

Report Strategy Development Project D

1 Basic Approach

The aim of the scenario exercise was to test different strategies against different possible future developments of the frame conditions.

The overall scenario approach was

- to construct two frame scenarios which describe different developments of essential frame conditions
- to define two basic strategies
- to describe the action scenarios combining the frame scenarios with the strategies (2x2=4)
- to draw lessons on which strategy would be most appropriate

The frame scenarios were constructed combining different possible answers to four questions which preoccupied the actors:

- Today's short-term thinking is a difficulty for intermodal logistics. When will more favourable economic conditions allow for more medium-term commitments?
- Concentration in the logistics sector, formation of large integrators : how stable are present niche markets?
- Railway politics: Will the big railway companies leave space for other rail and intermodal operators, how will the market in Germany and France evolve?
- How will highway tolls in Germany evolve and affect prices?

The two basic strategies were constructed combining different alternatives for joint action that had been discussed by the actors in previous sessions

2 Frame Scenarios

2.A Frame scenario A

Stagnation and Monopolisation

- Continuation of economic stagnation and short-term thinking of the clients
- Increasing dominance of large integrators monopolising the organisation of intermodal operations
- Further delays in the introduction of truck tolls
- Aggressive policy of the large railway companies, independence of small operators gets difficult

2.B Frame scenario B

Growth and Competition

- Stable growth perspectives encourage long-term thinking
- Tolls and taxes increase competitiveness of rail and navigation
- Political push for intermodal solutions increases
- Accelerated introduction of containers
- Smart deregulation increases competition on the rail
- High qualifications needed for survival on new markets

3 Basic Strategies

3.I Strategy I

Cautious cooperation

- establishment of a rather simple EEIG (European Economic Interest Grouping)
- simple rules for new common projects which can be well calculated in advance
- good experiences could let grow trust for more ambitious projects

3.II Strategy II

Ambitious joint venture

- establishment of a more elaborated EEIG
- more complex rules for the joint development of long-term projects
- differentiated risk-sharing
- strategic capacity building for complex logistics tasks

4 Action Scenarios

4.1 Action Scenario A I

Stagnation and Monopolisation / Cautious Cooperation

- some interesting projects develop
- good experience with trustful cooperation
- volume of cooperation remains limited but gives advantages over competitors
- a request from an important client raises the question of a more intensive cooperation
- low risk for partners

4.2 Action scenario A II

Stagnation and Monopolisation / Ambitious joint venture

- some minor projects develop well
- an ambitious project fails, financial losses for partners
- disputes in the partnership lead to loss of time but can be handled
- improvement of common logistics competence and risk assessment
- high risk for partners

4.3 Action scenario B I

Growth and Competition / Cautious Cooperation

- minor and medium projects develop well
- major project does not start because of long discussions concerning risk sharing
- envisaged cooperation of one partner with an outsider raises discussions
- intensification of the cooperation is decided after two years, EEIG statutes being reviewed, just in last moment for gaining decisive large project
- low risk for partners, loss of time, later intensification possible, risk of coming late

4.4 Action scenario B II

Growth and Competition / Ambitious joint venture

- tedious elaboration of EEIG contracts
- ambitious start of two large projects on corridors
- first movers on a newly developing market
- high visibility and reputation
- problems with joint logistics capacity being overcome
- very successful, luck to be in time for improving frame conditions

5 Conclusions

- For all partners it makes sense to move into a new dimension and to start to cooperate systematically
- Confronted with an unpredictable context, an ambitious solution would be difficult to construct and would need long negotiations
- The partners hesitate to engage in projects where larger investments are necessary
- The partners decide to implement the first strategy within the next months and to develop it further step by step

- Some weeks later, increasing difficulties on the railway market led to severe hesitations and a temporary stop of the contract preparations
- The partners then decided to focus on specific corridors, to raise their ambitions concerning cooperation and to involve an additional logistics company