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Management
Education

Activity Report 01/09/2013 - 31/08/2014

**Kühne Foundation Chair of Logistics and Services Management
The Kühne Institute for Logistics Management**

Prof. Dr. Carl Marcus Wallenburg

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Preface

Change and starting new initiatives have shaped the recent past of WHU in general and the Chair of Logistics and Services Management in particular, the most notable change being WHU's substantial campus expansion in Düsseldorf and the relocation of the Chair of Logistics and Services Management to Düsseldorf in August 2014. With that my Chair is one of three pioneers that seek to establish WHU's research orientation at the new campus.



Looking back at the recent year, September was marked by the academic Kühne Network having its annual strategy meeting in Hamburg, the start of the "lecture season" and by me and most of the doctoral students attending the academic conference "Logistics Management" in Bremen.

October was marked by a visit to the USA and the CSCMP annual global conference in Denver and me speaking at the SAP_Exchange for Logistics Service Providers, while November added another highlight to the year – the celebration of the prestigious Koblenzer Hochschulpreis awarded to two of the BSc students writing their final thesis at the chair.

In March 2014 the "Logistics Outsourcing Think Tank" was founded by six international professors, one of which I am. Further, Mr. Braun spent six weeks in Fayetteville (USA) to progress the joint research project with the University of Arkansas.

April had another highlight as I was not only the co-chair of the CSCMP European Research Seminar in cooperation with the Journal of Business Logistics, but for the first time this conference was hosted at WHU.

A second conference was hosted by my Chair in June, the "Sommertagung der Wissenschaftlichen Kommission Logistik", for which one of the academic commissions of the Verband der Hochschullehrer für Betriebswirtschaftslehre (VHB) came to the WHU in Düsseldorf. At this conference I was announced as the deputy chairman of this commission for the next two years.

May and June were especially research intensive, while – as every year – late July and August were devoted to preparation for teaching as the new academic year will start with the first class on September 5th, 2014.

This short overview outlines a few highlights of the past year; the others being especially our continued success of publishing in renowned international academic journals. Six of our manuscripts were published, for example, in the Journal of Business Logistics, the Journal of Supply Chain Management, and the International Journal of Physical Distribution and Logistics Management.

It is clear that the activities of my Chair are a team effort. With outstanding initiative and commitment, each individual member played an important role in making the past 12 months as successful as they have been. For that I am very thankful!

The whole team is deeply indebted to Prof. Dr. h.c. Klaus-Michael Kühne for his dedication to WHU and his personal foundation for the very generous financing of my Chair. In today's uncertain world a long-term anchor to rely on provides the basis for continuously excelling in research, teaching, and transfer into practice. Continuing to do so also in the future is our clear objective!

Düsseldorf, September 2014

Prof. Dr. Carl Marcus Wallenburg

Team

Our team presently consists of fifteen highly motivated colleagues (besides Professor Wallenburg and his Personal Assistant Mrs. Schneider, 4 Research Associates and 7 External Doctoral Candidates as well as 2 Student Assistants) with a broad mix of various competencies. With this the Chair is well positioned for successful work in research, teaching and education, and practice transfer.

New in our Team

- **Tatjana Schneider** joined the Chair of Logistics and Services Management in August 2014 as Personal Assistant to Professor Carl Marcus Wallenburg. She replaces Ulrike Cappel, who decided to remain at the Vallendar Campus of WHU. Before joining WHU, Mrs. Schneider worked as assistant to the Executive Manager of a sales organization of a special fabrics producer and also gained experience in the field of B2B sales-support.
- **Torsten Steinbach**, M. Eng., joined the Chair in February 2014 as Research Associate and internal doctoral candidate and established the first presence of the chair in Düsseldorf.
He completed his Master of Engineering degree at Cornell University in 2011 with a specialization in Operations Management. Before joining WHU, he worked for two and a half years as consultant in the Strategy and Operations practice of Deloitte Consulting. He was engaged in various SCM projects in the area of logistics outsourcing and 3PL management in the fast moving consumer goods and pharmaceutical industry. During his bachelor studies, he spent a semester abroad at the University of Cape Town and worked at Autoliv Inc. and Daimler AG - Mercedes Benz.
- **Timm Schorsch**, Dipl.-Wirtsch.-Ing., joined the Chair in March 2014 as an External doctoral candidate. He received his degree from the Technische Universität Braunschweig in 2011. During his studies he specialized in Mechanical Engineering, Supply Chain Management and Transportation. Additionally, at the University of Lin-
- **Niels Patschke**, M.E.M., joined the Chair in May 2014 as an external doctorate candidate.
He received his Master in Engineering Management from Duke University (USA) in 2011 as a Fulbright Scholar attending both the Fuqua School of Business and the Pratt School of Engineering. His focus was Operations Management and Decision Modeling. As part of his undergraduate studies he participated in a cooperative program with Airbus Operations GmbH completing various work assignments in Hamburg and Dubai. After completing his Master's Niels joined the Operations Practice of McKinsey & Company, Inc. with emphasis on supply chain topics especially in the airline, automotive and pharmaceutical industry.
- **Florian Sander**, M.Sc., joined the Chair in June 2014 as research associate and internal doctoral candidate.
He holds a B.Sc. and M.Sc. in Business Administration from WHU and has spent semesters abroad at University of British Columbia (Canada) and Brandeis University (USA). After his graduation in 2012, he worked as a Consultant at The Boston Consulting Group as part of their Operations and Cost & Efficiency practices, focusing primarily on global industrial goods clients.
- **Bastian Bölts**, M.Sc., joined the Chair in July 2014 as an external doctoral candidate.
He received his Master of Science in Supply Chain Management from the Rotterdam School of Management. During his studies he completed internships with Airbus in Toulouse where he also wrote his

Master Thesis. The last two and a half years he worked as a consultant in various projects for Bain & Company.

- **Lukas Einmahl**, M.Sc., joined the Chair in August 2014 as research associate and internal doctoral candidate. He completed the M.Sc. in Management at HHL – Leipzig Graduate School of Management in June 2014. During his studies he worked for EvoBus GmbH (Daimler AG) in the area of After Sales, learned Spanish during a stay abroad in Madrid and did an internship at Porsche Consulting. He spent one semester abroad at the university EAFIT in Medellin, Colombia. For his undergraduate studies he studied in Industrial Engineering at DHBW Heidenheim in co-operation with EvoBus GmbH (Daimler AG), where he gained experience working in different functions and countries.

Two Student Assistants Anna Hirth (Hochschule Koblenz) and Lisa Ziegler (finished Abitur) support the team, especially in preparing the courses and in research-related projects.

New Alumni

The Chair's alumni network presently consists of five former doctoral students from TU Berlin and two from WHU. One of the latter finished his doctoral degree this year:

- **Dr. Andreas Bühler**  **WIEDMANN & WINZ**
POWER LOGISTICS defended his dissertation "Performance management systems in logistics organizations: Design, usage, and impact on organizational capabilities and competitiveness" in October 2013. He now pursues his entrepreneurial orientation and works as executive manager (Geschäftsführender Gesellschafter) at Wiedmann & Winz, in Geislingen an der Steige, a German logistics service provider with a primary focus on transport solutions and contract logistics.

Chairholder

Professor Dr.
Carl Marcus Wallenburg

Phone: +49 211 44709-411
wallenburg@whu.edu



Personal Assistant

Tatjana Schneider

Phone: +49 211 44709-411
tatjana.schneider@whu.edu



Research Associates

Dipl.-Ing. (FH), MBA
Simon Braun

Phone: +49 261 6509-416
simon.braun@whu.edu



M. Eng.
Torsten Steinbach

Phone: +49 211 44709-412
torsten.steinbach@whu.edu



M. Sc.
Florian Sander

Phone: +49 211 44709-413
florian.sander@whu.edu



M. Sc.
Lukas Einmahl

Phone: +49 211 44709-414
lukas.einmahl@whu.edu



External Doctoral Candidates

Dipl.-Reg.-Wiss.
Kathrin Jankowski

kathrin.jankowski@whu.edu



Dipl.-Wi.-Ing.
Sebastian Fabel

sebastian.fabel@whu.edu



Dipl.-Kfm., M.A.
Maurizio Singh

maurizio.singh@whu.edu



M. Sc.
Nik Frodermann

nik.frodermann@whu.edu



Dipl.-Wirtsch.-Ing.
Timm Schorsch

timm.schorsch@whu.edu



M. E. M.
Niels Patschke

niels.patschke@whu.edu



M. Sc.
Bastian Bölts

Bastian.boelts@whu.edu



Partners

Research, teaching, and practice transfer benefit from close cooperation with people who contribute different perspectives and knowledge. Therefore, an essential part of our successful work is the result of the Chair's network with national and international partners in research and practice.

Supply Chain Management Group of WHU

The Chair is part of WHU's Supply Chain Management Group. The Group is very engaged in all fields of activity. Its research has lately been ranked as a Top 20 School worldwide and Top 5 School in Europe in terms of journal publications. In teaching, the Group facilitates that logistics and supply chain management is taught in all WHU programs, and in transfer from and into practice it offers a wide range from journal editorships to excellence awards.

The Kühne Foundation Network

The Chair is actively engaged in the network of the Kühne Foundation funded institutions. Initiated last year, the work group "Financial impact of Supply Chain Management" has started its activities. Its members are the Professors Sönke Albers and Kai Hoberg from KLU, Stephan Wagner from ETH Zürich and Andreas Wieland from Copenhagen Business School. The most notable activity is the joint research project by Professor Wallenburg, Professor Hoberg and Niels Patschke, who is pursuing his doctoral degree at WHU, while working closely with different researchers at KLU.



In the field of teaching at the Kühne Logistics University, Professor Wallenburg is responsible for the foundational first semester course on Supply Chain Management for the "MSc in Management" program, which introduces the students to the core elements of SCM.

In the field of transfer, plans for joint Executive Education activities have been initiated and a first joint SCM Executive Workshop will take place at KLU on September 15th, 2014.

International Universities

A further pillar is the cooperation with other renowned international universities. Most notable is the longstanding cooperation with The Ohio State University (Columbus, USA). Other joint activities include "LOTT – the Logistics Outsourcing Think Tank" together with Lancaster University (UK), John Carroll University (USA), Michigan State University (USA), University of Arkansas (USA), and The Ohio State University, "IT capabilities of logistics service providers" together with the University of Arkansas, and "Behavioral Supply Chain Management" together with Copenhagen Business School (Denmark).

Entrepreneurial Practice/Cooperation

The last but not least important subject is the Chair's cooperation with practitioners. Considering the practical focus of teaching and research, we work closely together with various national and international companies in different industries. A special focus here lies on the cooperation with logistics service providers in the field of contract logistics and alliance management. In 2014 a new cooperation with the consulting company A.T. Kearney was initiated in conjunction with a joint research project on digital supply chains. In addition we cultivate close contacts to national and international logistics associations, for example, the Council for Supply Chain Management Professionals (CSCMP) for which Professor Wallenburg serves on their Academic Strategies Committee.

Research

The research conducted at the Chair is driven by the idea to focus on issues and problems that practice is currently facing or will face in the future when operating in modern supply chains.

In order to generate state-of-the-art findings, we cooperate with leading companies and international institutions. Depending on the respective addressee, our research findings are communicated via scientific journals as well as industry-oriented publications, in lectures, and in conference and company presentations.

Awards

The article “The influence of relational competencies on supply chain resilience: a relational view” by Professor Wallenburg and Professor Wieland was awarded the Emerald Literati Network 2014 Award for Excellence. This award is given to the most outstanding papers of the year and the award winners were chosen by the Editor of the International Journal of Physical Distribution & Logistics Management (IJPDLM).

Our three core fields of research

The Chair focuses its research activities on three areas: Management of logistics services and logistics service providers, cooperation management, and logistics and supply chain controlling.

- **Management of Logistics Services**

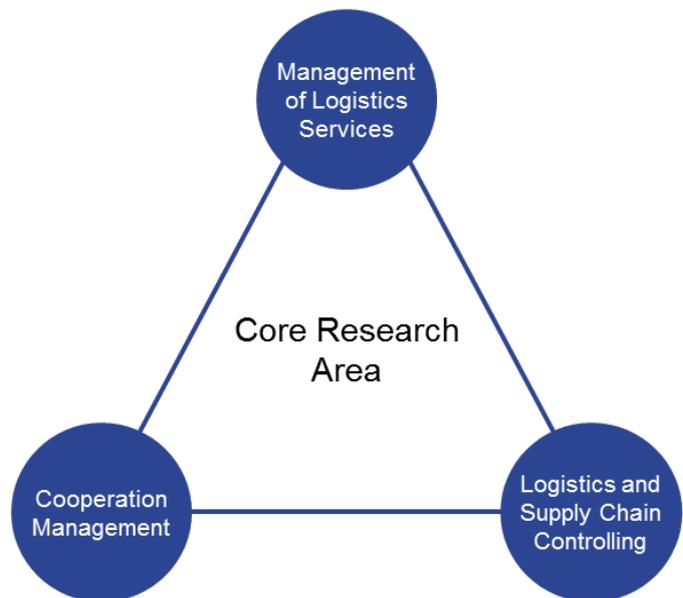
It is clear that logistics companies are of imminent importance in globally integrated economic systems. As the complexity of the corresponding logistics systems has risen, their challenges have grown considerably far beyond the traditional fields of transportation management.

Against this background new strategies and approaches have been developed continually by the Chair in order to optimize the management of logistics companies. Here, we mainly focus on a variety of fields, especially controlling, innovation management, and information technology, as well as on strategic alliances and other forms of cooperation among logistics service providers (LSPs). Additionally, our research aims at providing insights into how LSPs’ cus-

tomers, like industry, retailing companies, or internet start-ups should contract with their LSP and can best implement and continuously improve the external logistics services provided with.

The research stream „Ko-LDL“ deals with the management of horizontal alliances among logistics service providers. After having completed the first phase in 2012/13, the current phase concentrates on Strategic decision making in these types of alliances and on the role the alliance head office has in facilitating the success of the LSP alliances. Specifically, it deals with the management of existing cooperations and focuses on cooperations’ execution phase. It thus combines the two research areas of “management of logistics services” and “cooperation management”. Based on qualitative case study research this project creates a deeper understanding of (1) the specific role of the alliance head office and the respective alliance CEO in logistics cooperations and (2) the process how strategic alliances in general and logistics cooperations in particular make strategic decisions. Currently results are finalized for publication

The aim of the project “IT Capabilities of LSPs”, builds on the acclaimed notion of the “logistics IT gap”. The first element is to develop a conceptual model to structure and outline different elements of the increasing importance that information has within the value creation process by LSPs. The



second element, which is carried out in cooperation with the University of Arkansas (USA), is to identify the key IT capabilities of LSPs and to evaluate their role within logistics outsourcing processes and their impact on company performance. For this empirical data has been collected from 216 logistics companies during the summer 2014 via a web-based survey and is currently being prepared for analysis.

The research project "Online Retail Logistics" examines important success factors regarding the fulfillment activities of online retailers. During the last 10 years the number of start-up companies in the field of e-commerce has increased substantially. One of the largest challenges for young online retailers is to establish a good outbound logistics structure as fulfillment is part of the product in online retailing and the delivery is an essential part of customers' shopping experience. The research questions of this project are based on the life cycle of online retailers. First the foundation phase is considered to analyze how logistics structures of online retailers are planned. The focus is set on the role of business planning and the founders' previous knowledge and experience for establishing good logistics structures. Second it is analyzed how young internet retailers modify their logistics structure due to growth or even crisis. Planning processes for changes regarding the logistics structure and outsourcing decisions are particularly examined. An interesting aspect is our focus on the founders' cooperation with logistics service providers. The data was collected in 2013 and is currently being analyzed.

Within the LOTT, the Logistics Outsourcing Think Tank, we are currently working on two research projects. The first deals with knowledge gains and knowledge losses in and as a result of service outsourcing and their role in successfully managing business relationships between service providers and clients.

The second research project "3PL Engagement and Loyalty" is also in an early stage and aims at reviewing the influence of on-site representatives on loyalty outcomes in third-party logistics alliances. The initial model draws on behavioral, motivational and organizational theories and will be refined and finalized in a first step. Subsequently, the resulting constructs will be validated in a survey approach and integrated into a refined model. The aim is to complete both projects by mid-2016.

• Cooperation management

Referring to this research area, it is our concern to address problems that might arise in internal and external cooperation across companies, but also between company departments.

Regarding cooperation within companies, our focus lies on the cooperation of logistics, production, and sales. Regarding external relationships, our research focuses on cooperations both along the value chain (vertical cooperation) and across the value chain (lateral und horizontal cooperation). Also different projects from the field of "logistics services and logistics service providers" entail a strong focus on cooperation management (especially with respect to vertical cooperation), but are listed in the above section.

Another research project related to the area of vertical cooperation deals with risk management in industrial buyer – supplier relations. Here, we aim at quantifying the influence of social expectations and industry standards on purchasing managers' risk perception and the use of risk identification methods, filtered by corporate culture and managers' personal characteristics. In cooperation with the Ohio State University we analyze how such risk perception and characteristics of business relations to other supply chain members influence the distribution of risks and, ultimately, the company's performance. The empirical data for this project has been collected and is currently being analyzed.

The research project "Behavioral Supply Chain Management" deals with the impact of human behavior on various aspects in supply chains. It connects to a nascent research stream that incorporates cognitive and social psychology in the foremost normative supply chain research. Through these new lenses, both levels individual decision making and interactions in supply chain management can be studied from a new perspective. In this vein, topics of interest include the effect of people's biases in the supplier selection process, psychological causes of the bullwhip effect or supply chain contract design under the premises of bounded rational actors. The project is conducted in cooperation with the Copenhagen Business School. The current focus is on mapping out the BSCM research landscape with the aim cover the most relevant gaps in research with our own contributions.

- **Logistics and Supply Chain Controlling**

This research area covers the concepts and usage of methods relevant in performance measurement and controlling of logistics activities. Here, besides controlling processes our research focuses on selected instruments and performance measurement systems. In order to meet the increasing challenges cross-company supply chain management has to deal with, controlling in cooperations is also analyzed.

The research project “target conflicts and collaboration among logistics, production and sales” deals with the relationships at the interfaces of logistics, production, and sales in manufacturing companies. In doing so, it builds on earlier work at the Kühne-Center for Logistics Management at WHU. The tensions and target conflicts among the three departments are already known and transparent in the literature but the underlying reasons are not. Target conflicts are mainly considered negative which urges the overarching question why target conflicts still exist. Consequently, the research project aims to identify influencing factors of target conflicts and in addition providing insights why and which specific context factors lead to positive and negative effects of those target conflicts. In order to answer the respective questions data collection has been conducted in the first half of 2014.

The research project “The Financial Impact of Supply Chain Management” focuses on analyzing the impact of good supply chain management practices on the financial performance of a company. It is carried out in cooperation with the Kühne Logistics University (Professor Hoberg). In the first project phase, approximately 20 different measures of supply chain performance are gathered for the analysis. In addition, publicly available financial information such as annual and 10-K reports are leveraged. In particular, the research objective is to identify which supply chain management practices have the highest effect on the financial performance of a company. First data collection and analysis for this project will be completed by early 2015.

- **Other research**

Besides the engagement into our three research fields we accomplish a study with the management consulting company A.T. Kearney. In cooperation with this well reputed business partner we developed a questionnaire which addresses leading

practitioners working in the Supply Chain Management area throughout all industries. The study deals with the increasing digitalization within Supply Chains and tries to identify changes in comparison to the last three years and to recognize trends for the near future. Will employment within the Supply Chain area increase or decrease due to digitalization? Where will the highest investment be? Is “Big Data” an area companies will invest in? What will be the role of transport carriers in the future? Questions like these are addressed in a questionnaire which requires about 30 minutes time to be answered. The findings will be used on a broad basis by researchers and decision-makers within corporations all over the world. They will allow many companies to gain insight into leadership practices, provide benchmarks for comparing specific performances and give support in defining business strategies.

Conferences

This reporting period saw a strong involvement of our chair in various conferences – both as participants and presenters of our research and as organizing hosts.

- **Logistikmanagement 13 (LM13), September 2013, Bremen (Germany)**

This Conference of the Association of professors in business administration (Verband der Hochschul-lehrer für Betriebswirtschaftslehre) takes place every two years.

Here, the Chair presented a total of three research projects. Professor Wallenburg and Ms. Jankowski presented the current state of research on “Risk perceptions and risk management in industrial buyer-supplier relationships” Mr. Singh presented early results from our online-retailing research with focusing on “Die Planung und Umsetzung der Logistik-Organisation bei jungen Internet-Händlern”. Professor Wallenburg and Mr. Fabel presented “Strategic Decision Making Processes in Horizontal Logistics Service Provider Cooperations”.

Additionally, Professor Wallenburg served as moderator of one of the sessions.

- **CSCMP Annual Global Conference, September 2013, Denver (USA)**

Professor Wallenburg attended this conference primarily in his role as European Editor of the Journal of Business Logistics. He had several meetings related to the Journal and its future development.

- **17th International PhD Candidates Workshop, October 2013, Berlin**

The 17th International PhD Candidates Workshop took part as an event of the 30th International Supply Chain Conference (ISCC) in Berlin and was targeted at international doctoral students in the field of logistics and supply chain research. At this workshop, Simon Braun presented his research project “Information Technology Capabilities of Logistics Service Providers” and got valuable feedback and new ideas for his research from the other participants and the session chairs. Beside the discussion about the research projects the workshop was a great opportunity to connect with fellow researchers in the field.



Simon Braun at the ISCC in Berlin

- **Logistics Doctoral Symposium, April 2014, Iowa State University (USA)**

During his research visit at the University of Arkansas, Simon Braun attended the three day symposium hosted by the Iowa State University. The renown symposium in the US is a great opportunity to network and exchange ideas for research with established researchers and doctoral students in the field of logistics and supply chain management. In this context, Mr. Braun presented his current research project in a group session where he focused on his current research model and the empirical part of the project. Furthermore, he took part at several workshop sessions on the state of research and teaching in logistics.



Simon Braun at the Iowa State University

- **10th CSCMP European Research Seminar on Logistics and Supply Chain Management, April 2014, WHU - Düsseldorf**

The annual European Research Seminar on logistics and supply chain management took place on April 28th and 29th in its tenth edition. Professor Wallenburg served as Co-Chair of the conference as in the previous year. Yet, for the first time the event was hosted by WHU, on its new campus in Düsseldorf.



Key-note presentation at ERS 2014 by Professor Fawcett

The conference was conducted in cooperation with the Journal of Business Logistics and the Council of Supply Chain Management Professionals (CSCMP). More than 40 renowned researchers from Europe and North America discussed forward thinking research projects in the field of supply chain management with a focus on conceptual and empirical studies. The participants emphasized the high quality of discussions and the seamless organization of the conference. As a new element, two interactive workshops were conducted with participants discussing the topics "The future of logistics education and research" and "Effectiveness and innovation in logistics". In his keynote speech, Professor Fawcett addressed the necessity of shorter cycles of knowledge generation and application.

- **Sommertagung of the WK Logistik, June 2014, WHU - Düsseldorf**

This conference of the scientific committee logistics within the association of professors in business administration (Verband der Hochschullehrer für Betriebswirtschaftslehre) was hosted for the first time at WHU.

The Chair served as host to the community of logistics professors in the German-speaking coun-

tries. The conference was characterized by a broad mix of topics ranging from transportation to supply management and involving both empirical and mathematical approaches. Additionally Professor Wallenburg was appointed vice chairperson of the committee for the next two years.



Conference dinner at ERS 2014

- **Nordic Logistics Research Network Conference (NOFOMA), June 2014, Copenhagen (Denmark)**

This year's NOFOMA again provided an excellent platform for extensive discussions on current and future research directions.

Professor Wallenburg presented the paper "Supply Chain Risk Perception: Peeking into the Black Box – An institutional perspective on purchasing managers' risk perception".

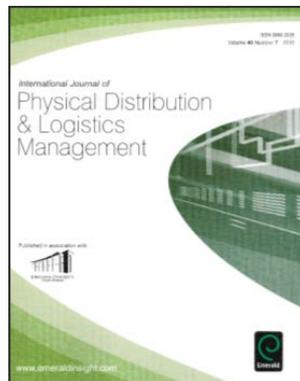
Additionally, Professor Wallenburg, together with Professor Wieland from Copenhagen Business School, was presented with the Emerald 2014 IJPDLM Outstanding Paper Award.

Scientific Publications in Academic Journals

As noted before, the numerous past publications of Professor Wallenburg led to an excellent ranking by the Handelsblatt in September 2012. The Chair managed to continue its publication success and in the last 12 months got six articles published in leading international scientific journals.

Schneider, Lena.; Wallenburg, Carl Marcus; Fabel, Sebastian (2014): Implementing sustainability on a corporate and a functional level: Key contingencies that influence the required coordination, *International Journal of Physical Distribution & Logistics Management*, 44(6).

Implementing sustainability on a strategic and operational level in companies has shown to be challenging – especially when considering all three dimensions of the triple bottom line (environmental, social and economic sustainability). This article utilizes an exploratory, qualitative approach to identify how the implementation should be coordinated within the company both on a corporate level and in the different business functions. A key aspect of this research was to identify contingencies that are inherent to the specific implementation approach chosen by the company and show how they impact which types of coordination should be favored in the implementation. This research was based on case studies at large international companies that have put a focus on increasing their sustainability.



Busse, C., **Wallenburg, Carl Marcus** (2014). Firm-level innovation management at logistics service providers: an exploration. *International Journal of Logistics Research and Applications*, 17(5), 396-419.

Executives at logistics service providers (LSPs), who would like to manage innovation, are faced with numerous challenges. Since little is known about LSPs' innovation management and even

less about its context-dependency, this paper seeks to empirically investigate relevant context factors that influence firmlevel innovation management of LSPs. An exploratory case study design was chosen, and numerous facets of LSPs' innovation management are explored and described based on rich case data. Six important context factors are empirically identified: organisational size, level of dispersion, importance of technology, growth potential, customer dependency, and the innovation mentality of personnel. For each factor, a preliminary conceptualisation was developed and is presented in this paper. The paper is highly relevant to both managers and scholars since various fields of managerial decision-making are explored. Furthermore, comparisons between LSPs are facilitated by focusing on each LSP's specific context.

Wallenburg, Carl Marcus, Schäffler, Thorsten (2014): The Interplay of Relational Governance and Formal Control in Horizontal Alliances: A Social Contract Perspective, *Journal of Supply Chain Management (JSCM)*, 50(2), 41-58.

Governance is critical to an alliance relationship as it aids in curbing opportunism and thus in achieving higher performance. While research suggests relational governance as well as formal control mechanisms as viable means to reduce opportunistic behavior in an alliance relationship, the effectiveness of the interplay of these governance forms remains an important issue. This research addresses this challenge by applying social contract theory to resolve the uncertainties surrounding whether relational governance, exercised by joint actions in the performance measurement process, can be effectively complemented by the formal control mechanisms of output and process controls. Based on data from 197 horizontal alliances of German logistics service providers and using structural equation modeling, we find that



whether formal control mechanisms are legitimized by underlying agreements, which is established through relational governance (i.e., joint actions), the two governance forms indeed complement each other. However, if no such legitimization through social contracts is present, the complementation is counterproductive. Furthermore, it is shown that opportunism in the setting of horizontal alliances is also detrimental to alliance success.

Bellingkrodt, S.; **Wallenburg, Carl Marcus** (2013): The role of external relationships for LSP innovativeness: A contingency approach, *Journal of Business Logistics*, 34(3), 209-221.

Innovativeness is key to the success of logistics service providers (LSPs) and as LSPs often lack competencies for innovation internally, external relations as sources to acquire knowledge relevant for innovation are important. Based on contingency theory, a conceptual model was developed on the relevance of different external relations in the context of the innovation focus of the LSP. Thus, insights from previous studies are extended that have only discussed the benefits of external knowledge acquisition in general and outline how to use existing business relations of an LSP to facilitate different types of innovation. The hypothesized model is tested based on survey data from 201 LSPs using structural equation modeling. The findings support the model and outline that better relationships with external service firms or other LSPs are not important for internal process improvements and innovations for existing customers, but very valuable for innovations targeting new customer business, while good relations to customers even show a slight tendency to hamper the development of innovations for new customer business. In addition, it is shown that innovativeness is a strong driver of LSP firm performance.



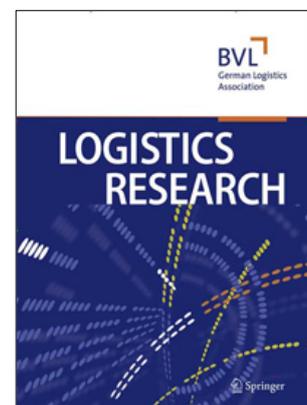
Mahlendorf, M.; **Wallenburg, Carl Marcus** (2013): Public justification and investment in failing projects — The moderating effects of optimistic outcome expectations, *Journal of Applied Social Psychology*, 43(11), 2271-2286.

Public justification can lead to both desirable and undesirable effects. One dysfunctional consequence demonstrated via laboratory experiments is an increase in the escalation of commitment (i.e., public justification increases investment in failing projects). Based on data from 247 failed company projects, this study provides supporting evidence of the escalation-increasing effect of public justification.

In addition, and more importantly for theory development, this paper hypothesizes and confirms a significant negative moderating effect of optimistic outcome expectations on the relation between public justification and investments. Specifically, for low decision maker optimism concerning project outcomes, public justification increases investments in failing projects. In contrast, in cases of highly optimistic outcome expectations, public justification does not further increase investments in failing projects.

Raue, J.S.; **Wallenburg, Carl Marcus** (2013): Alike or not? Partner Similarity and its Outcome in Horizontal Cooperations between Logistics Service Providers, *Logistics Research*, 6(4), 217-230.

Little research has been conducted on the optimal set up and management of horizontal cooperations between logistics service providers (LSPs). As their performance depends strongly on the fit between cooperating LSPs, this research focuses on the impact of partner similarity on horizontal LSP cooperations. Transaction cost economics is combined with a conceptual framework based on the two opposing forces inherent in horizontal cooperations, (1) competition and (2) common understanding and compatibility. A theoretically



derived model is examined based on data from 220 LSP cooperations. Different similarity dimensions (competences, geographic markets, and corporate cultures) are shown to vary in their influence on the two intermediate outcomes (cooperation innovativeness and cooperation commitment) and the ultimate outcome of LSP cooperations (overall cooperation performance). The strength of these influences depends on the scope of the cooperation, i.e., the breath of business functions involved into cooperation activities. The findings help managers of LSPs in choosing partners and achieving horizontal LSP cooperations among more adequately fitting LSPs.

Research Colloquia

In order to build an international network in the research community and strengthen existing relations with other professors in the logistics and SCM area, the Chair regularly invites guest professors for stays at WHU. In the reporting period, various professors visited the Chair of which one held a research colloquia

- **Dr. Andreas Wieland, Assistant Professor, Copenhagen Business School, August 2014**

Professor Wieland held a research colloquia about the research landscape in Supply Chain Management. He first gave an overview about current trends and strategies before he defined the hot research topics in SCM. Professor Wieland based his investigations on a survey and differentiated between topics which will and those which should become emerging SCM "hot topics". After that he gave insights in how to build better theories in SCM, before he drew the attention to a ranking which ranked conferences based on their scientific, practical and networking quality. The presentation was very well received and resulted in insightful and intense discussions.

Academic Commission Logistics

In summer 2014 Professor Wallenburg was elected deputy chairman of the Academic Commission Logistics of the Association of professors in business administration (Verband der Hochschullehrer für Betriebswirtschaftslehre). Together with the chairman Professor Large (University of Stuttgart) he steers this academic commission and is cooperating with the executive board of the overarching association.

Editorship

Since 2011 Professor Wallenburg has been European Editor of the Journal of Business Logistics (JBL).

The Journal of Business Logistics is a scientific journal that has been published for more than 30 years. It is considered one of the most prestigious journals in the field of "Logistics and Supply Chain Management" and the second highest impact in field. JBL has an interdisciplinary focus on the further development of the management of value creation processes and networks. It publishes contributions from the leading researchers in the fields of supply chain management, operations management, logistics and procurement.

As part of this commitment Professor Wallenburg, is acting as co-chair of the European Research Seminar organized together with CSCMP in cooperation with the JBL. This year's seminar was held at WHU in Düsseldorf in April 2014. Together with Professor Gammelgaard of Copenhagen Business School he leads the program committee. They serve as joint Editors-in-Chief for all submissions to the Research Seminar.

Editorial Boards

Since long Professor Wallenburg has been a member of the Editorial Review Board of the Journal of Supply Chain Management. End of 2012 he was appointed to the Editorial Advisory Board of the International Journal of Physical Distribution & Logistics Management. Additionally, mid-2013 he was chosen to join the Editorial Board of the Journal of Management Control. Further, he served on the program committees of the conferences Logistikmanagement 2013 and the 7th scientific symposium of the BME.

Review Activities

Professor Wallenburg served as reviewer for the following journals: International Journal of Operations and Production Management, International Journal of Physical Distribution and Logistics Management, Journal of Business Logistics, Journal of Supply Chain Management.

Additionally, Professor Wallenburg reviewed papers for the conferences Logistikmanagement 2013 and the 7th scientific symposium of the BME.

Teaching Activities

The Chair takes an active part in WHU's teaching activities and offers several lectures and seminars for students in all different programs. The main focus lies on foundational and advanced elements of logistics and supply chain management.

All of our courses combine a profound theoretical foundation with a practical approach, including case studies and guest lectures. Next to a solid introduction to scientific methodology, the discussion of the applied concepts with our students forms an essential part of our teaching activities. Our goal is to not only provide our students with the knowledge to pass their exams, but to enable them to sustainably comprehend the use as well as the interrelation of differing concepts and levers relevant in a supply chain context.

Courses

During the reporting period the Chair offered courses in the BSc, MSc, MBA, part-time MBA, and PhD program of WHU, as well as at MSc program of the Kühne Logistics University (KLU) in Hamburg.

- **BSc Program**

The lecture „Logistics and Supply Chain Management“ addressed the 3rd semester BSc students.

The lecture is compulsory to all bachelor students, ensuring that WHU students are familiar with the basic concepts and levers of logistics and supply chain management.

The course gives an overview over relevant (future) topics and basic concepts in supply chain management. Thus, how to efficiently design a supply chain and a distribution network was taught as well as different concepts of choosing inventory and transportation strategies. A special focus lies on future challenges that logistics increasingly will have to cope with: starting with increased customer focus and localization of products, as well as shorter product life cycles and growing vulnerability of supply chains, up to a stronger consideration of sustainability aspects. By analyzing two case studies students were able to transfer the learned concepts to practical problems. To further support the application to hands-on management issues, two guest speakers (Christian Theurer from Kühne +

Nagel and Heinrich Heimbrock from DB Schenker) provided insights on how logistics service providers deal with the mentioned challenges.

Further, a course titled “Applied Supply Chain Management” was offered to 4th semester bachelor students. The aim of this new course, it was held for the first time, was to bridge the gap between conceptual models and frameworks on the one hand and the complexity and detail of the real world on the other hand. For this reason the students were turned from case users into case producers. In groups the students were required to work on practical problems companies are faced with in their different business fields of purchasing and logistics. The groups contacted companies in the related fields to collect the necessary primary data. Based on the data and with intense topic-related and methodological support from the Chair the students prepared their first teaching case study and corresponding teaching material.

- **MSc Program**

As part of the Master of Sciences Programs the course “Service Excellence” was newly designed and held for the first time. This course encouraged students in understanding the key challenges of service companies and enabled them to design solutions to create truly excellent services and service companies. Participating students obtained profound knowledge in aspects of new service development from a product and process perspective, organizations' significance of managing the service encounter to achieve customer satisfaction and the vital role that information technology plays in enhancing the service firm's competitiveness. To achieve the intended objectives the course consisted of several relevant service case studies, a final exam and, to balance theory and practice, a field analysis part that complementally emphasized the nature of the service in contemporary businesses.

- **MBA and part-time MBA Program**

The WHU Full-Time MBA Program aims at qualifying participants for strategic leadership positions. Part of this qualification is the lecture “Logistics and Supply Chain Management” in the second

year of the program. Students are demonstrated that logistics goes far beyond a pure functional character focusing on transportation and warehousing. In modern supply chains, logistics is an enabler of global value networks. In this regard, stock levels and inventory allocation along the supply chain play a key role.

At first, students are introduced to the basic concepts of logistics and supply chain management and provided with insights to successfully develop an appropriate logistics strategy. Subsequently, students are taught in principles of inventory management. All theoretical concepts are applied to practical problems by means of several case studies and in class discussions. Further practical reference is provided by an excursion to Amazon's fulfillment center in Rheinberg.

A corresponding lecture was offered as a compulsory course in the Part-Time MBA Program by Professor Wallenburg. During three presence days at the WHU Düsseldorf Campus, the following modules were discussed: role of logistics and supply chain management for value creation, fundamental SCM concepts and inventory management principles, supply chain strategy and design, and LSPs and logistics outsourcing.

- **PhD Program**

As part of the WHU PhD program, the seminar „Theories in Supply Chain Management“ was offered by Professor Wallenburg. The course presents and facilitates discussion of theoretical concepts relevant in supply chain related research. Next to the introduction to several relevant theories, their application in different research designs was an essential part of this seminar.

A further important element in the education of doctoral students is the monthly doctoral colloquium of the Chair, in which all internal and external doctoral students of the Chair at WHU took part. It offers the opportunity to present and discuss potential new research areas as well as concrete problems and results related to ongoing research projects.

In August 2014 the colloquium was held off-campus in Diez. Next to intense discussions on research projects, joint teambuilding activities were a vital component to maintain the already existing culture of close cooperation and open communication at the Chair and extend it to the new doctoral students.



Team members at Diez research colloquium

- **KLU**

In the autumn of 2013, Professor Wallenburg was responsible for a course Supply Chain Management in the “MSc in Management”, offered by the Kühne Logistics University (KLU). The course helped the students understand fundamental concepts and strategies in the logistics and supply chain management context. Furthermore, students learned to design and optimize production and distribution networks in order to conceive efficient logistics structures.

The structure of the lecture was properly balanced between lectures, discussion parts, and exercise sessions. Further a company visit to Kühne+Nagel and its facility in Obergeorgswerder and a presentation by the logistics company LGI were integrated into the course to give complementing practical insights.

Examination Performances

• BSc Program

The Chair was supervisor for the below listed five bachelor theses at WHU. Here Professor Wallenburg served as first supervisor and the Chair's research associates as second supervisor.

- Boie Peter Hansen: Deriving effective Logistics Key Performance Indicators from the corporate strategy
- Isabelle Valeska Klumpp: The Differing Significance of E-Commerce Start-ups for Logistics Service Providers - Illustrated Using Practical Examples of Fulfillment Providers of Different Strategic Orientation and Size
- Lennardt Lüdemann: An analysis of the business incubator's role in the relationship between start-ups and logistics service providers
- Mara Alina Neugebohren: Analysis of the Relationship between established Logistic Service Providers und Startup Companies
- Lu Yi Wang: Cloud Computing: An Examination of Opportunities and Threats for Logistics Service Providers

• MSc Program

Professor Wallenburg advised MSc theses:

- Katharina Riss: Outsourcing of fulfillment: What are its main drivers in internet-retailing and do start-ups follow a general pattern concerning their outsourcing decision?
- Valeria Valencia Sosa: Success and risk factors in logistics outsourcing for internet retailers in the B2C market

• MBA Programs

Professor Wallenburg advised two MBA theses:

- Kosawat Sukchaya: IT Capabilities of 3PLs The role of internal collaboration (Fulltime MBA)
- Dirk Vogt: Value-add activities of different distribution partners and identification of success factors related to the sale of B2B related TV and digital signage products (Part-time MBA)

• Doctoral Program

During the reporting period Professor Wallenburg was advisor to the following eleven doctoral students at WHU in their research projects of which one was completed:

- Bastian Bölts:
Topic to be finalized
- Simon Braun:
Information technology capabilities of logistics service providers: A conceptual development and analysis of antecedents and consequences
- Andreas Bühler:
Performance Measurement Systems in Logistics: Design, Usage, and Impact on Organizational Capabilities and Logistics (defended in October 2013)
- Lukas Einmahl:
Topic to be finalized
- Sebastian Fabel:
Managing Horizontal LSP Cooperations: Strategic Decision Making, Alliance Management Capability, and the Impact of Competition
- Nik Frodermann:
Target conflicts between production, logistics and sales
- Kathrin Jankowski:
Identifying impacts on buyer's risk identification and perception: Bridging micro and macro approaches
- Florian Sander:
3PL Engagement and Loyalty
- Timm Schorsch:
Behavioral Supply Chain Management
- Maurizio Singh:
The logistics organization of young Internet retailers – an examination of its development in the early stages of the company
- Torsten Steinbach:
Topic to be finalized

Furthermore Professor Wallenburg is co-advisor of the following nine doctoral students at WHU in their research projects:

- Robert Janke (Institute of Management Accounting and Control): The change of management control systems – an investigation of determinants and consequences (defended in September 2013)
- Daniel Jeschonowski (Institute of Management Accounting and Control): Ausgestaltung des Kostenmanagements im organisationsübergreifenden Kontext: Eine empirische Analyse
- Alexander König (Kühne-Foundation Chair of Logistics Management): Supply Chain Risk Management of Logistics Service Providers.
- Silke Malina (Kühne-Foundation Chair of Logistics Management): Management of Supply Chain Complexity: A Study in the Drive & Control Industry
- Johan Rauer (Chair of International Business & Supply Management): Multinational Enterprises' Corporate Social Responsibility in an International Business Context.
- Sebastian Schmidt (Institute of Management Accounting and Control): Influence of top managements' characteristics on the design and use of management control systems
- Stefan Grunwald-Delitz (Institute of Management Accounting and Control): Interorganizational routines – the role of agency in distributed routines
- Barbara Wichmann (Chair of International Business & Supply Management): Determinants of cross-functional commitment for environmental projects within a social network context
- Jens Woloszczak (Institute of Management Accounting and Control): The Influence of the CEO's Core Self-Evaluations on Firm Behavior and Outcomes – an Upper Echelons Research Perspective.

Practice Transfer

Education

- **Academic Strategies Committee of CSCMP**

Professor Wallenburg is serving for a three year term on the Academic Strategies Committee of the Council of Supply Chain Management Professionals (CSCMP). This Committee headed by Professors Stanley Griffis and Walter Zinn is responsible for devising the academic and educational strategy of this globally active association and additionally organizes the academic sessions at CSCMP's annual conference.

- **NetloP-Seminar of the Kühne Foundation**

In fall 2013 once again the attendees of the Executive Training of the Kühne-Foundation were guests on WHU's campus in Vallendar. This time the one day seminar of Professor Wallenburg has focused on the currently in controversially discussed issues of online retailing and 3D printing. During presentations and workshops the basics of the topics were addressed. Afterwards, possible implications for logistics today and in near future were worked out and discussed in workshops and discussion rounds. The day was complemented by a visit of the IT and logistics company Ehrhardt + Partner, where the attendees got an impressive insight into the company's logistics training and research center and the recently established and equipped with latest technology warehouse for industrial spare parts.

Events

- **Focus Group**

The focus group „Contract logistics of the future“, co-founded by Professor Wallenburg 10 years ago and currently managed solely by him, has been significantly expanded in the last years. Today it consists of about 30 representatives of logistics companies ranging from medium size (e.g., Zufall, LGI and Hüttemann) to large companies (e.g., DHL, Kuehne + Nagel, DB Schenker, Hellmann, Schnellecke). This group meets twice a year in order to discuss contemporary topics in the field of contract logistics.

The meeting in November 2013 was hosted by Sascha Tilli at the LGI head office and distribution center in Herrenberg. It focused on industry specific requirements of contract logistics. As part of the meeting, the site operated for high-tech reverse logistics of LGI was presented.

In May 2014, the 10 year anniversary focus group meeting was conducted at WHU in Vallendar. Topic of the meeting was “Controlling and key performance indicators in logistics services”. Presentations on cutting-edge controlling topics such as “Carbon accounting in logistics” were complemented by fruitful group discussions. Furthermore, Professor Jürgen Weber presented findings of his research in the field of controlling and discussed implications on the logistics industry with the group.

The next focus group meeting will take place in November 2014 at Rhenus.



Focus group visit to LGI distribution center.

- **Campus for Supply Chain Management**

Professor Wallenburg is the Academic Director of Campus for Supply Chain Management, which is organized by WHU students and is aimed at both students and practitioners. On March 16th and 17th 2014 the congress took place for the 11th time on the WHU Campus in Vallendar.

“Velocity – Accelerating global supply chains at any price?” This year's two day congress centered around this extensive question that companies currently have to deal with in their daily business. In this context well known corporate and academic speakers gave valuable insights in their approaches and practices to handle the arising tradeoff between velocity and related costs.

The congress provided an exciting variety of presentations by practitioners and researchers, panel discussions and interactive workshops. In a revealing panel discussion the participants Karl Gernandt (Kühne+Nagel), Martin Seidenberg (DHL), Franz-Joseph Miller (time:matters) and Frank Sportolari (UPS) additionally addressed the topic and debated how “Speed” in supply chains can be afforded in future.

As part of the congress Professor Wallenburg and Kathrin Jankowski held a corporate workshop “Risk management processes in procurement” in which recent results from a current research project that have been collected in summer 2013 were presented and discussed.

The organizers were very pleased with the high attendance and the participants used the opportunities to learn and to network very intensely.

Complete Publication List

Schneider, Lena.; Wallenburg, Carl Marcus; Fabel, Sebastian (2014): Implementing sustainability on a corporate and a functional level: Key contingencies that influence the required coordination, *International Journal of Physical Distribution & Logistics Management*, 44(6).

Busse, C., **Wallenburg, Carl Marcus** (2014). Firm-level innovation management at logistics service providers: an exploration. *International Journal of Logistics Research and Applications*, 17(5), 396-419.

Wallenburg, Carl Marcus, Schäffler, Thorsten (2014): The Interplay of Relational Governance and Formal Control in Horizontal Alliances: A Social Contract Perspective, *Journal of Supply Chain Management (JSCM)*, 50(2), 41-58.

Raue, J.S.; **Wallenburg, Carl Marcus** (2013): Alike or not? Partner Similarity and its Outcome in Horizontal Cooperations between Logistics Service Providers, *Logistics Research*, 6(4), 217-230.

Bellingkrodt, S.; **Wallenburg, Carl Marcus** (2013): The role of external relationships for LSP innovativeness: A contingency approach, *Journal of Business Logistics*, 34(3), 209-221.

Mahlendorf, M.; **Wallenburg, Carl Marcus** (2013): Public justification and investment in failing projects — The moderating effects of optimistic outcome expectations, *Journal of Applied Social Psychology*, 43(11), 2271-2286.

In bold letters:

Current or former members of the Kühne-Foundation Chair of Logistics and Services Management

Reporting on Sustainability

In our daily work, the Chair aims to reduce the use of natural resources in many ways, for example, by minimizing printing volume. Further, our teaching activities are designed to develop a socially responsible and resource-conscious behavior of the students, which in turn drives sustainability as the students will become socially and environmentally responsible managers in the future.

In addition, we conduct research with the aim to foster sustainability. The research project "Implementing Sustainable Sourcing" focused on internal collaborations. It deals with the organization of purchasing departments and the implementation of sustainable sourcing, which plays a major role in the implementation of company-wide sustainability strategy. In the context of economic, social and environmental sustainability ("triple bottom line"), the importance of internal collaboration and coordination for the purchasing department and their respective areas of activity were considered. The completed project has resulted in one academic journal publication in 2014.

Kühne Foundation Chair of Logistics and Services Management
The Kühne Institute for Logistics Management

WHU – Otto Beisheim School of Management
Erkrather Str. 224a
40233 Düsseldorf

Tel.: +49 211 44709-411
Fax: +49 211 44709-419

<http://www.whu.edu/lsm>
wallerburg@whu.edu