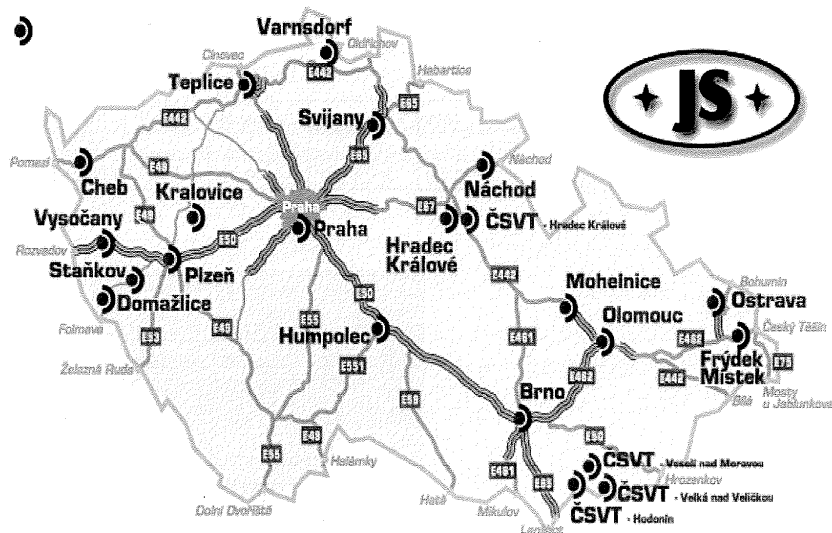
The company also tries on account the value added tax to safe outputs from the republic with the aid of contract partners in this way that all vehicles can refuel for advantageous prices and by a card just before overcrossing frontiers. Finding out other business partners is still proceeding to try to cover as more outputs from the republic as possible.

ČSAD Hodonín a.s. has covered important strategic places such as Prague, Brno, outputs to Slovakia and most of another inland and also international strategic roads.

Haulage (transport) companies are joined to system and ČSAD Hodonín a.s. is one of the carrying points. Bilateral (or multilateral) business acts of individual transport companies function on the basis of reciprocity.

### 3.4.3 Single system of fuelling JS Petrol s.r.o.

- The company deals with fuel sales, the form of transporters' cooperation, with the possibility of using their storage capacities and bringing over the data about reciprocal fuelling with the help of internet
- The cooperation arose in April in 2001 and at the present time it's used by more than 150 companies including ČSAD Hodonín a.s.
- Due to development of informative technology JS Petrol works on the databasis connection and on the other development of the reciprocal fuelling system through the internet depending on requirements of transporters and providers of intradepartmental and non-attendant petrol stations

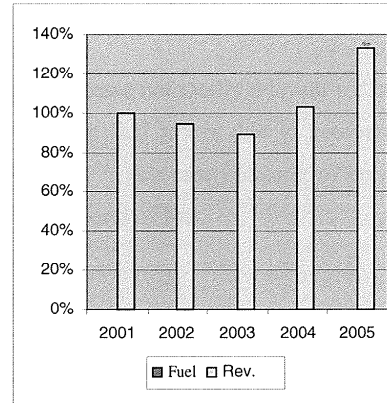
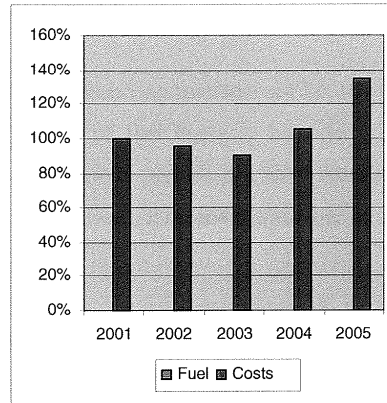


Resource: [www.jspetrol.cz](http://www.jspetrol.cz)

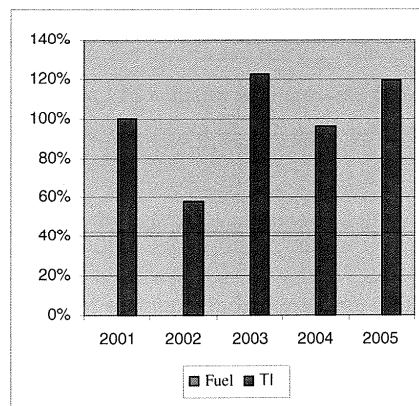
#### *Economic indicators' trend for fuel in the last 5 years – costs, revenues, trading income*

	2001	2002	2003	2004	2005
<b>Fuel</b>					
Costs	100%	95,66%	90,43%	105,03%	134,62%

	2001	2002	2003	2004	2005
<b>Fuel</b>					
Revenues (Rev)	100%	94,58%	89,06%	103,06%	133,19%



	2001	2002	2003	2004	2005
<b>Fuel</b>					
Trading income (TI)	100%	57,84%	122,27%	95,78%	119,16%



Despite the slight decreasing costs at the fuel in 2002 and 2003, we can see evident increase in costs in 2004 and 2005 which is connected with increasing quality of services and their widening, costingness, innovation. These costs would increase with the analogous rate. The similar trend of the curves in particular years is visible at the graph of the revenues as well.

Costs and revenues of fuel are the largest item in the aggregate costs and revenues of a whole company ČSAD Hodonín a.s.

The graph of trading income, resp. its curve has had slightly sinusoidal shape; through still more qualitative providing services there is a trend to the constant or slightly increasing level of trading income.

The revenues comparison can be, though, in this case not totally relevant indicator of contribution of fuel business because of changes in fuel prices due to compared revenues for various periods can have inexact character. In this case indicator of outflow can be more relevant, it means the number of outflowed litres of fuel.

### **3.5 Lorry Transport**

#### **Situation in the lorry transport in 2006:**

Number of vehicles: 79 pieces, from that 20 new ones, setted in operation in January 2006

Number of workers - executive staff: 17

Number of drivers: 88

#### **Structure of the vehicle park:**

Vehicles DAF, trailer bodies and towing vehicles Schwarzmüller, Schmitz

Drop-side bodies : 25 vehicles with the cube 106-108 m<sup>3</sup>

Semi-trailers: 54 vehicles with the cube 95-100 m<sup>3</sup>; 20 new ones are lowdeck, bearing height 3 metres

Until the end of the year 2006 other semi-trailers will be bought.

#### **Comparison of economic indicators 2000-2005**

The fall in revenues for 1 km – the year 2000 against the year 2005 about 12% - trend of the market, surplus of supply above demand – the big numer of vehicles, which can ride abroad after entry EU and are not limited with the international entry commissions

Increase in driven kilometres - 19 % - the pressure on bigger „employment“ of vehicles – smaller idle time

Increase in the size of revenues - 8 %.

Increase in the prices of oil 17,8 %.



**Partners:**

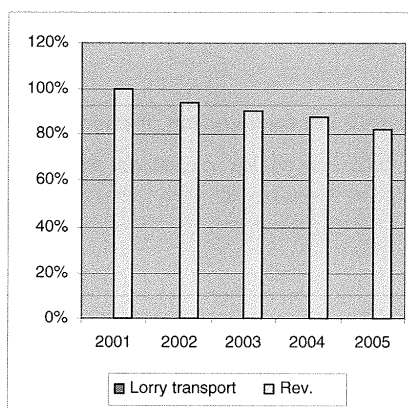
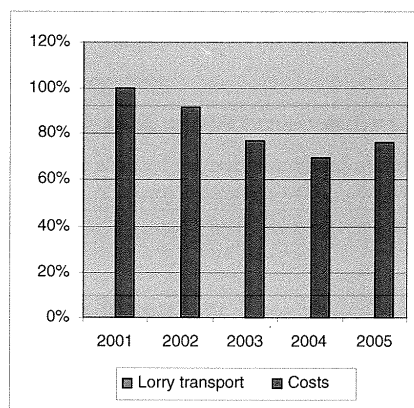
The lorry transport cooperate at the present time with the big productive companies which make a great rate of the size of carriages. This strategy supports to the decrease of the risk of uncollectible account from not veriflicated customers.

Among the biggest customers it can take in Ploma Hodonín a.s., Šroubárna Kyjov and Žďánice, Jihomoravská armaturka Hodonín, Kordárna Velká nad Veličkou and others.

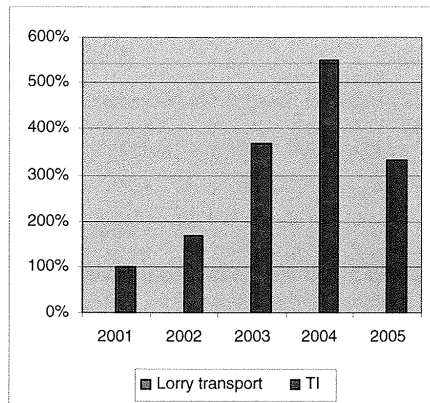
***Economic indicators' trend for the lorry transport in the last 5 years – costs, revenues, trading income***

	2001	2002	2003	2004	2005
<b>Lorry transport</b>					
Costs	100%	91,79%	77,14%	69,94%	76,54%

	2001	2002	2003	2004	2005
<b>Lorry transport</b>					
Revenues (Rev)	100%	94,36%	90,40%	87,54%	82,18%



	2001	2002	2003	2004	2005
<b>Lorry transport</b>					
Trading income (TI)	100%	169,26%	368,65%	551,44%	331,02%



Costs in the lorry transport had decreased in 2001 – 2004, but in 2005 there was a slight improvement in the cause of higher requirements for the revitalization against the previous year and innovation of vehicles and costs were at the level of the year 2003. Until the end of the year 2006 20 new towing vehicles will be bought. Costs are depend on the prices of oil, too.

It's interesting that revenues has annually decreased (slightly, but yet) during the years 2001 and 2005 – it's caused by higher competition, which has still increased after the Czech Republic's entry European Union. Revenues will probably have further slightly decreasing level.

Trading income came from the negative numbers to positive ones and since 2001 it has been evident annual percentual increase in trading income, except the year 2005.

### 3.6 Citroën

ČSAD Hodonín a.s. has provided authorized dealership of cars Citroën since April 2002.

To realization of standards determined by Citroën Czech Republic, it was need to invest a lot of money to widening current spaces and buliding new ones (chrono-service – fast-service, the room for giving off new cars and so on)

#### Citroën – vehicle sales:

Till the end of the year **2002** there were sold approximately 45 vehicles Citroën

**The year 2003**

- Determined aim of sold vehicles Citroen was 90 pieces
- The real sales were in the height of 86 pieces

**The year 2004**

- Determined aim of sold cars Citroen was 93 pieces
- The real sales were in the height of 107 pieces

**The year 2005**

- Determined aim of sold vehicles Citroen was 107 pieces
- The real sales were in the height of 137 pieces

**The year 2006**

- Determined aim of sold vehicles Citroen is 137 pieces
- The sale for 5 months makes 65 cars

**Total sales** during the existence are approximately 440 vehicles

**Citroën** – centre in Hodonín offers these models:

Berlingo (car, pick-up), Xsara (finished production in 2005), C3, C5 (sedan, combi), Xsara Picasso (car, van), Jumper, Jumpy, C4 (since 2005), C8 (car, pick-up), C1 (news from Kolín), C2 (only 3-door version), C6 (news at the market in 2006)

**Contemporary most sold models:**

- 1) Berlingo 30 %
- 2) C3 25 %
- 3) C4 20 %

Remaining cca 25 % make sales of the other models.

**Offered services:**

In 2002 the company started:

- Sales vehicles Citroen

- Services activities joined to cars Citroën
- Selling replacement parts

**At the present time Citroën offers these services:**

- emission (in 2004 emission station was built)
- fulfilment and control air – conditions (since March 2006)
- bodyworking and varnishing (own bodywork shop, external paintshop)
- cars', van's and pick-up's tire service
- cars' buyouts on the offset account

**Employees at the centre**

Vehicle sales – sales leader, seller

Distribution replacement parts - seller of replacement parts

Service – Service leader, service technician

Mechanics of the service – technician expert, mechanic expert, car-bodyworker, 2 mechanics

Citroën centre's leader

Assistent of a sale

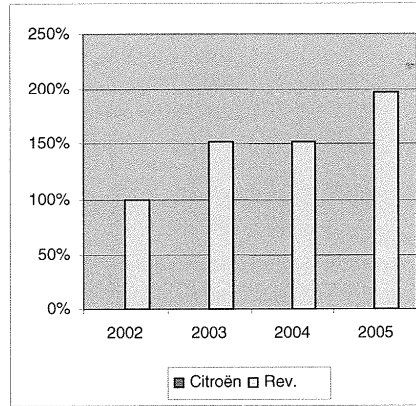
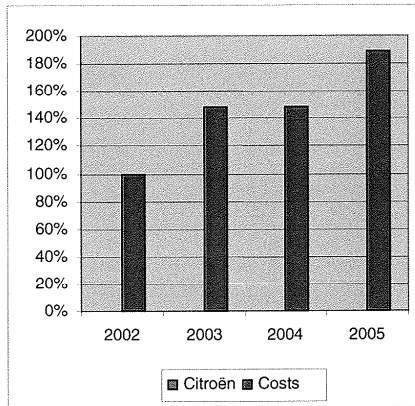
Total number of employees at the centre Citroën: 12

It's the most important for the company at least to hold quality of provided services, whereto certification ISO 9001:2000 helps.

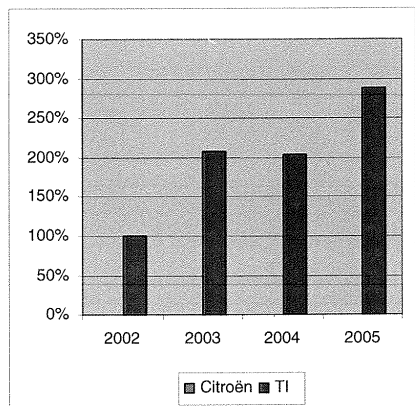
***Economic indicators' trend at the centre Citroën in the last 5 years – costs, revenues, trading income***

	2002	2003	2004	2005
<b>Citroën</b>				
Costs	100%	147,88%	148,21%	189,13%

	2002	2003	2004	2005
<b>Citroën</b>				
Revenues (Rev.)	100%	152,33%	152,24%	197,59%



	2002	2003	2004	2005
<b>Citroën</b>				
Trading income (TI)	100%	206,23%	202,56%	288,66%



Citroën started its business activity in April 2002 – e.g. there were kept almost constant costs during the first three years of existence, in 2005 costs evidently increased, which was joining with the widening of services or making the present services more qualitative.

Trading income has gradually achieved more interesting results than at the beginning of business activity – where values weren't of course such successful – and these more successful data will be continue in the following years as well. The aim of the Citroën centre is to keep positive trend in the achievement of trading income. The number of sold cars (vehicles) should overcome values from the last year and determine other gradual goals.

## **4 ČSAD Hodonín a.s. – the Present Time**

ČSAD Hodonín a.s. profiles as a haulage, forwarding and logistic company. It assures to the customers quality and reliable carriage of goods in whole Czech Republic, exports, imports including overworking at the logistic centres. These operations joins and are optimized with the aim to ensure flexible and continuous goods flow from the producers to consumers.

At the present time ČSAD Hodonín belongs to medium haulage-forwarding-logistic firms in size, but in significance or prompt supply of wide services' spectra the company belongs to the priority Czech firms required by inland and foreign customers as well. In the competitive environment ČSAD Hodonín a.s. has a persistent place, respect and it's saluted by significant inland and foreign clientele.

### **4.1 History of ČSAD Hodonín a.s.**

As other primarily haulage firms also the joint-stock company ČSAD Hodonín a.s. joined at first to historical structure of state firms ČSAD; their arise reached in 1949. All of at that time functioning companies assured differently specialized road haulage (lorry transport) and transport people by buses.

After the year 1990 the firm was privatized and in 1993 the joint – stock company ČSAD Hodonín a.s. arose. Afterwards there was significant decision about keeping company's stability and choosing the right strategy, which leads to development and prosperity. It meant either to stay at the grooving organization and system with the usual supply of service or to start on a journey and to react on stronger challenges of dynamically developing and changing market and entrepreneurship, without practical experience. It was a reaction on demand on variability of logistic services (transport, forwarding and another ones), which would satisfy production and sales due to realization of its production. After thorough analysis of entrepreneurial and competitive environment the company decided for the strategic plan which consists of assuring before-productive and after-productive logistics with the use of time-defined services in the supplying and distributive chain of delivery products and in storage logistics.

Following this decision the important organization changes happened, preparing of personnel and its exercise with the determination on increase in knowledge and managing of new professional requirements. Not small resources were invested to transport's and manipulative technique of store capacities and IT. All effort was subordinated that the company will be very early at the competitive level in the sphere of logistic services and it will dispose reliability and attractiveness for inland and foreign customers.

Some of the elements of this chain as haulage, storage and customs services, the company could have assured immediately and because of the next ones it was need to create in this way to offering of services oriented to the customer was as complexed as possible.

## **4.2 ČSAD Hodonín a.s. – the Present**

From the beginning the company proceeds so that directing and supply of services fulfilled the substantial what logistics represents, e.g. "integrated planning, creating, executing and controlling material and joining information flows from supplier to the company and from the company to the consumer." (Schulte 1994)

In this sense ČSAD Hodonín a.s. "transformed" programmatically to the logistic firm which is able to assure services Just In Time to customers.

In the entrepreneuring of ČSAD Hodonín a.s. are dominant:

- Inland and international road haulage
- Inland and international forwarding
- Express carriage (transport) of parcels (packages) at the TOPTRANS system
- Customs services
- Storage, distribution and supply logistic
- Business with fuel and its sale
- Sale and repairs of cars and vans
- Transport by bus

At the present time the joint-stock company cooperates narrowly with the significant companies, it assures storage and distribution of their products. In the framework of this cooperation there is permanent development of particular logistic services with the immediate connection to other logistic processes, especially in the sphere of distribution.



### **4.3 Products and Customers**

ČSAD Hodonín a.s. is a dynamic company built on long-term tradition. The company orients for providing required and highly quality services especially in the section of products' motion between production and consumption. In the framework of logistics chain the firm uses mainly own specific activities and the others, which doesn't provide from its reserves, purvey. Customers are for this company priority and that's why this joint-stock company builds partnership and highly-standard relationships.

### **4.4 Philosophy of Entrepreneuring**

Philosophy goes out of the continuity of all positiveness, what our predecessors let us here. This is joining with honest and responsible working of contemporaneous employees in this way to assure good perspectiveness and prosperity of this company.

### **4.5 Slogan**

- ✓ Tradition
- ✓ Quality
- ✓ Prosperity

## **5 ČSAD Hodonín a.s. - Analysis, Economic Indicators**

### **5.1 Analysis of the Company**

Compared to the last year there is increase in the significant indicators in 2005 and the total turnover is near to the magic number of 1 milliard Czech crowns.

In light of long term perspectiveness strategy of ČSAD Hodonín a.s. is further oriented on complex logistic services directed to the products' motion in the before-productive and after-productive sphere to the final consumer.

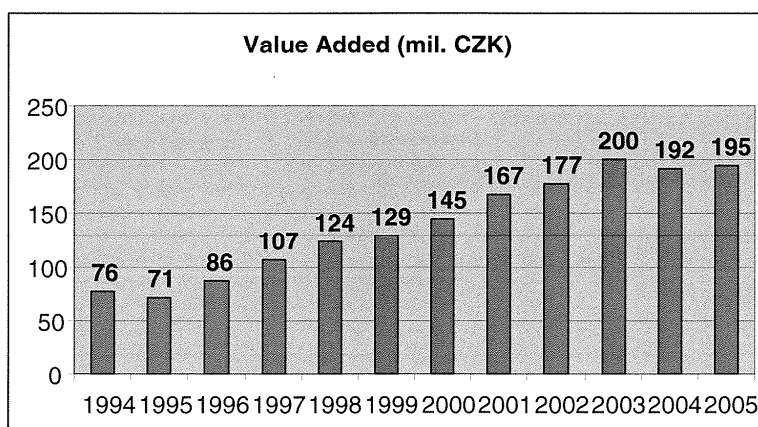
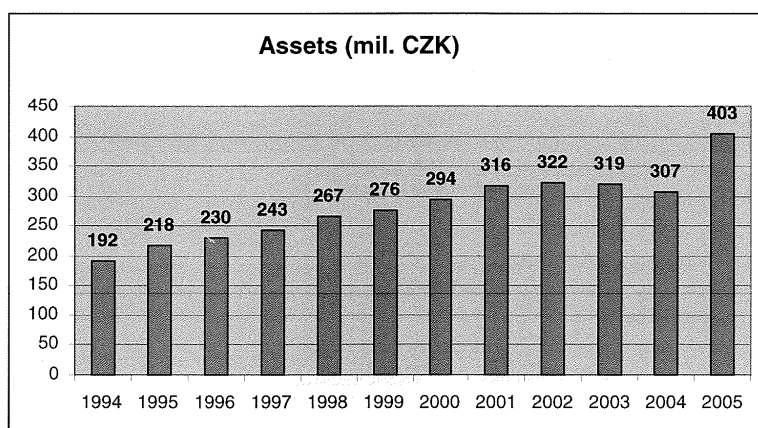
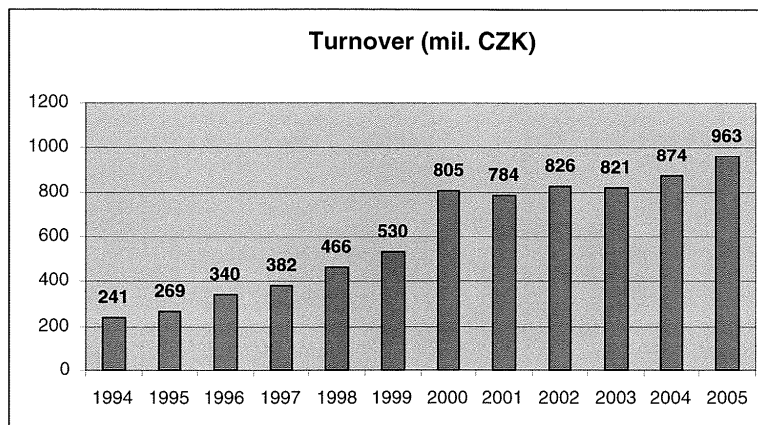
The company directs on satisfaction of customers' demand not only in the region, but also in the other parts of the Czech Republic. Not in the last row it's needed to remind the cooperation of high standard with the foreign logistic operators. Thereby ČSAD Hodonín a.s. wants to contribute to better using products at the inland market and in the imports and exports as well. The centre of company's interest is a permanent and satisfied customer. Besides ČSAD Hodonín a.s. makes an effort a established position among the best providers of logistic services both in the Czech Republic and across whole Europe.

Dynamic increase in dimension of services and emphasis on their quality required innovations in the sphere of transport, manipulative and informative technology. There were realized investments in towing vehicles, semi-trailers, medium- and small-tonnage vehicles, high-lift trucks, buses, software, hardware and other technique. These investments are needed to keeping high level of services and satisfaction of customers.

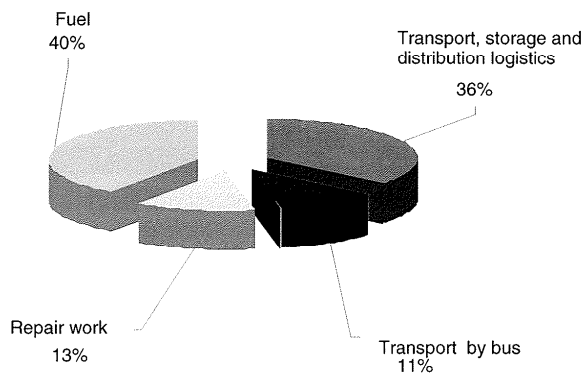
Besides high services' standard ČSAD Hodonín a.s. also used many instruments for keeping customers' favours:

As very effective it indicates for example publication pieces of information about the company in the skilled magazines or newspapers, taking a part at seminaries, discussions and conferences with the special tematics. The regular taking a part at the logistic trade fairs in Brno and Munich is for the company very good occasion how to present itself and keep a contact with the logistics world. The active taking a part in the profession associations supports an advantageous position in the competitive environment.

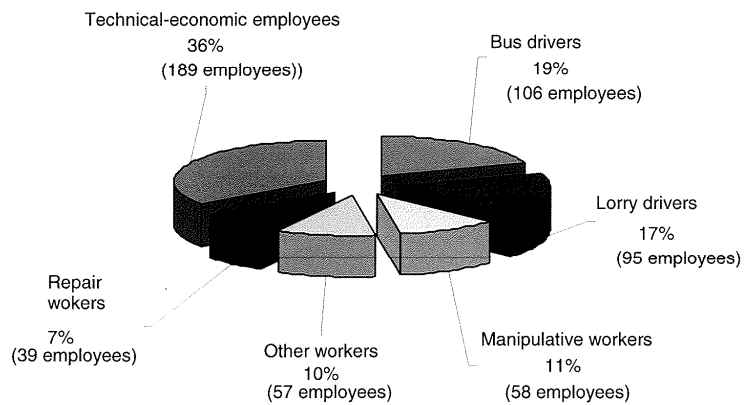
## 5.2 Economic Indicators

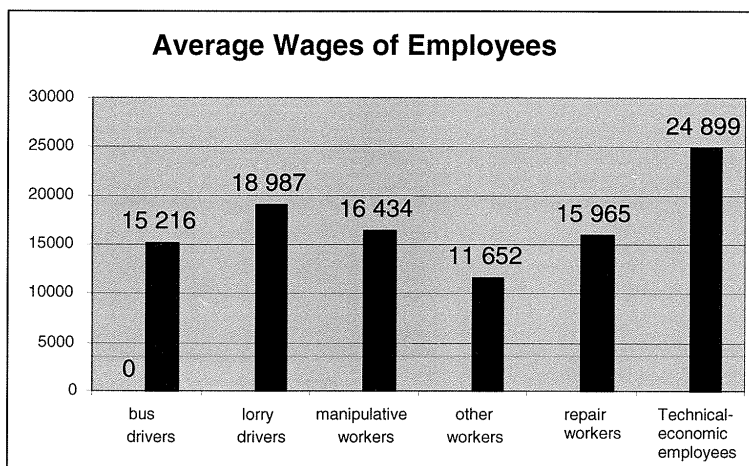
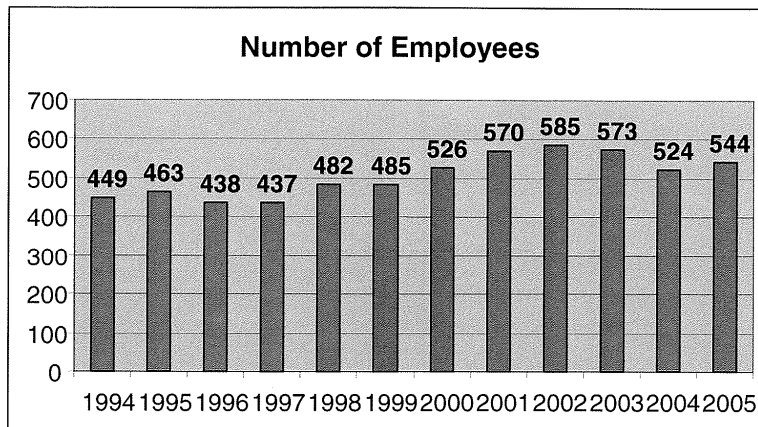


**Rate of particular activities to total turnover of the company - 2005**



**Average numbers of employees**  
*(total - 544 employees)*



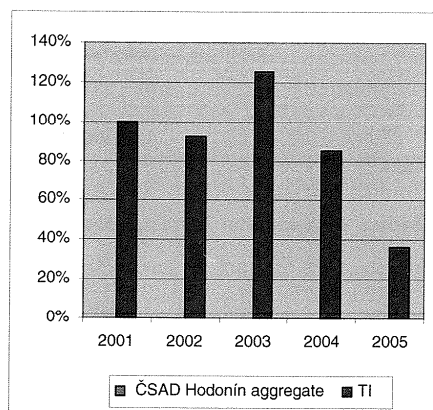
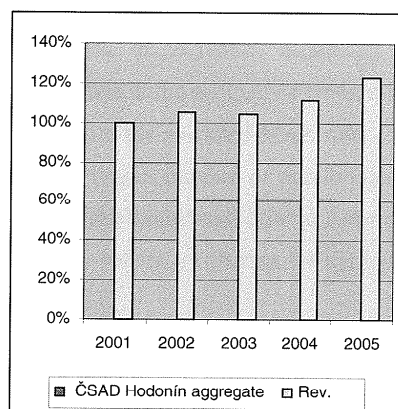
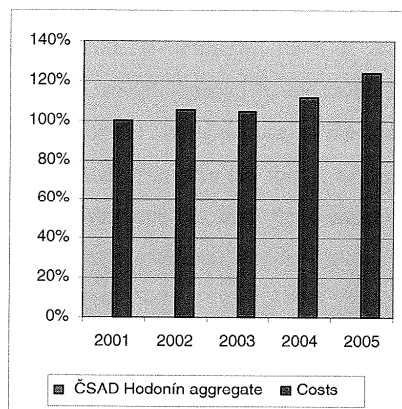


## ČSAD Hodonín a.s. aggregate

	2001	2002	2003	2004	2005
<b>ČSAD Hodonín a.s. aggregate</b>					
Costs	100%	105,43%	104,59%	111,71%	123,51%

	2001	2002	2003	2004	2005
<b>ČSAD Hodonín a.s. aggregate</b>					
Revenues (Rev.)	100%	105,33%	104,75%	111,50%	122,83%

	2001	2002	2003	2004	2005
<b>ČSAD Hodonín a.s. aggregate</b>					
Trading income (TI)	100%	92,02%	125,21%	84,87%	36,07%



### 5.3 SWOT Analysis of the Company

SWOT analysis is a technique of strategic analysis, based on weighting of internal factors of the company (strong and weak aspects), and environmental factors (opportunities and threats).

SWOT analysis is a tool used mainly by value management and creation of company strategy for identification of strong and weak aspects of the company, opportunities and threats.

Strong and weak aspects of the company are factors forming, or on the contrary lowering the inner value of the company (assets, skills, company resources etc).

Contrary to that, opportunities and threats are outer factors, which the company cannot control so well. But it can identify them with the aid of a suitable analysis of competition, or with the help of analysis of the demographic, economic, political, technical, social, legislative, and cultural factors acting in the company's environment.

For the strong aspects of the company applies the so-called MAX rule, e.g. we try to maximize this area (so that it brings to us the largest number of possibilities, how to distinguish ourselves from the competition, and at the same time, how to come nearest to the customer's wishes); contrary to this rule MINI – where we attempt the minimization of influence.

From the point of view of variety of providing services to the customers by the firm ČSAD Hodonín a.s. here is worked out an overall cross-sectional SWOT Analysis, which is a guide for the 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, logistics 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 the various kinds of transport meet, the so-called Public Logistics Centre (slow implementation, due to the incompleteness of response from State Administration)

**Threats:**

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

**Opportunities:**

- commerce East-West (advantageous location of the Czech Republic in Europe for provision of logistical services)
- speeded up transport after entry to the EU (waiting at the border 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 the financial security required for building of an Intermodal Logistics Centre in Brno



## **6 Aims, Strategy, Future of the Company**

ČSAD Hodonín a.s. is reliable processively directed company, which is in the sphere of transport, storage and distribution logistic fully competitive developing business partner also in the third millennium.

### **6.1 Entrepreneurial Vision**

To keep position of the company among ten best and evaluated logistic companies in the Czech Republic and gradually to promote among the best companies in the European Union during satisfied customers with the support:

- Quality and effectivity of direction embedded in the system of quality management → ISO 9001:2000
- Complex logistic services
- Corresponding resources
- Reliable and executive network of cooperations with significant inland and foreign subjects

### **6.2 ČSAD Hodonín a.s. - Aims**

The goal of the firm ČSAD Hodonín a.s. is to become a prominent company in transport and logistics and to be, as far as the quality of services provided, an equal partner to similar firms in Europe. It intends to achieve this by the quality of management, improvement of processes and of services provided, increasing in employees' specialization, and by its sensitivity to the environment when carrying out all of the activities.

### **6.3 Strategy of ČSAD Hodonín a.s.**

Under the term strategy is usually understood the determination of long-term targets of the firm, and determining of the courses of action, leading to the attainment of these targets. Gradual fulfillment of individual strategic targets is directed towards

realization of the predetermined vision that represents final solution of the company's intention to build a new, stable, and competition-resistant position of the firm in the entrepreneurial environment.

The company ČSAD Hodonín a.s. as a Czech firm, has been already for several years moving among the foremost logistics operators in the Czech Republic. It is possible to state, that it is offering to its customers a relatively wide offer of services in the field of product transport, from their inception up to the consumers, including the requested operations, largely carried out in the Logistics Centres in Brno and in Hodonín.

Strategy of the joint-stock company rests even further in the development of logistical services, not only on the territory of our Republic, but also in Central Europe, as a response to market demands. With this is closely connected the formation of function alliances with proven, reliable, and important foreign logistics operators. In order to manage this perspective, there must be built a production, technical, and personnel base, placed in a suitable locality, which is characterized by a strong production-consumer base, meeting point of various flows of goods, and suitable transport connections.

The company sees strategy of further development in the continuation of successful development that will be directed to the strengthening of position in the environment of providers of logistic services of a high standard, and in creating confidence in supplier-customer relations, which are the basis of a long-term co-operation. The company hereinafter plans to fulfil the demands and expectations of clients by the responsible approach of all employees to the fulfillment of working duties, and allocated tasks, and to construct strategic relations on the global market.

#### **6.4 The Main Strategic Intentions for the Year 2006**

- To continue with the development of complex logistic services with the intention on building up new logistic centre in Brno and on the cooperation with the inland and foreign logistic operators as well

- To assure technical equipment at the corresponding level by vehicles in the section of lorry transport, bus transport and repair equipment with the purpose of their reliable function, which is projected to the fulfilment of customers' requirements.
- To create partnerships – narrowly cooperated alliances in the sphere of effective cooperation determined on the elements such trust between supplier and consumer of services.
- To prepare the joint-stock company for the implementation of integrated system of control with the regard to quality, environment, safety, health's protection
- To keep a firm's position among best logistic operators in the Czech Republic
- To assure skillness of employees on standards of European Union
- To bear in mind the corresponding level of propagation and medialization of ČSAD Hodonín a.s., which will support company's position in the international measurement
- To continue in the connection to the work of associations, economic chambers and the other institutions, use cooperation with the academia as well; all of this with the aim to be in the contact with actual and contemporary trends in the sphere of similar entrepreneurship.

## Conclusion

In my bachelor thesis I describe the company ČSAD Hodonín a.s. and its business activities. This company is very interesting because it belongs to the top in the Czech Republic at its field of activities.

As other haulage firms this company provides bus and lorry transport, but the emphasis is on the complex of logistic activities, which contains inland and international road haulage, inland and international forwarding services, operations in stores, providing customs services, TOPTRANS – express packages' transport (carriage). These activities belonging to the logistic chain make approximately 40% of the total company's turnaround.

The next substantial rate of total company's turnaround is created by fuel sale and joining goods' sale at the petrol stations. The business activity "Fuel" exceeds 35% of the total firm's turnaround.

ČSAD Hodonín a.s. provides also following business activities – cars' sale and service (Citroën), repairing, bus transport. I directed to the business activities that are more attractive – complex logistic services, fuel or Citroën against repairing and especially bus transport, which has not such a developing potential but it assures standard serviceability in the region.

At each of business activities I named basic information, then I described it and analyzed a few economic indicators of individual business activities – costs, revenues and trading income during the last five years, e.g. separately for each of business activities. Because I know that I was working with non-public strategic data, I chose this way of presentation which fulfilled needs for my thesis and simultaneously it wasn't dangerous for the company because of escaping of secret strategic data.

In the next part I described history of the company, its historical development since 1949 until now.

I named the other economic indicators, which were not concerned with particular activities, but with the whole company – for example turnover, assets, the number of employees and so on for the last years.

In the last part I described strategy and goals of the company to the future; strategy is very important, through quality strategy the company can achieve realization of its goals by easier way.

## **Résumé**

The aim of my bachelor thesis was to undertake analysis of business activities of the company ČSAD Hodonín a.s.

In this thesis there is description of individual firm's business activities (storage, forwarding, express carriage (transport) of packages, customs services, fuel sales, car's sales and services (Citračn), lorry transport), their development and the analysis of the present situation. Here

I brought the economic indicators of these business activities in – costs, revenues and trading income – during the last 5 years, e.g. the indicators are for the years 2001 – 2005. The data have predicative value about their progress.

Bachelor thesis also contains pieces of information and data about progress of ČSAD Hodonín a.s. as a whole. Analysis of the whole company is carried out here, too, its possible progress and especially the company's strategy which is an essential part of this thesis; through suitable strategy the company can achieve its goals better.

During writing this bachelor thesis I benefited from the representatives of particular business activities, from the internal materials of the company and from the resources named in the list of used literature.

## List of Used Resources of Literature and Internet

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