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The role of top management in supply chain management practices

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Abstract

Purpose – Despite the often stated importance, little about top management's role in supply chain management (SCM) practices is known. The purpose of this paper is therefore to explore the role of top management in two retail companies that successfully utilise opportunities given by SCM practices.

Design/methodology/approach – As an empirical basis for the research, two Swedish retail companies are explored. Members of the top management teams have been interviewed about their role in the company and their priorities.

Findings – The top management role is described by introducing four archetypes; the supply chain thinker, the relationship manager, the controller and the organiser for the future.

Originality/value – This paper adds to existing theory by giving a more detailed description of top management's role in SCM practices, i.e. how SCM practices could actually be managed, and, in the extension, to the understanding for what is needed to implement more SCM practices in real existing companies and supply chains.

Keywords Supply chain management, Senior management, Retailing, Sweden

Paper type Research paper

1. Introduction

In today's logistics environment, supply chain management (SCM) is a well-known phenomenon, which can be defined as:

> [. . .] the systemic, strategic coordination of the traditional business functions and the tactics across these business functions within a particular company and across businesses within the supply chain for the purposes of improving the long-term performance of the individual companies and the supply chain as a whole (Mentzer *et al.*, 2001, p. 18).

The core purpose of SCM has been, since it was established more than two decades ago (Houlihan, 1985; Stevens, 1989), to break down functional silos and cooperate within the same logistics system, with the common goal being to serve the end customers with a smooth, flexible and cost efficient flow of goods (Mentzer *et al.*, 2001).

Despite the many obvious advantages of adopting an SCM-based approach, SCM as described in theory is a rare occurrence in today's business environment (Fawcett and Magnan, 2002; Sandberg, 2007; Marien, 2000). In SCM literature today, there is an ongoing debate about the reasons for the poor adoption of SCM and how to overcome the difficulties. The latter theme is approached from a long list of different perspectives, using different methods and theoretical foundations. For example, different technically oriented barriers concerning information technology (IT) (Jharkharia and Shankar, 2005; Marien, 2000) has been discussed as well as cultural ones such as lack of trust (Khalfan *et al.*, 2007).

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This paper focuses on the role of top management as a key enabler for SCM. Top management should here be understood as the group of people that together constitute the highest management executive authority in a company. Typically, this team includes a chief executive officer (CEO), chief operations office (COO), purchasing manager, production manager, logistics or warehouse manager, chief financial office (CFO), marketing manager, etc. Not included in the top management expression as it is understood here is the board of directors. That function is organisationally situated above, and hence, outside the company boundaries.

The importance of top management support for successful SCM implementation has for a long time been recognised in the SCM literature (Lancioni, 2000; Matchette and Lewinski, 2005; Gibson *et al.*, 2005; Lambert and Cooper, 2000; Andraski, 1998; Moberg *et al.*, 2003; Mangan and Christopher, 2005; Slone *et al.*, 2007). The need for top management support is also well established among practitioners. In a recently conducted survey (Larson *et al.*, 2007) among senior members of the council of supply chain management professionals, top management support is identified as the most important facilitator for implementation of SCM.

Despite its obvious importance, the understanding, presence and commitment for SCM issues from top management is however far from always there (Fawcett *et al.*, 2006; Sandberg, 2007; Fawcett and Magnan, 2002). Top management seldom has an active role when it comes to SCM issues; in Eisenstein and Thompson's (2006) survey on CEO perspectives on SCM, only 23 per cent of the responding CEOs were responsible for driving development and execution of a supply chain strategy. Fawcett and Magnan (2002) report similar findings from their survey where supply chain/logistics managers consider SCM more important than their CEOs. The same is concluded in a multiple case study by Gibson *et al.* (2005), where it is stated that C-level executives (i.e. CEO, CFO and COO) do not recognise the importance of logistics and SCM for their overall company strategy. C-level executives only care sporadic about SCM and have limited time for SCM issues (Gibson *et al.*, 2005).

Despite a massive call for top management support, existing SCM literature avoids going into detail on the subject. Normally, SCM authors acknowledge top management's role by concluding the importance and/or need for, e.g. top management support, but do not take the discussion further and therefore surprisingly little in-depth research on top management involvement in SCM has been published. The role top management plays – or should play – in SCM is an important piece of research that is not yet fully completed.

The purpose of this paper is therefore to explore the role of top management in two Swedish retail companies that successfully utilise opportunities given by SCM practices. The role is described by introducing four archetypes for the role top management plays in the companies. The case companies are Dustin Group AB and Clas Ohlson AB. Dustin Group AB (Dustin), is the market leader of computer peripherals in Sweden while Clas Ohlson AB (Clas Ohlson), is one of Sweden's top suppliers of DIY products. Without their own production, patents or any other specific attributes, yet operating on commodity markets, they have grown extensively over a number of years, with above-normal profit in comparison to competitors. It is argued here that their success is based on their adoption of SCM practices, where logistics is key for corporate strategy. As a result, committed top management teams constantly have logistics and SCM issues on their agenda.

2. Research methodology

This research takes a case study approach based on, e.g. Yin (2003) and Eisenhardt (1989), where emergent patterns in two companies' SCM practices are explored and empirically discovered (Meredith, 1989). For the purpose of this study, the two case companies have been chosen with theoretical sampling (Eisenhardt and Graebner, 2007) in mind, meaning that they are not to be considered as representative for companies in general. Instead, they have been chosen since they are expected to replicate or extend the emergent theory (Eisenhardt, 1989). It has therefore, as argued above, been a conscious choice of the researcher to select two retail companies of commodity products where logistics and SCM issues naturally come into focus for the company. As Eisenhardt and Graebner (2007) argue, the selected companies are particularly suitable for the illumination and extension of relationships and logic among theoretical constructs. In a similar way, Flyvbjerg (2006) argues that a random case selection within a given sample may not be the most appropriate strategy. Instead, cases with rich, informative content should be selected and these cases often represent some kind of extreme. These cases better facilitate a deeper understanding of causes behind a given problem, and since this is desired more than the description of the symptoms, extreme cases are often preferable (Flyvbjerg, 2006).

The empirical data collection has been conducted over a period of almost two years, with several visits to the companies' headquarters and central warehouses. At first, a major empirical collection in the form of interviews with top management teams, including the CEOs, was conducted during Winter 2006-2007. Thereafter, secondary material such as annual reports and newsletters have been collected and studied on a continuous basis until a second round of interviews with members from the top management teams were conducted during August and September 2008. To further strengthen the empirical material, a number of other employees, all typically in middle management positions in the companies, have also been interviewed about their own, and above all, their top management's role concerning SCM practices. All interviews can be described as semi-structured, where the companies' strategy, naturally centred on logistics issues, were focused. All interviews were typed and later transcribed.

The analysis has been conducted in two steps where first an individual analysis of each case was done in order to let the characteristics of each case emerge (Eisenhardt, 1989). As a second step, a cross-case analysis was carried out. The development of the four archetypes presented in this paper can be described as an iterative process where the archetypes have emerged during the analysis. They should be seen as a result of an explorative study aimed at better understanding for the role of top management in SCM practices.

3. Literature review

Despite a highly recognised area in other disciplines, e.g. the strategic management field, SCM scholars have not included the role of top management in their research more than on a general level. At this level, two themes, though overlapping each other, are discussed; top management as a coordinating function and as a driver for logistics change.

As a key factor for SCM, the matter of coordination also becomes the main challenge from top management's point of view (Lancioni, 2000). The nature of SCM needs a force standing above the functional silos and focusing on the complete "horizontal

organisation" (Mangan and Christopher, 2005). Top management has this position in the organisation and should therefore be the main enabler for SCM initiatives. Top management can overcome the walls between historically separated functions such as demand functions (e.g. marketing and sales) and supply (Matchette and Lewinski, 2005). To increase coordination, typical activities for top management to be involved in and take personal responsibility for are the supervision of increased information sharing across company borders and develop stronger supply chain relationships (Moberg *et al.*, 2003). In this work, supply chain technologies is an important tool that top management must take time for, and understand (Slone *et al.*, 2007).

Apart from coordinating supply chain activities and functions, top management is also discussed as an enabling force for logistics change. Matchette and Lewinski (2005) state that SCM is a strategy which requires distinctive, hard to replicate capabilities, which can be a key to executing excellence as well as market creation. They stress the importance of flexible supply chains that can change in order to meet new customer demands:

> Therefore, companies must adopt new supply chain practices, technologies and organization structures that enable them to quickly capitalize on new revenue opportunities [. . .] In short, companies must be able to continuously refresh and renew their distinctive capabilities to maintain their competitive essence (Matchette and Lewinski, 2005, p. 4).

In a similar way, D'Avanzo *et al.* (2003) argue that it is important to continuously develop and improve the supply chain practices a company performs. Leading supply chain companies:

> [. . .] understand that successful execution is a journey that combines focused completion of everyday tasks with continual supply chain innovations. Put another way, they recognize the importance of continuous improvement and innovation, but never at the expense of smooth, ongoing execution (D'Avanzo *et al.*, 2003, p. 45).

It is in this work top management plays a key role as a facilitator and driver for change. It is argued that top management should function as a driver for an SCM-friendly culture in the company along with proper measurement that facilitates SCM initiatives (Matchette and Lewinski, 2005; Slone *et al.*, 2007). Here, for instance investments in training and education is an important issue for top management to encourage and amplify (Moberg *et al.*, 2003).

The change should tightly be aligned with a company's overall goals and strategy. Based on a growing amount of research on the link between SCM/logistics performance and strategic management (Hult *et al.*, 2007; D'Avanzo *et al.*, 2003), it can be argued that top management is expected to take an active part when it comes to the realisation of the strategic potential of SCM practices. The link between SCM practices and business overall strategy, and how to change logistics operations therefore becomes an issue for top management. Related to this is top management's support in order to overcome the Wall Street short-term thinking. Investments in SCM practices, such as relationships and IT systems, are typically long-term and top management must therefore demand patience of shareholders and other stakeholders and guard against the quarterly pressures (Slone *et al.*, 2007).

Behind top management's role as a driver for change, the importance of top management's individual, personal commitment to SCM is discussed. Without commitment and in-depth understanding of SCM and its potential, few initiatives to

SCM development will occur (Marien, 2000) and top management commitment and understanding is therefore an obvious starting point for SCM (Fawcett *et al.*, 2006). As outlined by Slone *et al.* (2007), only updated, SCM-skilled CEOs will be able to judge supply chain performance in a correct manner.

4. The case companies

Before entering the discussion on the role of top management, the case companies and their businesses are presented. As argued above, the companies have been chosen for the large logistics content in their strategies and their documented ability to grow with sustained profit. Dustin has had a profit margin between 3 and 7 per cent in the last five years, while two of their main competitors (Atea and inwarehouse) have had between 0 and 3 per cent. Similar figures can also be seen in the case of Clas Ohlson where the competitors Jula and Biltema have had a profit margin of about 10 and 3 per cent, respectively, while Clas Ohlson has had an average profit margin of 13.5 per cent in the last five years. When it comes to growth, the companies' growth rate in recent years is impressive: Dustin has grown by about 15 per cent in the last five years while Clas Ohlson has managed to grow on average 17 per cent.

4.1 Dustin

Dustin is a retailer of IT peripherals operating on the Swedish and Danish markets and has €400 million yearly turnover. Approximately, 65,000 articles are provided and today's concern employees 350 staff. From being a mail, order company, the internet sales has increased on the last ten years and today it represents 75 per cent of the turnover, yet it is still possible to order via telephone, fax or ordinary mail. Recently Dustin operates on the two market segments of business-to-business customers and private consumers. On the business-to-business segment, which by far is the most important one for Dustin, the company has the goal of providing a complete IT solution for their customers. Hardware as well as software are therefore offered together with full financial solutions via their own company, as well as installation and configuration support.

From being a family-owned company founded in 1984, Dustin has in the last four years undergone major changes where it has been transformed to a concern with ambitions to become established as a major player on the European market. The first step towards internationalisation was taken in 2006 when the Danish market was entered through the acquisition of computer store A/S. Dustin has also got new ownership in the form of a private equity company which means there are new requirements on performance and strategic goals. In addition, top management has also launched organisational changes where the organisation has been "stretched" with more hierarchical levels in order to cope with the increased sales and the geographical expansion. Another result from the expansion is a new central warehouse with 20,000 square metres instead of the former 4,500 that has been acquired and launched autumn 2008.

Despite the last years' turbulence and rapid development, Dustin's main business approach has not been changed and much of Dustin's business is based on effective and efficient logistics operations. Dustin operates in a rapidly changing market characterised by low-margins and short-product lifecycles. To manage the competition, the two main components of Dustin's business model is high availability of products,

and speed, i.e. short-customer order lead times. All products are purchased via multinational distributors and taken to Dustin's central warehouse in Stockholm. From here, the products are delivered further out to the end customers only one to two days after the order is received. Within Stockholm, it is possible to get the delivery the same day as the order is made.

To achieve high availability and speed, Dustin has over the years put a lot of effort into managing the physical flow of goods in the supply chain and here several SCM practices can be seen. Indeed, the supply chain is an essential part of Dustin's strategy. Efficiency and effectiveness in the supply chain is created among others by linking the most important distributors to Dustin's own IT system Dacsa. Via Dacsa, Dustin is able to automatically expose and sell not only their own products to the customers, but also the distributors', which except for short-lead times results in an inventory turnover of as much as 40 times per year. In general, Dustin has close contact to their distributors and many of the manufacturers (even if no goods are directly bought from manufacturers). Dustin continuously search for improvements of the supply chain operations, also beyond the own company borders. For instance, the company frequently makes different types of short-term purchasing deals where the purchasing risks are shared and kick-backs and discounts from manufacturers are achieved. Accordingly, the areas of responsibility of distributors and contracts are continuously evaluated and changed if necessary. At the customer side, Dustin has in recent years developed from being a rather passive retailer to having a proactive attitude in order to increase customers' share of wallet. New sales agreements have also been taken, for instance Dustin has started to sell Dell's computers. With Dustin's high-speed supply chain, this alliance is a natural step for Dell's new business model "Dell 2.0".

An important prerequisite for Dustin's supply chain operations is the IT system Dacsa. This consists of one common platform for the different companies in which employees as well as customers operate – but is linked to different web sites that are adjusted to the targeted market segment. Dacsa has been developed in-house since 1995 when the sales began over the internet and no suitable system could be found on the market. It has since then been considered as strategically important and is considered as a core competence for top management. Under supervision from top management, the system is continuously updated and adjusted in order to support the physical flow of goods.

To enable continued growth, Dustin has also invested in a new central warehouse in 2008. The warehouse operates more or less in the same, highly standardised way for all incoming orders, independent of customer segment. Efficiency in the warehouse operations is a prioritised area and the working processes are continuously evaluated and refined. At the outbound side, highly integrated with the warehouse operations, Dustin has a close collaboration with the Swedish Post as their main transport provider and goods leave the warehouse six to eight times on a daily basis.

Top management at Dustin has traditionally consisted of the founder as a CEO and a number of young, entrepreneurial, technically interested people at leading positions in the company. The COO describes them as "cowboys", meaning that they are self-made and hands-on oriented with great in-depth knowledge about the business, the products and the industry. In recent years, the founder has stepped aside and instead a new CEO with a background from Dell has been hired. Most of the people around the former CEO

are, however, still present in the top management team and represent the continuity in the firm today.

4.2 Clas Ohlson

Clas Ohlson is a Swedish retailer of do-it-yourself products for house and homes, technology and hobbies targeting the private consumers segment. It has a history of being a mail-order company, but today sales from stores represents 97 per cent of the company's turnover, which was €450 million 2007/2008. Clas Ohlson expands fast and in October 2008 Clas Ohlson had 90 stores in Sweden, Norway and Finland with approximately 3,500 employees. The base is still in Insjön in the middle of Sweden, where the headquarters and central warehouse are located. All goods from suppliers are taken here and are then further distributed to the stores. Relatives of the founder Clas Ohlson still owns a majority share in the company and are members of the board of directors, but since 1999 the company has been listed on the stock exchange market in Stockholm.

Clas Ohlson operates similarly to Dustin on a market with fierce competition and has taken a position in between cost leadership with a clear focus on economies of scale, and a differentiation strategy based on prime locations in the very centre of cities. To gain economies of scale, Clas Ohlson has a strong growth strategy. In terms of stores, 15-20 new stores have been opened each year. In addition, Clas Ohlson has also recently expanded geographically to the UK, where the first store was opened December 2008. The rapid growth has been possible due to Clas Ohlson's continuous investments in their central warehouse in Insjön, which functions as a core activity for the business. Since the contemporary central warehouse was opened in 1995, it has been enlarged several times. Table I shows the different phases of the enlargement, including investments in logistics-related technology. In total, the investments for the five phases are estimated to €100 million.

Another important focus for Clas Ohlson's cost leadership strategy is efficiency in operational logistics issues, i.e. the physical flow of goods in the supply chain. An important measure is costs for warehouse operations relative to the turnover. This measure is low at Clas Ohlson in comparison to competitors, which indicates high efficiency despite the rapid growth and geographical expansion. This is made possible due to a high degree of standardisation in the supply chain operations, also beyond the company borders. One example where Clas Ohlson involves the suppliers in the search for supply chain efficiency is the size of the packages delivered from the suppliers. In order to optimise the space utilisation in the stores and minimise handling costs, the amount of goods in each package is carefully evaluated by Clas Ohlson. Together with suppliers, new amounts and "smarter" packages are calculated and designed. To further strengthen the supplier relationships, Clas Ohlson has during 2008 established

1995: Phase 1	New central warehouse is opened. Capacity for mail-order business and eight stores
1999: Phase 2	The central warehouse is enlarged for a capacity of 25 stores
2004: Phase 3	High bay warehouse and automatic sorting facility is installed. Capacity increased to 90 stores
2009: Phase 4	Sweden's largest mini-load inventory. Enables deliveries to 150 stores
2010: Phase 5	Another high bay warehouse for storing capacity to 150 stores

Table I.
The development of Clas Ohlson's central warehouse

an own purchasing company in Shanghai, China. This enables deeper collaboration and dialogue with existing as well as new suppliers, and improved possibilities to develop the own product brands that are manufactured in the Asian countries.

Similar to Dustin, Clas Ohlson's IT-system raindance is also developed and maintained in-house at Clas Ohlson and top management considers it as a key strategic tool for the company. Raindance is developed on a continuous basis in order to support and provide information about, e.g. cost efficiency in the logistics operations.

In comparison to Dustin, Clas Ohlson is an older company with more structure and regulations in accordance with the listing on the stock exchange market in Stockholm. The company as such, however, strives for the continuation of what is labelled "the Clas Ohlson spirit", characterised by an entrepreneurial culture, short-decision lines, little bureaucracy and strong customer focus. Top management here plays a key role for the preservation of this spirit, and the members are in general close to the business and have strong operational knowledge and understanding for logistics issues. Logistics issues are also well represented in the top management team through the director of the central warehouse and purchasing manager.

5. The role of top management

From the analysis above, it can be concluded that Dustin and Clas Ohlson, despite different products and different market channels, rely heavily on their logistics and SCM performance. Indeed, logistics and SCM operations are considered to be the main strategic weapon *vis-à-vis* competitors. This section goes into detail on the role of top management in the case companies. The findings are presented in the form of four archetypes. Table II shows the most important empirical findings that supports the different archetypes.

5.1 The supply chain thinker

Instead of having the company's own organisation or market as a starting point for making strategy, the supply chain thinker has a wider scope looking beyond company borders. Apart from their own company's resources and market position, the supply chain thinker focuses on the supply chain processes and exploits the whole supply chain's conditions, design and opportunities as a result of this wider view. To work actively with their own company's resources and opportunities, but also be involved in operations in other parts of the supply chain, are typical characteristics for all members of the top management teams in the case companies. Typically, top management members are personally involved when different purchasing deals are made, new suppliers are found, and responsibility borders among supply chain members are evaluated and changed. Indeed, with an active and committed top management team, Dustin and Clas Ohlson have both taken a channel captain position in the supply chain where the processes are to be optimised, independent from company borders.

The supply chain thinker's focus on the supply chain processes does not mean that the traditional managerial focus on organisational issues becomes less important. In fact, most of the supply chain thinker's attention is given to their own and the other supply chain members' organisations. Cross-functional communication where interfaces between functions are continuously evaluated and developed, becomes a key issue. The division of the roles for the actors in their supply chain network is a part of this;

	Dustin	Clas Ohlson
The supply chain thinker	Involves Dustin in supply chain-wide initiatives, such as exposure of the distributors' inventory to the end customers through linked IT systems, joint risk sharing and agreements on kick-backs Continuous evaluation of functional interfaces in the supply chain and responsibility borders among functions Internal communication supported through, e.g. cross-functional meetings and sharing of information	Managerial focus on efficiency in the materials flow, e.g. close contact with suppliers concerning packaging, the refill process to the stores, and operations in central warehouse as a means for overall supply chain improvements A culture of internal cross-functional strategic projects Formalised interfaces among different departments, e.g. the central warehouse and the IT department
The relationship manager	Evaluates the supplier base continuously in order to secure access to new products Close contact with manufacturers concerning releases, new products, etc. Participates regularly at trade fairs Internally strong culture of cross-functional collaboration	Continuous search for new business partners in order to decrease purchasing costs Balance between their own brands and premium brands, depending on access to suitable suppliers Relations internally improved by an education centre teaching Clas Ohlson's internal culture, labelled "the Clas Ohlson spirit"
The controller	All top management members follow different KPIs on a daily basis Personal involvement in development in Dacsa (Dustin's IS/IT system) Dacsa seen as strategically important and investments are made continuously	All top management members follow different KPIs on a daily basis Raindance (Clas Ohlson's IS/IT system) managed and developed in-house Raindance seen as strategically important and investments are made continuously
The organiser for the future	Defines and communicates clear goals to the company, but leaves details to lower hierarchical levels Entrepreneurial management style gives informal change projects Organisational design that supports and encourages initiatives to change, e.g. frequent cross-functional meetings and short-decision lines	Defines and communicates clear goals to the company, but leaves details to lower hierarchical levels Formal change projects decided and driven by top management and board of directors Three focus areas for improvements; product range, logistics, and sales channels

Table II.
The main results supporting the different archetypes

this is necessary in order to achieve a smooth flow of goods with dynamic interfaces between functions and with partners in the supply chain to avoid double work.

In general, top management stresses the importance of "knowing what the others are doing" in order to streamline supply chain operations. Internally, frequent top management meetings, well functioning IT-systems and cross functional teamwork are therefore seen as important ingredients for facilitating this. Externally, close contact and sharing of information with manufacturers as well as distributors including, e.g. participation on trade fairs are important. Another organisational issue in the case companies that helps to improve the interfaces and coordination among functions is that the case companies do not have a logistics manager, but "only"

a warehouse manager or something similar. Thus, no single person is responsible for the entire flow of goods from supplier, through the company, and further on to the customers. Instead, this responsibility is shared among several people in the top management teams, which in turn forces them to communicate and interact with logistics issues. This therefore means that logistics naturally becomes part of top management's agenda on, e.g. top management meetings, strategy planning, etc.

5.2 The relationship manager

As an important additional archetype to the supply chain thinker is the relationship manager. The more focus on cross-functional processes, the more important relationships become, both internally among different functions and between companies. Internally close communication and jointly agreed goals are seen as a necessary prerequisite and goes well in line with the traditional SCM literature. When it comes to external relationships, recent years' SCM literature (Barratt, 2004, Lambert and Cooper, 2000) states that it is not possible for a company to have close SCM-based collaboration with all other supply chain members because of its resource intense characteristics (Barratt, 2004). Instead, the major task for the relationship manager becomes to judge interaction with other supply chain members on a continuum ranging from collaborative to transaction-based relationships, and decide what type of relationship is the most suitable for the time and situation given.

As guidance for the judgement of suitable types of relationships, the relationship manager reasons in terms of efficiency and effectiveness – not for the individual companies involved, but for the supply chain as a whole. The cases show that in supply chains characterised with fierce competition with commodity products, the price mechanism still has an important role to play. In other words, even if many relationships with suppliers are collaborative, this is not necessarily always so and sometimes a "hard", transaction-based negotiation style focused in price is more appropriate. The relationship manager thus clearly distinguishes SCM theory's fundamental requirement for a systems thinking (Mentzer *et al.*, 2001) on one hand, and what type of relationship that is suitable on the other. Collaboration based on trust, joint risk sharing, etc. is not always the most appropriate type of relationship.

5.3 The controller

The controller's main task is to measure, follow up and control measurements in the company and in the supply chain. All members of the top management teams in the case companies follow key measures for their business on a daily basis and the measurements are seen as a prerequisite for successful change. key performance indicators (KPIs) related to functions as well as processes are followed depending on the needs and requirements for the different parts of the company. For instance, the warehouse managers follow sales quantities as well as the volume of the sold goods, whereas marketing managers follow sales in different customer segments. An instant evaluation of the KPIs used is also done in order to avoid unnecessary ones.

A prerequisite for the measurement is a proper and well-functioning IT system. The systems are in both case companies made in-house and have over time been developed and adjusted to suit the individual companies' requirements. New types of reports and measures are continuously made available. In this work, several top management

members have had personal involvement and the development of the IT systems is considered as a strategic matter.

The control the IT system brings is also important for the development of the external relationships in the supply chain. When considering the two case companies they both utilise their IT system in order to collect information about prices and logistics performance of their suppliers. In short, the IT systems provide the necessary information needed to control and improve the supply chain (Tan, 2001). This highlights the importance of, and link between, the IT system on the one hand and successful supply chain relationships on the other (Towers and Burnes, 2008; Tan, 2001).

5.4 The organiser for the future

The organiser for the future considers logistics operations within and between companies in the supply chain as an engine for the company when it comes to being more opportunity driven. Many of today's markets are facing highly fluctuating market changes and, as a result, there are many promising opportunities for those companies capable of utilising them. In such markets, the dominating costs of the companies are that of lost sales because of the inability to set up competitive supply chains. The ability to continuously adapt supply chain operations, typically including knowledge on how to set up and design interfaces between the functions and actors in the supply chain, therefore becomes a key issue for the organiser for the future.

The need for future change does not mean that the organiser for the future must be personally involved in all change programmes and projects in the company. Instead, the major task for the top management team is to be involved in, and develop, what can be labelled as the company's dynamic capabilities (Teece *et al.*, 1997) so that the company can over time stay competitive. By structuring the company so that communication is facilitated (e.g. through top management meetings, IT systems, flat organisation structure, etc.), by giving the personnel a large degree of freedom and responsibility to create an atmosphere of continuous learning and support investments in assets such as warehouses, top management organises the company for future success.

6. Final comments

Despite its often-stated importance, we know little about top management's role in SCM practices. This explorative study attempts to describe the role top management has in two retail companies that successfully utilise opportunities given by SCM practices. This research adds to our overall understanding of how to manage SCM, and to our understanding of what is needed to implement more SCM practices in real existing companies and supply chains. In the future, more rigorous case studies as well as quantitative statistical studies are needed for further understanding and theory building about the role of top management. As an example for issues worth more attention in the future, it should be noted that the members of the top management teams have in this study been dealt with as a unified, homogenous entity of people. More research on individual human presence in SCM practices would therefore be appreciated in the future.

As managerial implications from the study follows that the presented four archetypes should be seen as equally important and are not exclusively independent from each other. Indeed, they are linked to each other and in order to establish real

existing SCM practices, it is believed that top management must act so that all four archetypes are present. Whether all members of a top management team must have all archetypes, and if so, to what extent could be the focus of future research.

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