

**ALIGNMENT, MANAGEMENT CONTROLS AND  
ALLIANCE PORTFOLIO MANAGEMENT IN THIRD-  
PARTY LOGISTICS SUPPLY CHAINS**

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## LIST OF ACRONYMS AND ABBREVIATIONS

APAC.....	Asia Pacific
B2B .....	Business-to-Business
B2C .....	Business-to-Customer
BSC .....	Balance Score Card
CEO.....	Chief Executive Officer
CSR .....	Corporate Social Responsibility
DLS.....	Delta Logistics Solutions
E2E.....	End-to-end
EME .....	Emerging Markets East
ERP .....	Enterprise Resource Planning
EU.....	European Union
FY2010 .....	Financial Year 2010
GAM .....	Global Account Management
GCS.....	Global Customer Solution
GFC.....	Global Financial Crisis
ILS.....	International Logistics Services
IOCM.....	Inter-Organisational Cost Management
IOR.....	Inter-Organisational Relationship
IT .....	Information Technology
KPI .....	Key Performance Indicator
LCSC.....	Logistics Control Services Centre
MA.....	Management Accounting
MAS .....	Management Accounting Systems
MCS .....	Management Control Systems
OBA.....	Open-Book Accounting
OC.....	Organisational Controls
POD .....	Proof-of-Delivery
QBR.....	Quarterly Business Review
RFID .....	Radio Frequency Identification
RMA.....	Return Material Authority
SC .....	Supply Chain
SCM .....	Supply Chain Management
SDP .....	Service Delivery Performance

SLA.....Service Level Agreement  
SME .....Small-Medium Enterprise  
SOP.....Standard Operating Procedure  
SOW.....Statement of Work  
SSC .....Service Supply Chain  
SSCD .....Service Supply Chain Delivery  
SSP.....Strategy-Structure-Performance  
STI.....Smart Tech. Inc.  
TCE.....Transaction Cost Economics  
TGS .....Total Global services  
TPL .....Third-Party Logistics  
VSE.....Vision, Strategy and Execution  
WMS.....Warehousing Management Systems

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## STATEMENT OF THE CANDIDATE

I certify that the content of this thesis has not been submitted for a higher degree to any other university or institution. The extent to which I have availed myself of the work of others is acknowledged in the text. Sources of information are listed in the bibliography.

I also certify that this thesis is an original piece of research which I have written and any help and assistance that I have received in my research work and the preparation of the thesis itself have been appropriately acknowledged.

In addition, I certify that the research presented in this thesis was approved by Macquarie University Ethics Review Committee under reference number: Charafeddine\_R00003 dated 18<sup>th</sup> of January 2010.



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## **ABSTRACT**

Over the last two decades, considerable growth in outsourcing of logistics services to third-parties has been witnessed in both the public and private sectors. However, evidence from practice reveals problems in the management of these outsourced relationships, indicating insufficient attention to the achievement of alignment between supply chain (SC) partners and poor design and/or use of management control systems (MCS). Research to date has not addressed issues of how alignment in SC is pursued and the challenges faced. Also, further work is required on how MCS is used to mitigate control problems that arise in SC and the knowledge sharing effects of MCS choices. Finally, despite nascent literature on the importance of adopting an alliance portfolio strategy and approach to managing SC, there is little empirical work on how firms implement such strategies and approaches and the role of MCS in supporting these.

This thesis explores (a) how alignment is pursued in SC and the effects of doing so (b) the role of MCS in managing control problems and the knowledge sharing performance effects of particular MCS choices and (c) the role of alliance portfolio management in the management of individual alliances and how this influences the use of MCS. It investigates these questions through a case study of a large multi-national organisation and its relationships with three third-party logistic services providers.

The thesis finds that systems integration, processes, communications, reward and compensation programs, standardisation, and decision-making are critical structural characteristics for the attainment of strategic, structural and operational alignment of SC partners. It also provides evidence on how particular formal and informal controls are used to address control problems and enhance service performance and knowledge sharing. Furthermore, the research finds that the problem-oriented application of MCS results in their mobilisation in packages rather than individually in resolving one or several control problems concurrently. Finally the thesis indicates that alliance portfolio management provided the buyer firm the strategy to determine the right mix of competencies and capabilities needed in the appropriate configuration of selected service providers and shifted MCS to manage the alliances individually as well as collectively to promote knowledge exchange and collaboration across third-party logistic vendors.