



Master Thesis

How to enhance the efficiency of seasonal companies. A design-approach on resource sharing, focus and differentiation strategy.

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Management summary

[...] we feel that the core competence of the business graduate is business problem-solving. Business problem-solving is very different from business research. There are many books on business research methodology, which is quite similar to more general social science research methodology. They give the methodology for analyzing, describing and explaining that what is, focusing on the development of (usually general) knowledge. In business problem-solving, on the other hand, the focus is on designing that what can be, or that what should be in order to improve the performance [...].

(Van Aken et al., 2007: xi)

As declared in the statement of Van Aken et al. (2007), business problem-solving projects are essential in exploring new patterns. They are further used for designing new processes and strategies and are directed directly to provide improvements to business performance. The design-oriented methodology is also applied in this thesis about *“How to enhance the efficiency of seasonal companies”*.

Generally, seasonal companies operate only for several months within the year, while during the other remaining seasons, warehouses, human resources, materials etc. are not widely used. Thus, it should be explored whether those organizations could be more efficient when they change operations, collaborate with other companies or following other business strategies. Next to an intensive literature review, the research project is based on qualitative research within different companies in the cross-border region Euregio.

The main research question, which is *“What are the actual seasonality-grounded problems faced by seasonal companies and how can these be solved in order to enhance the efficiency of these organizations?”* already indicates the inductive nature of this research project. As referred to in this research question, the first part of the project is to explore the actual problems which are faced by seasonal companies in Euregio. After conducting in-depth interviews and a secondary data study, two main problems of seasonal nature could be identified in those organizations: (1) *problems based*

on the warehouse/production facility utilization rate and (2) problems based on the human resource utilization rate. Given those identified problems, which extended the findings in scientific literature, the research is further addressing those challenges. Based on the second half of the research question, solutions about how to solve these problems need to be provided. By not only relying on a critically carried out research framework, provided by an extensive literature review, but also based on the qualitative empirical research, different seasonality-grounded solutions can be generated and assessed: (1) *establishing facility resource sharing between seasonal companies*, (2) *building human resource sharing relations between companies*, (3) *combining two organizations within one location, where the host organization supports the other company with facilities and additional manpower*, (4) *outsourcing facilities to save costs*, or (5) *engaging in a differentiation strategy in order to overcome seasonal fluctuations of the products by enlarging the product line*. Besides, for those solutions, different preconditions were identified and assessed. Fulfilling the particular preconditions can lead to engaging in the particular and regarded strategy.

Relying on the design research approach, this research method is applied as this area of investigation is relatively novel in scientific literature. Thus, the general framework about how to deal with enhancing the efficiency of seasonal companies is based on a qualitative method, which indicated that further research is needed to investigate the generalizability of this solution model and change plan. The established general solution model is object to be tested in quantitative research, which is beyond the scope of this research. This research shows the exploration of a novel topic, which was not widely explored and addressed in current scientific literature.

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List of abbreviations

B2B	business to business
ERFO	ERFO Bekleidungswerk GmbH & Co. KG
OCS	OCS Recreatie Groothandel B.V.
SME	small and medium sized enterprises
SWOT	analysis of strengths, weaknesses, opportunities and threats
Ter Brugge	Ter Brugge Geschenken B.V.
Windel	Windel GmbH & Co. KG

Statement of original authorship

I hereby declare that this master thesis has been composed only by myself without any assistance from third parties and describes my own work, unless otherwise acknowledged in the text of the thesis.

All references, verbatim extracts and information sources are quoted and acknowledged. Thus, I confirm that no sources have been used in this thesis other than those indicated in the thesis itself.

To my best knowledge, this master thesis has not been accepted in any other previous application, in whole or in part, for a degree.

Vera Meier

Gronau, 13 July 2011

Preface

The master thesis is concerned with how to increase the efficiency of seasonal companies. In particular, this research is about identifying, analyzing and solving the problems faced by seasonal companies in the region Euregio. By finalizing my master studies “Business Administration – International Management” with this research project, I would like to give sincere thanks to all members involved as fortunately a number of people variously helped, influenced, encouraged and supported me to complete this thesis.

Firstly, I thank the chamber of commerce in Enschede, the Netherlands, especially Madelène ter Laak and Ton ten Vergert who made this final assignment possible. In this respect I also want to express my gratitude to Herman Ellenbroek who provided me and my research with important practical and individual support in every respect, particularly in developing and conducting the interviews and case studies. Additionally, I would like to thank Mr. Brandhorst from the chamber of commerce in Osnabrueck, Germany, as he provided me with very helpful business contacts of additional seasonal companies.

In addition, special thanks are given to my university supervisors Jann van Benthem and Dr. Huub Ruël who supported this research project during the whole process. They did not only provide continuous, important and valuable encouragement but also very helpful academic, scientific as well as practical insights from their special expertise and knowledge. By providing not only a valid starting process but also relevant, fundamental and value-creating feedback, their concern was of contribution to this project.

Besides those, I want to thank the companies which participated in the project and supported the research with valuable interviews. Especially, Carla ter Brugge (Ter Brugge Geschenken B.V.) and Carla Bruggink (OCS Recreatie Groothandel B.V.) were really enthusiastic and explained ingenious their problems as well as provided interesting ideas and suggestions about the seasonal business, which were key in the empirical research.

Last but not least, I thank my parents, partner, friends and colleagues for their indispensable support and personal encouragement throughout my whole study process and especially in this final stage.

Gronau, 13 July 2011

Vera Meier

1 Introduction

The aim of this research is to analyze seasonal companies in the Euregio region, followed by the development of an advice for these organizations how to operate more effectively and efficiently. This should be in accordance with changing and optimizing seasonal activities in order to enhance the overall firm performance. The research is of design-oriented and inductive nature. Hence, a solution model and regarded change plan is the final generated outcome and goal of this business problem-solving investigation. In a solution model, the different solutions to the business problem are evaluated, followed by a change plan where it is specified how the solutions can be operational integrated (Van Aken et al., 2007).

Generally, seasonal companies operate only for several months within the year, while during the other remaining seasons, warehouses, human resources, materials etc. are not widely used. Thus, it should be explored whether those organizations could be more efficient when they change operations, collaborate with other companies or following other business strategies. Relying on the design research approach, this research method is applied as this area of investigation is relatively novel in scientific literature. Based on a SWOT analysis, the actual problems regarding seasonal operations should be identified, followed by in-depth interviews with those companies. Further, the qualitative research should provide insights into how to solve those problems. In relation with solutions generated by establishing a theoretical framework, specific solutions for those companies should be evaluated, which afterwards should lead to a general framework about how to deal with enhancing the efficiency of seasonal companies.

1.1 Background of seasonal operations

Seasonal organizations can operate in two distinct ways. Firstly, organizations can operate in only one season and close down the entire firm during the other seasons. Secondly, other seasonal firms operate during the total year but they are facing enormous seasonal fluctuations and are far more profitable in one season than in the others. In the latter case, seasonal companies try to limit their losses by controlling costs. In off-seasons, most seasonal companies try to scale back their operations, focusing only on basic processes and also laying off employees. While some costs can be reduced, other expenses cannot be saved such as rent for warehouses and buildings, interest rates and salaries for permanent employees (Platt, 1999).

One-season profits often outweigh the costs and losses of the other seasons. Although, in order to increase profits during the entire year and enhance the overall firm performance, strategic actions and reorganizations can be explored for those seasonal companies. A “season” is not only a season in the sense of periods within the calendar year but can also be classified as a business period between different seasons, like Christmas. In those times, many retail companies generate most of their annual profit. Additionally, seasonal companies often fail to manage and prioritizing demand and are not aware of how to cope effectively and efficiently with seasonal patterns (Crum & Palmatier, 2003; Sihler et al., 2004).

1.2 Background of Euregio

This research is based on seasonal organizations in the area Euregio. Companies in one geographical region are studied in order to evaluate whether the efficiency of firms in one region can be enhanced by creating symbioses between them. The area of Euregio is convenient for this research, because many proximate firms are located in this area and beyond that it is an international region. Some facts about this Dutch-German region should be discussed before the actual research is introduced. The Euregio region is of interest for the Kamer van Koophandel (Oost Nederland) and companies in the region as this area includes different geographical regions, nationalities, markets, human resources and structures. Hence, it might be of importance and usefulness to combine capabilities regionally together or to establish other strong interorganizational relationships between two or more companies.

Euregio includes different provinces ranging from Dutch Gelderland, Twente and Drenthe to some German parts of North Rhine-Westphalia and Lower Saxony with a space of 13,000 km² and 3.4 million inhabitants of which two-third are living in the German region (Euregio, 2010). For the companies located in this region, many opportunities occur. Next to having access to broader markets, also new partnerships and cross-border recruitment of employees are possible. Further, Euregio is not only a region but also a registered association supported by various institutions, like the chamber of commerce. This association is in charge of stimulating the cross-border collaboration of organizations in the fields of social-cultural support, social-economical development, inter-municipal cooperation, advisory services and inter-regional assistance (Euregio, 2010).

Cross-border projects and ideas as well as the daily work of the association are mainly carried out in the office located between the cities Glanerbrug and Gronau. The association Euregio has the vision and mission of bringing together the different companies, inhabitants and structures of the regions, while simultaneously bearing in mind the diverse socio-cultural differences of both countries and areas. In 2010, Nordrhein-Westfalen supported a cooperation with the "Benelux-Union" to enhance the homeland security, spatial development and the education sector. Recently, next to other social and political developments, Dutch companies in the Euregio region offer apprenticeships for Germans in order to provide and sustain further education and potential employees in the region and special insurances were provided to commuter across national borders to ensure more interexchange (Euregio, 2010). The agreement as well as the cooperations might be valid starting points to develop further collaboration and relations.

1.3 Research question and objectives

The project can be classified as an applied research, as not only scientifically but also practically business problems are addressed and elaborated (Biggam, 2008). As the purpose of this research is to improve the understanding of the potential efficiency problems of seasonal organizations in one geographical region, the situation of seasonal companies is investigated in order to improve performance. The applied research project is of practical relevance but is also scientifically important as this topic is not widely explored in recent literature.

Based on the background, the central research question can be identified and described as the following:

What are the actual seasonality-grounded problems faced by seasonal companies and how can these be solved in order to enhance the efficiency of these organizations?

In order to explain the rationale behind why focusing on this central research question, further definitions of the research question are examined in the subsequent section.

- The research is based on the geographical region of Euregio, including Dutch and German seasonal companies.
- Only seasonal SMEs are included in the research in order to have comparable preconditions.
- The research is only based on exploring and solving seasonality-grounded problems. Other problems that are faced by the companies are not included.
- Possible aspects that might be included are (1) sharing resources (human resources, production facilities, technology, warehouses, transportation etc.), following a (2) focus strategy or (3) a differentiation strategy to enhance efficiency.
- As Euregio is a cross-border region, international best practices can be considered and evaluated based on usefulness to be integrated by the companies.
- Requirements or preconditions can be further defined as contextual factors that influence the operations of seasonal companies, for instance (1) legal, political and economical, (2) socio-cultural, (3) institutional structures and (4) resource availability.

Based on the definitions of the research question, different sub-questions can be evaluated:

- Which efficiency problems do seasonal SMEs face with regard to their seasonal operations?
- Which solutions to the elaborated seasonal problems might be possible in order to enhance the overall firm performance?
- In which way and to which extent can the companies use resource sharing, the focus or differentiation strategy to enhance firm performance?
- To which extent can international best practices be integrated in order to positively affect firm performance?
- Which contextual factors have an influence on establishing cross-border relationships?

The outcome and conclusions of this research project should not only give the chamber of commerce an advice, but should also support local companies in Euregio by providing solutions to operate more effectively and efficiently. Moreover, a theoretical concept should be examined. This theoretical concept aims not only on serving this particular case but should also provide a general background for other regions or companies about this topic in order to increase scientifically important knowledge.

Theoretically, this research aims at developing a new model about how to enhance the efficiency of seasonal companies within one region. Such a model or framework could not be found in current literature, so the scientific relevance of this thesis is based on developing and providing new insights to this particular topic. Thus, developing a new model within the line of existing literature is of great scientific relevance.

1.4 Research process strategy

The research question, definitions and sub-questions can be illustrated in the following research process framework. As the research is scientifically relative novel and not widely explored, a design approach will be applied, where inductive reasoning is used by moving from specific observations to broader generalizations. The general process model and outline of this business problem-solving and research project can be seen in figure 1 and will further be explained and justified in the methodology chapter.

Based on that the objectives of the research are:

1. To identify and analyze the actual problems faced by seasonal companies in Euregio.
2. To explore the potential solutions to these problems influencing the firm performance positively.
3. To evaluate critically relevant scientific frameworks and models in order to draw upon theories about enhancing efficiency, while simultaneously relying on evaluating solutions based on qualitative research (in-depth interviews).
4. To propose practical recommendations in form of a solution model.
5. To establish scientifically relevant general implications and a recommendation framework for seasonal companies in other regions.

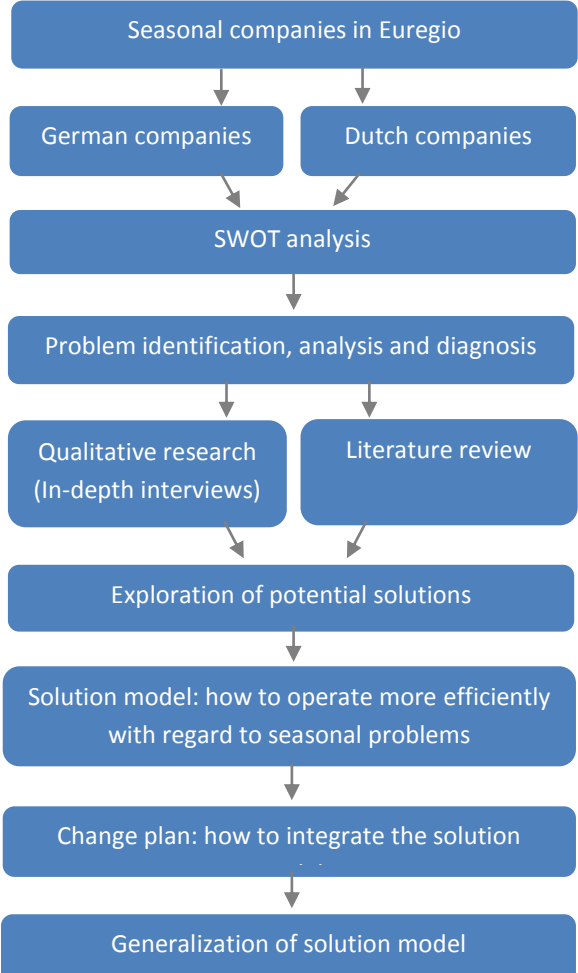


Figure 1: Process framework

2 Literature review

The scientific relevance is of importance to be examined before the actual research project starts as the positioning of the topic within the literature should give an insight about already existing models and theories in the literature. From a scientific and theoretical point of view the topic of this research is not widely explored. Scientific literature and research about seasonal companies within one region is rare. Especially, it is not explored how those organizations could increase efficiency and solve potential seasonal-grounded problems, resulting in a high scientific relevance of this research.

As discussed later in the methodology chapter, this research is based on the design research methodology and is inductive in nature. Thus, reasoning leads from specific to general implications for scientific literature. Even though, gaining first scientific insights into existing literature is essential to evaluate (before starting the actual data gathering) as underlying theoretical concepts about the topic will generate further determinants for the value and relevance of this applied research project.

Based upon a first brainstorming session with the company supervisor of Elcon B.V. and the chamber of commerce, possible underlying theoretical concepts that might affect the firm performance of seasonal companies were evaluated. The theoretical concepts that were identified are interorganizational resource sharing, the focus and the differentiation strategy in order to enhance firm performance of the seasonal companies in Euregio. While these concepts are proposed, used and explored in the first literature review in order to position the topic within a scientific framework, it might turn out in the final conclusion of the research that other concepts and the inclusion of other scientific background literature can be incorporated in a more appropriate way, which seems not to be feasible to be evaluated at this early stage of the research. By drawing upon the design-methodology, the problem-solving recommendations can be very different from what was expected in the intake phase (Van Aken et al., 2007). Design-focused research builds on theoretical concepts but is not restricted to those. As new theory-building is the aim, creative and inductive methods need to be applied.

2.1 Introduction of literature review

As already indicated, current literature is not aiming directly at topics serving the problems of seasonal companies within one region regarding firm performance. Hence, different parts will be included in the literature review to provide a novel and theory-grounded research framework at the end.

The first part of the literature review focuses on exploring and assessing general problems of seasonal companies in current literature. This is carried out in order to providing a basis for further research and also to evaluate general solutions for seasonal companies based on past research.

The second part is based on theories, which could have an influence on establishing relationships and collaborations between firms, which might have an influence on efficiency enhancement of seasonal corporations, like the relational view, resource-based view, transaction costs theory, and other underlying theoretical concepts aiming to explain the formation of interorganizational relationships and whether advantages or disadvantages are predominant in different forms of relations.

Thirdly, the preconditions to form relations, like alliances, which enable resource sharing are evaluated in order to explore the possibility of collaborating success. After exploring various theoretical perspectives and general preconditions for strategic alliances and relations the specific topic of re-

gional relationships and networks is investigated. Various scientific literature can provide the basis for a regional cluster and relationships in Euregio.

Further, the literature review includes a discussion of different possible solutions to increase the efficiency of seasonal companies. As discussed earlier, these refer to interorganizational resource sharing and generic strategies (Porter, 1980). Deepening these concepts, resource sharing (human resources, warehouses, transportation, production facilities, technology etc.) might be assumed to be included, which could also lead to an increase of cost efficiency (cost leadership strategy) by building strong relationships with (one or more) other companies. Further, the generic strategies could include focusing more on the products and broadening the business market (focus strategy) or integrating additional products to the business portfolio to overcome seasonal dependency (differentiation strategy).

Lastly, best practices with an international focus are identified. As also the possibility that efficiency problems can be addressed by applying various best practices is present, these international ways of dealing with seasonality in various respects are incorporated. As all these mentioned possibilities are theoretically explored in the interim report as well as new theories and generalizations will be generated in the end of the research project, which makes the research to an important contribution to the literature.

2.2 Keywords

Proposing the outline of the research and based upon the research objectives, different keywords are incorporated in order to explore the scientific basis for the research. Firstly, general problems and regarded solutions for seasonal companies should be identified leading to the following keywords:

- Seasonality problems, seasonal companies problems
- Seasonality challenges, seasonal companies challenges

Secondly, scientific literature about interorganizational resource sharing and alliances should be implied to gain first insights about the preconditions for collaborative resources that might lead to increased firm efficiency. Therefore, the following keywords are used:

- Shared resources, interorganizational resource sharing, interorganizational collaboration
- Seasonal sharing, resource alliances

In order to investigate the topic more in-depth, the regional as well as international aspects are included, leading to the exploration of the next keywords:

- International resource sharing
- Regional resource sharing, regional interorganizational collaboration, regional alliances

Based on the assumption that not only sharing resources but also other factors might lead to enhancing firm performance of seasonal companies, also keywords regarding different other strategies are involved. As the generic strategies (Porter, 1980) can have an impact on firm performance by also drawing on contingencies between new strategy formation, the external and internal environment and other factors, those strategies might also affect the efficiency of seasonal companies. Therefore, the next keywords are aiming at identifying scientific research about the impact of those strategies.

- Generic strategies on firm performance, focus strategy on firm performance, differentiation strategy on firm performance, cost leadership on firm performance

- Generic strategies seasonal companies, generic strategies regional network

As also international best practices could have an effect on seasonality, those keywords are also included.

- Seasonal companies best practices, seasonality best practices, international seasonal best practices

All of those keywords were searched in the databases (1) Scopus, (2) JStore, (3) Web of Science and (4) ScienceDirect. Those were selected as they incorporate articles published in the top journals for management issues. The results were afterwards sorted and selected by relevance. This relevance is based on (1) highly cited, (2) top management journals and (3) new studies (2009 until 2011). Next to that, also Google Scholar and different textbooks were conducted to extend the literature review. This methodology of applying not only scientific articles was undertaken as the topic about inter-organizational relationships and regional resource sharing (between seasonal companies) is not explored to a great extent yet.

2.3 Problems of seasonal companies

As already indicated in the background of seasonal operations, companies in this business sector face enormous seasonal fluctuations and are far more profitable in one season than in the others. Also in other sectors, like in the tourism, seasonal fluctuations are the most important features of the business but also the least understood (Highama & Hinch, 2002). This shows that even though the problem and challenges are very prominent, research about how to identify and solve the seasonal problems are very rare. By entering the keywords about problems of seasonal companies in the search engines, it became clear that this topic is not widely researched yet. There is research to seasonal topics but these are mainly carried out in the subject area of engineering, agricultural and biological sciences or in the tourism sector. In the field of business administration the existing research is very limited.

Problems of seasonality

When basing exploring seasonality on the tourism sector, problems and solutions can be identified. A major problem faced by tourism companies is the under-utilization of resources during low seasons (McEniff, 1992). Additionally, seasonal companies are challenging with low productivity based upon changing workforce in peak and low seasons, along with low return on investments in low seasons (Ritchie & Beliveau, 1974). The problem of low return on investment is also explored by Butler (1994) next to the challenge of finding and holding full-time employees, high risks in operations as well as the overuse of resources and facilities in high seasons. Even in this business sector, seasonality is not explored widely, so the causes for low efficiency is not understood and thus not addressed widely in research (Baum & Lundtorp, 2001). Seasonal problems themselves cannot be eliminated fully and can only be coped with (Baum & Lundtorp, 2001; McEniff, 1992). Further, the tourism sector is affected by institutionalized seasonality, indicating that seasonality is grounded in for instance public holidays (Butler, 1994). This seasonality cannot be changed or affected by the individual companies, so ways to solve regarding problems should be found.

Solutions for problems

In the literature, different approaches to solve those seasonality problems are provided, even though the amount of research is very limited and based on the tourism sector. Besides others, (1) introducing additional high seasons, (2) enlarging the high seasons, (3) providing incentives (special attractions in low seasons) and (3) expanding markets as well as (4) attracting new ones could help to address and solve seasonal efficiency problems (Butler, 1994; Sutcliffe & Sinclair, 1980; Witt et al., 1991). The American Staffing Association (2008) claims that about 72 percent of U.S. companies hiring temporary workers do so in order to get extra support in busy times or seasons. Employing and, accordingly, laying off permanent employees in off-seasons cause legal consequences and requirements, so hiring additional seasonal employees is a more efficient solution for seasonal companies (Cairns, 2010). By decreasing costs in off-seasons, like reducing inventory and employing a high degree of temporary employees, most seasonal companies can generate economic and financial survival.

Discussion

When discussing these identified problems and solutions in existing literature, the first point is that the major problems seem to be based on the overuse of resources in high seasons and the underutilization in low seasons. This was identified in the tourism sector but research about other business sectors or even across different sectors is limited. Additionally, there is not one particular research that explores and assesses all potential seasonality problems. Past researches were focused on one industry but there is any research that combines problems and solutions across different industries. Also the regarded solutions are listed in the research but they lack in clarity about which solution can solve which problem. Additionally, it is not assessed in which way the explained solutions can solve the problems and how these can be integrated within the companies. Thus, current research explores problems but only partial and not in relation to the total business context or organizational context. The current research lacks in establishing a framework about combining seasonal problems with the total range of solutions. Mostly, it is described that there is one problem and one solution but the range and combination of different problems with various solutions is missing and not studied yet. In relation, the generated solutions from past research lack in identifying preconditions. This means that solutions are well identified but it is not evaluated which conditions must be fulfilled in order to integrate this solution. Further, as in current research only one industry is studied in one particular research, a holistic framework about cross-sector relations between problems and solutions cannot be found. In conclusion, existing research is limited in terms of a holistic and general problem and solution framework between different sectors and industries.

2.4 Underlying theoretical concepts for resource sharing

One concept to increase firm performance of seasonal companies is to establish resource sharing and regional relationships. Widely used views that may explain the formation of such relations can be evaluated in the resource-based view, dynamic capability view, industry structure, transaction cost, resource dependence, organizational learning, stakeholder theory, strategic choice and institutional theory (Barringer & Harrison, 2000; Dyer & Singh, 1998).

Resource-based view

The resource-based view is based on the assumption that organizations increase competitive advantage by investing in their internal resources that are inimitable, rare, idiosyncratic and valuable (Amit & Schoemaker, 1993; Barney, 1991; Wernerfelt, 1984). Primary sources can be considered as physical, human, technological and financial resources. The unit of analysis is the organization rather than the industry or network. Further, the resource-based view aims at preventing the attained internal resources in order to protect them from incorporation in other companies. Thus, the concept of integrating relations and sharing critical resources to enhance value-creation in an interorganizational collaboration is very limited in this theoretical view (Dyer & Singh, 1998).

Industry structure view

According to Henderson & Mitchell (1997) as well as Porter (1980), the industry structure view is rooted in an externally focused membership of the organization within an industry generating competitive advantage. An increased bargaining power and involvement within the industry structure source profits and are preserved by industry barriers. However, this view is focused on explaining competitive advantage by comprising the industry as a unit of analysis, which is collective in terms of collaborating with competitors within the same industry (Dyer & Singh, 1998). Even though vertical resource sharing is appreciated in this research, it is aimed at building relationships between companies that expand the boundaries of only one industry.

Relational view

Due to the work of Dyer & Singh (1998), underlying conditions to engage in interfirm relationships are knowledge-sharing, complementary resource endowments and effective governance. Competitive advantage is gained by creating network barriers rather than organizational-level or industry-level barriers in order to secure imitation. While the resource-based view concentrates on the individual organization and the industry view focuses on collaborating with competitors, this view is based on creating value through relations with organizations possessing complementary capabilities and resources (Dyer & Singh, 1998).

Resource dependence

Contrasting to the resource-based view, this theory is embedded in an external focused framework. Based on this view, organizations depend on resources of their environment indicating that they need to interact with other organizations in order to gain access to critical resources (Pfeffer & Salancik, 1978; Van de Ven & Walker, 1984). Engaging in interfirm relationships provides the foundation for such a resource exchange where complementary assets can be shared (Barringer & Harrison, 2000; Mitchell & Singh, 1996). Further, the resource-based view tend to ignore that not all critical resources can be developed internally, which can be attained by sourcing them from the collaborating firms.

Transaction cost

The transaction cost view is one of the underlying theoretical concepts for investing in interfirm relations. Transaction costs include costs that occur by participating in the market. Production costs in relation with transaction costs can be minimized by establishing relationships between organizations in the market with regard to sharing complementary assets (Barringer & Harrison, 2000; Williamson, 1985). Barringer & Harrison (2000) evaluated that a restriction of explaining the formation of interfirm relations with the transaction cost theory is that it focuses solely on cost rationales while ignoring other rationales. In this research, it can be considered as a strong concept as reducing costs is one of the overall aims.

Organizational learning

Investing in interorganizational relationships can also be predicated on the opportunity to learn from each other and therefore, to enhance the organizational knowledge. According to Barringer & Harrison (2000), exploitation, which is one form of organizational learning, implies optimizing existing capabilities of the firm (or of different firms) and to decrease costs by increasing the productivity. However, organizational learning and knowledge-creation is indeed often used to explain alliance formation but mainly aims at explaining relationships within the high-technology industry, where innovation should be fostered (Osborn & Hagedoorn, 1997).

Strategic choice, stakeholder and institutional theory

Strategic reasons are often underlying when forming interorganizational relations. Next to others, it includes reducing costs by increasing the efficiency of production, sharing facilities or engaging in international relationships (Barringer & Harrison, 2000). This view can also be enhanced by incorporating the stakeholder theory. As stakeholders may also be related firms, strategic sharing might be in favor for all involved parties in the relationship. Stakeholders can help to reach the objectives of an organization and, due to the relative position within a collaboration, the contract with different stakeholders can help to gain access to outside resources (Freeman, 1984). One leading aspect of the institutional theory is referred to as legitimacy. Through engaging in relationships with other organizations, this legitimacy may provide the access to further relations with other firms to obtain a broader range of critical resources (Barringer & Harrison, 2000; DiMaggio & Powell, 1983; Zucker, 1987).

Summary and concept framework

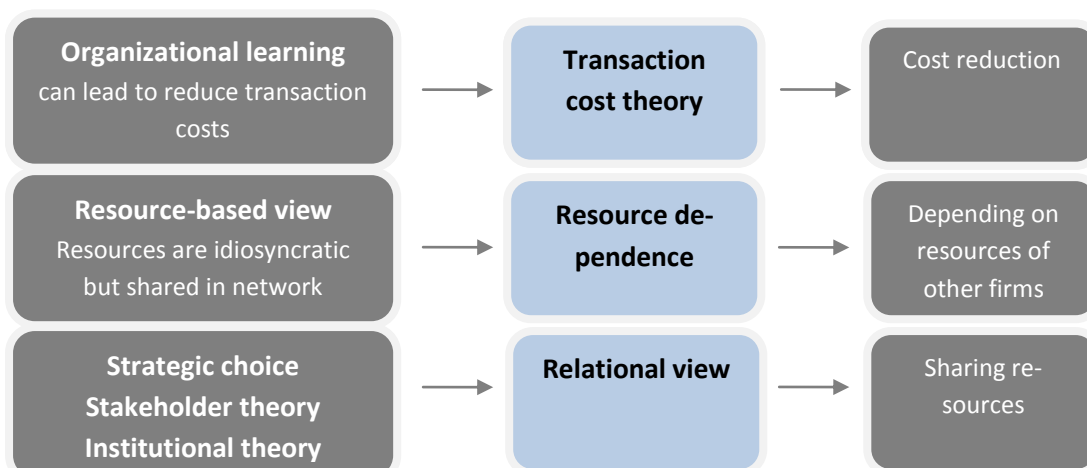


Figure 2: Concept framework

The first option that should be explored to enhance regional operations efficiency is to establish sharing. Thus, it can be assumed that interorganizational relationships are valid to be introduced in order to provide sharing. Based on the evaluated theoretical paradigms, the core concepts underlying and used for this research are transaction cost, resource dependence and the relational view. These theoretical concepts are most suitable to establish relationships with the purpose of resource sharing. The transaction cost theory aims at reducing costs, which is one of the main goal sharing resources. While organizational learning is not predominant in this research, it can lead to reduce cost as in case of exploitation.

Resource dependence can be assumed to be the second main theoretical concept of establishing relationships as resource sharing aims at sourcing externally within the relationship network. By incorporating assumptions of the resource-based view, namely that rare and specific resources lead to competitive advantage, the resource dependence can be enhanced. Traditionally, the resource-based view is focused on internal sourcing and protecting those resources. The establishment of a resource pool requires sharing resources, thus depending on resources of other firms is essential. When broadening this view to a network perspective and assuming that internal resources are protected while simultaneously shared within relations, an external as well as internal focused concept can be generated. The cooperative and collaborative organizational cluster can be also the unit of creating rare and inimitable resources. "Network resources" are created by the collaboration as well as shared (Gulati et al., 2000).

Lastly, the relational view is core in this first part of the research as it assumes that sharing resources within a cluster is value-creating. By blending together the strategic choice, stakeholder and institutional theory, which appear vital in relationship formation, the relational view may help understanding and establishing the formation of resource sharing relations. Further, the resource sharing pools are established for economic reasons rather than for behavioral goals. As also those three selected theoretical concepts are mostly rely on the economic rational (Barringer & Harrison, 2000), the appropriateness is deepened.

2.5 Regional interorganizational relations

Collaboration is based on interorganizational relationships, which neither rely on market nor hierarchy control (Chung et al., 2000; Hardy et al., 2003). Interorganizational relationships can result in various tightly and loosely coupled forms (Barringer & Harrison, 2000). Based on the definition provided by Hagedoorn (1993), investing in interorganizational relations can be focused on alliance building in order to provide one possible way of enhancing operating efficiency. This loosely coupled form of relationships is characterized by exchange and does neither incorporate a joint ownership nor the creation of a new entity (this would be requested in a joint venture). Further, the relation among the organizations cannot be regarded to be as complex as in tightly coupled networks, like joint ventures or networks. Alliances are further defined to be cooperative arrangements that are voluntarily formed based on shared strategic goals that can be achieved by operating together (Chung et al., 2000). One typical form of alliances is sharing aspects of production, manufacturing and processes leading to cost reduction and risk sharing as well as to a higher speed to market and learning (Das et al., 1998, Osborn & Hagedoorn, 1997). When complementary capabilities and resources are pooled within an alliance, the products of the alliance can normally be manufactured cheaper and faster than if only one organization would produce them (Barringer & Harrison, 2000). However, engaging in alliances also involves risks. Next to others, the risk of becoming dependent on

a partner and the potential loss of organizational flexibility are predominant in this case. Also the different cultures of the organizations could result in disadvantages (Barringer & Harrison, 2000). The disadvantages of the potential loss of information, financial as well as organizational risks can be regarded as having only a minor impact on this particular alliance, as the establishment of sharing resources is mainly dependent on human and manufacturing resources where organizational learning, innovations and investments are not implied as the main aim.

Drivers for alliance formation

The drivers for alliance formations are rooted in different value-creating aspects. Explanations for alliances are widely theoretically researched. The strategic effects of interorganizational relations and collaboration are mainly characterized by building capacities to share, transfer and pool resources (Dyer & Singh, 1998; Hamel et al., 1989; Hardy et al., 2003). Further, high collaborative strategic effects are determined by high involvement and embeddedness within the relationships (Hardy et al., 2003). This leads to the assumption that organizations that are highly involved in the collaboration are positively related with the attainment of critical and distinctive skills and resources. Acquiring and sharing key equipment, human resources, intellectual property and organizational knowledge are primary reasons for collaborations (Hardy et al., 2003).

For this particular research, resource complementarity is one primary driver that should be incorporated. This concept is stressed by Nohria & Garcia-Pont (1991), in which it was concluded that resource complementarity, and therefore resource pooling, create more value for participating organizations than before engaging in alliances. Also Richardson (1972) viewed resource complementarity as one underlying factor to form alliances. By pooling complementary resources the weaknesses of each other might be compensated and the mutual performance can be enhanced (Hamel et al., 1989). This concept of possible driver or sources for alliances is also stressed by Dyer and Singh (1998), introducing it as complement resource endowments. Other drivers include status similarity of potential partners, social capital (Chung et al., 2000), interfirm relation-specific assets (Dyer & Singh, 1998; Williamson, 1985), knowledge sharing routines and effective governance (Dyer & Singh, 1998). Additionally, knowledge creation is a widely used reason to engage in strategic alliances (Samaddar & Kadiyala, 2006), which, however, can be mainly ignored as a driver in this research in terms of creating innovations and high-technology. However, knowledge sharing might be very essential in terms of optimizing manufacturing processes, human resources and how to share facilities. Next to those mentioned rationales for establishing strategic alliances, it is assumed that physical proximity (generated by site-specific investments) increases performance and creates value by interorganizational cooperation (Dyer, 1996).

Regional relationship building

Available literature significantly focuses on high-technology alliances in particular industries (Osborn & Hagedoorn, 1997) as well as in regional clusters (Samaddar & Kadiyala, 2006). In contrast to the widely investigated phenomenon of knowledge creation and knowledge exchange within regional clusters in order to generate sustained competitive advantage within those geographical relationships (Hibbert et al., 2010; Tallmann et al. 2004), the aspect of establishing regional resource sharing to enhance productivity and decrease cost across industries is not explored to a great extent in past research.

According to Porter (2000), a regional network or cluster is characterized by "a geographically proximate group of interconnected companies and associated institutions" (Porter, 2000: 254). While also vertical regional clusters exist, the focus here is on the horizontal cluster relations, including partnerships with producers of complementary products and transportation facilities. The research of Bell et al. (2009) offers a framework for interorganizational governance in regional networks. It is evaluated that not only efficiencies like decreased transportation costs, increased access to suppliers and specialized human resource sharing in collocated organizations occur but also the access to intangible resources, technology and knowledge is extended. Cropper et al. (2008) concentrated on how to build as well as manage various aspects of regional and local partnerships. Next to others, the aspect of establishing trust between the involved parties is one of the key factors. Further, Soeters (1993) indicated the different underlying aspects that need to be addressed when establishing euregional networks. To create operational networks with different languages, cultures and institutions, the first step is to be aware of those differences and also analyzing the regional network by means of Hofstede's work (1980). Economic, legal, socio-cultural and linguistic variations are not easily solved but can be addressed when developing a meta-strategy, which aims at providing as well as combining endogenous firm-specific goals to superordinated network aims (Soeters, 1993). Additionally, when establishing cross-border networks, not only the network theory but also the network-life cycle needs to be recognized and implicated.

2.6 Generic strategies

Further, also the application or change of generic strategies might be an underlying condition to affect and increase the efficiency of seasonal organizations. Porter (1980) identified three strategies that create a defensible position and competitive advantage while increasing efficiency when applying one of them. The cost leadership strategy is aimed at increasing efficiency by decreasing overall cost, whereas the focus strategy follows a concentrated view, where the company should determine and center on a particular customer group, product line or geographical market. The differentiation strategy requires producing a product or service that is unique and recognized by customers or industry and also to extend the product line or create entirely distinct products (Porter, 1980). These generic strategies can also determine the membership of a certain strategic group and can lead to different resource allocation activities (Dess & Davis, 1984). Therefore, the application of a specific strategy might investigate the membership of a (regional) interorganizational group and whether there can exist more than one strategy within this group. The application of the generic strategies is also contingent on resources availability (internal within the company and external in the region or industry), the capability of flexibility (in order to extend or diminish the product range) and complexity as well as heterogeneity (diversity of elements in competitive environment) (Gerwin, 1993; Pelham, 1999).

Furthermore, SMEs have the ability to increase firm performance and growth through market expansion and tailoring the existing products to certain market niches, whereas other theories claim that cost leadership is difficult for small companies to obtain as those are neither able produce nor offer at lowest price in the market. Thus, it is evaluated that the focus and differentiation strategy might lead to enhance firm performance in small firms, whereas the cost leadership strategy is neglected in this context in previous research (Smith, 1956; Walker & Ruekert, 1987). By creating symbioses between different theoretical aspects, the exclusion of following the cost leadership strategy as a small company as well as the assumption that different strategies are mutually exclusive, might be re-

moved in context of this research. As a preliminary and idiosyncratic view, it can be indicated that a combination of both, building regional relationships while incorporating a particular generic strategy, can have a significant effect on firm performance. Various research (Becker, 1964; Covin & Slevin, 1989, Pelham, 1999; Tomer, 1987) evaluated that small firms should rarely rely on implementing one certain strategy in order to increase market power as other factors like market orientation are expected to create more impact on firm performance. They based this argument on the scarcity of human resources, vertical integration mechanisms and a low learning rate in small firms due to having not enough excess to those resources (compared to larger firms). Accordingly, in this particular research, the combination of establishing relationships of small firms within a network of sharing resources (human, technical etc.) and the identification of suitable strategies might lead to new insights of this topic. Thus, there is the possibility that by combining interorganizational resource sharing and focusing on a particular generic strategy, the barriers from previous research can be reduced for regional small firms within a network. The participation in a regional cluster could further allow the organizations to reduce overall costs as the economies of scale can lead to decrease the cost of labor, transportation, distribution, knowledge (markets and technologies) and vendors (Gupta & Subramanian, 2008). Thus, there is the possibility that SMEs can successfully apply the cost leadership strategy by simultaneously engaging in value-creation in interorganizational relationships and resource sharing to decrease costs and increase knowledge and learning. As the generic strategies could also be contingent on industry structure and other environmental and external aspects (Murray, 1988), for instance the involvement of (regional) relationships, these different theoretical approaches of resource sharing and strategies could be combined.

2.7 International best practices

The aim of this research is to explore ways how to manage and increase the efficiency of seasonal companies. Next to the other evaluated aspects, also international best practices and strategies about how to deal with this seasonality can be included in this research, which are evaluated in the following by also focusing on international components. International best practices are good to be included and assessed as also the studied region is international and cross-border.

Best practices are increasingly applied in the context of dealing with seasonality. While often businesses restrict themselves to best practices of their home country, this research shifts the focus to international ones. Based on the assumption that there are still differences between best practices from various countries and that this variety leads to competitive opportunities, the focus is on international practices regarding seasonal processes, which is further verified by the fact that also this research is introduced in an international area. As indicated, differences can lead to sustained competitive advantage but it must also be ensured that those practices are practically insertable. Thus, applied international best practices should be similar to home country practices, leading to including practices from the USA and Canada as these countries are similar to Western countries in various respects. Relying on an intensive literature review, a set of international best practices can be identified based upon the categories seasonal planning processes, off-season activities, managing customer demand, diversification and managing human resources.

1 *Seasonal planning processes*

Firstly, formal seasonal planning processes are key to enhance operating efficiency of seasonal companies. Seasons are often determined by events and holidays, like Christmas and Easter. It was examined that annual sales in the United States rise 15 percent before Christmas and drop 30 percent below the average after the holiday (The Economist, 1996). However, this phenomenon is basically the same every year, which makes annual business plans very feasible and realistic (The Economist, 1996). Based on the forecasts, demand and financial plans can be established for usage in sales, operations, inventory and supply preparation. Essential actions that must be taken in this respect are the updating of strategic plans, include new products, communicate the forecast plan to other departments within the organization as well as monitor and review the forecast plan (Sihler, 2004). In accordance with the GMDC (2006) the establishment of a set of best practices for seasonal companies starts with the identification and implementation of a formal planning process. They stress that seasonal events are typically more complex to plan than mainstream categories, leading to an (annual) re-planning after the first formal planning process is finished. The formal plan highlights performance targets, investments needed and provide senior management with evaluation strategies. Further, inter-department synergies as well as cross-functional teams should support the planning process by ensuring that senior management support is provided. Generally, the process plan must support the overall business strategy and corporate objectives, should include a supplier selection, should identify the target customer and category for the seasonal event, should assess the historical performance of the included products, should establish strategies and an action plan and lastly an evaluation model needs to be included in the plan (GDMC, 2006).

Furthermore, seasonal as well as other organizations often fail to manage and prioritizing demand, where the purpose is to manage the optimum demand performance (sales volume, revenues, etc.). When facing seasonal demand, different planning strategies are needed in order to forecast demand accurately. Although the demand is seasonal, it is not unpredictable as it occurs regularly, which makes demand forecasts feasible and also very essential in order to avoid for instance remained inventory after the season (Crum & Palmatier, 2003). Further, when classifying the products by sales volume versus demand variability, different strategic forecasts can be undertaken. Even when it occurs that the demand varies heavily for a product, forecasts can be very accurate as seasonal patterns are often consistent (Crum & Palmatier, 2003).

2 *Off-season activities*

Secondly, carefully conducted off-seasonal activities are essential for seasonal organizations. Even when the off-season starts, there are often still activities that can be carried out more efficiently in those seasons than in the high season as this allows work splitting while simultaneously lead to a longer employment rate during the year. A business plan that includes activities like organizational learning, physical improvement within the company, evaluating the employed staff, monitoring the past season and preparing as well as improving the coming ones, can lead to efficiency enhancements in off-seasons while also preparing for efficient operations in high seasons (Maynard, 1995).

3 *Managing customer demand*

Thirdly, the management of customers in a best practice way may increase firm performance. To extend the formal planning process, also the characteristics and needs of the customers must be taken into account. To understand which products are required in which time period can help to develop strategies for seasonal companies (GMDC, 2006). Moreover, companies can provide incentives for customers to order and accept supply early to expand the duration of the season. When business customers get the ordered products prior high season, the company can benefit. Not only the storage and inventory capacity is now on the customer's site, but it is also more difficult for competitors to place their products. Furthermore, the capacity is more efficiently used when focusing on products that face the least uncertain demand. This approach is concentrated on cutting operational and storage risk (Sihler et al., 2004).

4 *Diversification*

Fourthly, diversification is a best practice approach in order to overcome or reducing the negative effects of seasonal fluctuations. When diversifying with additional products, it is essential to ensure that those products are not overlapping in seasons. Most of the companies are entirely busy in the main season, so additional working capacity with new products is counterproductive. In relation, it should also be evaluated before whether diversified products need additional processing equipment and whether this would be profitable (Flaxman, 2010). Generally, the new product or product line should be similar to the existing ones, so that investments and learning is kept to a minimum (Gilbert, 1999).

5 *Managing human resources*

Fifthly, managing employees is of high importance also for seasonal companies. Creating a positive working environment as well as offering appropriate salaries is a starting point for seasonal organizations to cope with human resource management (Gilbert, 1999). More specifically, keeping and retaining existing employees is essential. When laying off but hiring seasonal employees it should be ensured that mainly the same high performing employees can be employed again in every season. Already instructed work force is cost efficient in terms of training and it is not necessary to educate them in basic working processes. In order to generate high retention rates, the employer should inform the work force about seasonal shifts as well as the underlying reasons for seasonal work and involve their ideas in order to increase the employee's identification and affiliation towards the organization (Flaxman, 2010; Gilbert, 1999). In line with that, seasonal work force should be evaluated and hired very early, specialists who already possess basic skills are of efficiency value, former employees can be hired and incentives should be generated in order to ensure the returning of well-performing staff (Fleener, 2010).

However, Cairns (2010) claims to make a distinction between two ways of finding and hiring seasonal employees. Firstly, organizations choose to find and employ temporal workers on their own without commission an agency in order to save costs. When doing so, Cairns (2010) offered best practices how to deal with this assignment. Most importantly, the temporary worker should be treated as a permanent employee, implying training in all business policies and processes. Secondly, employing through a staffing agency has the advantage to be only indirectly responsible for this workforce. Contrary, Cairns (2010) indicates that those employees, who are employed via an agency, should gain separate and only basic training and should not be included in company-events. By considering that, costs for training might be decreased but the advantage to hire them again can also be reduced as firm affiliation and satisfaction might be low.

In Switzerland, they introduced a “flexicurity” program initiated by the European Union, in which on the one hand the social security of the employees as well as the flexibility for the employer on the other hand is enhanced (Rupp, 2008). By ensuring both sides, employees and employers of seasonal companies benefit from this model. While the employers can cover the work force needs during high season, the employees gain the possibility to increase their work-life-balance and are socially insured.

Remarks

Even though best practices are helpful for general management, the challenge of the establishment and implementation is that seasonal companies vary and possess differences in business sector and industry as well as seasonality itself (holiday seasonality, weather-related seasonality, etc.). Thus, best practices mainly aim at providing broad value-creating guidelines on an international basis from different countries (mainly Canada and USA) to give direction and identify opportunities but fail to develop specific recommendations to particular organizations (GMDC, 2006). Moreover, best practices ignores that personal expertise is often regarded as more relevant than knowledge sharing and that there might be a deficient in resources in order to implement international best practices, which further might be distinct due to different cultural and institutional differences (O’Dell & Grayson, 1998). Therefore, best practices might have a significant influence on the seasonal operations but there is also the opportunity that the other evaluated factors (like generic strategies or relationships) can generate a greater impact. There might also the opportunity that, even if resource sharing or generic strategies have a greater impact on seasonal efficiency, best practices can be incorporated simultaneously as those concepts are not mutually exclusive.

2.8 Summary and research framework

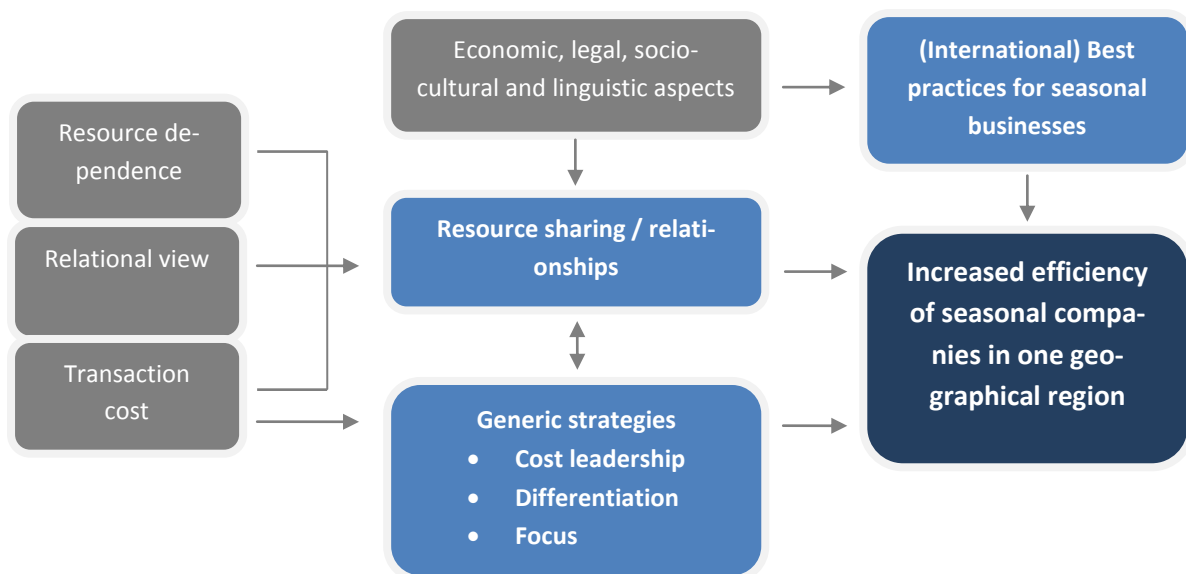


Figure 3: Research framework

Building upon the various theoretical views and concepts, the above research framework is established to create the hypothetical foundation in this particular research. Resource sharing and building relationships is evaluated as one possible driver to increase the efficiency of seasonal companies within one geographical region, whereby also the change or induction of one particular generic strategy could have an effect on the operational enhancement. Further, there might also be an interrelation of those two concepts, meaning that for instance interorganizational relations and sharing could decrease costs, consequently supporting a positive effect on the cost leadership strategy as discussed in the previous section. In addition, also the generic strategies can cause effects on the relationships. When following a differentiation strategy, and also increasing the product range, resource sharing with other companies producing complementary products might lead to increased competitive advantage while simultaneously affecting firm efficiency.

As discussed in the concept framework of underlying theoretical concepts, resource dependence, relational view and the transaction cost theory are identified to cause effects on resource sharing and the establishment of relationships. On the other hand, also different preconditions, for instance economic, legal, socio-cultural and linguistic aspects, might have an influence on interorganizational relationships. Moreover, the generic strategies can also be influenced by underlying concepts, as in case of the cost leadership strategy which appears to be determined to a certain extent by the transaction cost theory.

Best practices as well as international strategies (mainly from the United States and Canada) could be evaluated in relation with managing seasonal businesses. Demand, inventory, human resource and diversification management are, among others, categories of seasonal and international business best practices. While the integration of interorganizational relationships or generic strategies might have an impact on firm efficiency, the possibility that the introduction of best practices will have a greater effect should not be disregarded. The incorporation of best practices might be influenced by economic, legal and socio-cultural preconditions as the identified international best practices are from other cultural as well as economic backgrounds.

3 Methodology

Based upon the research framework, which was established in the previous chapter, ways and tactics are key to be developed and operationalized in order to collect the necessary primary and secondary data. The research methodology of this applied-research project is based on the design-approach as provided by Van Aken et al. (2007). Generally, the research will generate new insights into the topic of enhancing the firm performance of seasonal companies, which is rare in scientific literature. Based upon, the methodology is exploratory, qualitative and inductive in nature and should be theory-building in the latest stage (Eisenhardt, 1989).

3.1 Design approach

While a traditional business research is more focused on the development of (general) knowledge, this research is based on business problem-solving focusing on designing. The goal is to improve business performance by building upon the design methodology (Van Aken et al., 2007). As a new concept should be explored, the research deals with a problem of improvement and not with a pure knowledge problem. The nature of business problems is based on the so called “problem mess”, which can be solved through a “change muddle” (Van Aken et al., 2007). Additionally, these business problems are open-ended and instead of creating only one unique solution, several appropriate answers to the problem may appear. In this research, the actual problem will be evaluated and may also appear in a “problem mess”. Different solutions should be evaluated based on a SWOT analysis, in-depth interviews and scientific literature. Thus, also in this research different solutions in order to solve the improvement problems could be established. As Van Aken et al. (2007) indicated:

“The designed solution is also not an end in itself, but a means to improve performance: the whole project is focused on performance improvements and not on the beauty or intellectual appeal of the design. A full BPS project entails the analysis of the problem and its context, the design of a sound solution for that problem, the actual change of organizational structure and/or work processes, and the subsequent management of the new situation, in order to produce the intended performance improvement.” (Van Aken et al., 2007: 11)

After establishing the project plan or outline, two outcomes should be evaluated in the end: the solution plan, which entails to the design of solutions like new business processes, and a change plan, which in other terms is the change process design and states which actions should be taken and which actors are involved. Thus, the solutions of the solution model will afterwards integrated by means of a change plan. Although the design science research states that every business problem and its solutions are unique and tailored to this specific situation, a more generalizable design model regarding how to deal with seasonality is object to be established in order to justify research contributions to science. As the solutions are always context related, also the general model has to be justified and tested in different situations when applied (Van Aken, 2004).

The methodology of this design research is built upon the reflective cycle (Van Aken, 2004). Further, the empirical part will consist of in-depth interviews as a qualitative method for data collection. This type is chosen as this design research is new and exploratory in nature, which makes qualitative methods to valid approaches. In contrast to most of the business research, this business problem solving research is inductive, indicating that firstly the problem will be analyzed, different solutions

will be provided and afterwards theoretical aspects will be included in order to validate the findings. Instead of starting with theory, building hypotheses, conducting observations and concluding with confirmation (deduction), this research begins with observation, leading to identifying patterns, generating tentative hypotheses and developing in the end new theoretical insights (induction) (Babbie, 2007). Thus, the research moves from specific to general and broader theories. As scientific research lacks in providing existing frameworks about this topic, induction as a research method is appropriate as well as conducting qualitative data collection (Babbie, 2007).

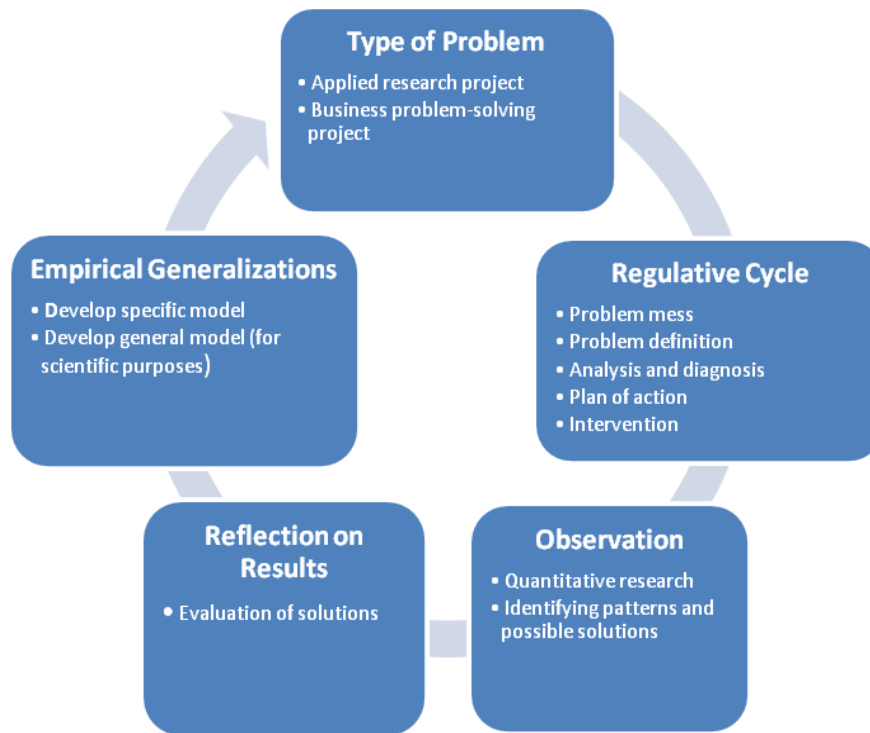


Figure 4: Applied and extended reflective cycle (Van Aken, 2004)

3.2 Operationalization

In order to operationalize the design methodology, the basis is to establish a deep understanding about the companies' problems and thus, evaluating different strengths, weaknesses, opportunities and threats in a SWOT-analysis. Besides and following, a cause-and-effect diagram leads to a further step in developing an understanding and evaluation of the companies. This research is based on a qualitative methodology building on a case study approach.

SWOT-Analysis

Implying an effective and efficient strategy generally suggests that there must be fit between the external environment and situation in which the organization is embedded (opportunities and threats) and the internal characteristics and own capabilities (strengths and weaknesses) (Adams, 2005; Andrews, 1980; Porter, 1980). Every organization faces specific internal and external conditions, which can foster potential chances, while also provide limitations to certain business activities and organizational performance. By evaluating and assessing the crucial factors of strengths, weaknesses, opportunities and threats on a regular basis, strategic factors can be identified and can be included in strategic decisions. Further, this analysis reflects the organization in functional terms, so internal and external problems as well as chances can be identified. Especially in small and medium

sized firms, this analysis provides insights into the organizations and leads to the initiation of possible actions. When also the external environment with its opportunities and threats is known, the organization is able to concentrate its future objectives on reaching consensus and therefore new chances by focusing on its internal strengths while preventing potential weaknesses (Mintzberg, 1991). The SWOT analysis in itself includes different analyses, such as industry structure (Porter, 1980) and the resource base (Barney, 1991), which also comprises the detection of core competencies and capabilities (Prahalad & Hamel, 1990).

Even though the SWOT analysis is a valid starting point to assess strategic restrictions as well as core capabilities of organizations, it still has limitations. As the environment as well as the internal composition is steadily changing, also the SWOT analysis is relative in nature and must be renewed and adapted in a constant process. Additionally, De Witt & Meyer (1998) indicated that this analysis ignores some aspects of modern strategic theory, such as trade-offs. Further, it is claimed that the outcome of the SWOT analysis is too broad, so that actual decisions cannot be taken based on these outcomes and includes hopes and biases (Mintzberg, 1990). Armstrong (1982) also indicated that SWOT might be a legitimate starting point to analyze the current situation of an organization, but that also other analyses, for instance ROI and defining corporate objectives, must be regarded as those are widely ignored in the SWOT-analysis. To overcome this difficulty it is important to define SWOT in context of a situation. In this research, SWOT is limited to the context of seasonal operations and is not aimed at all marketing or operational decisions.

The SWOT analysis can be used as a starting point to develop a strategic change plan for organizations, which is one part of the design approach (Van Aken et al., 2007). Strategic planning is a “process of determining the mission, major objectives, strategies, and policies that govern the acquisition and allocation of resources to achieve organisational aims” (Pearce et al., 1987). The strategic planning process includes SWOT and operational plans, is long-term focused and engages operational procedures to get and increase the contribution and commitment of stakeholders involved (Pearce et al., 1987). For the design approach, this strategic planning can be employed to deliver collected data, provide framework to increase efficiency and lead also to future scenarios (Porter, 1980). Thus, including SWOT as a starting contribution to the design approach is essential and will provide data about the external and internal environment as well as identify and discover problems. The total SWOT and strategic planning is aimed at identifying and solving seasonal problems of the organizations and is also limited to this. Other possible problems and limitations of the organizations that are not regarded to the seasonal operations are object for future research.

Cause-and-effect diagram

After conducting the SWOT analysis, different causes as well as effects will appear. Typically, a design-oriented research includes facing a problem mess in the beginning. This mess should be represented in a structured cause-and-effect diagram, in order to relate causes with idiosyncratic effects (Van Aken et al., 2007). A cause-and-effect diagram will lead to the identification of the central business problem by leaving aside others. By identifying the core efficiency problem of this research makes it more feasible but also relevant. After evaluating causes and effects, this necessary but not sufficient information is the preliminary stage for applying qualitative research in order to collect empirical data to solve the actual business problem.

Qualitative method

By conducting SWOT and establishing the cause-and-effect diagram, the different causes and consequences of the business problem become feasible and an analysis and diagnosis can take place. Following the regulative cycle, the next step is to accomplish an exploration of possible solutions for the problem, pursuing with an elaboration of one of the solutions to a solution design, followed by a change plan (Van Aken et al., 2007).

The qualitative method is chosen as this research is exploratory in nature. A design-oriented research can be quantitative and/or qualitative but this research focuses on the qualitative method as it is exploratory and very novel. As the topic is not explored yet, this method is appropriate as qualitative observation has to precede quantitative measurement as quantitative research only is appropriate when the possibility of new phenomena is eliminated (Casimir, 1983). Qualitative research allows developing a deeper and expanded understanding of phenomena than quantification (Babbie, 2007) and results in theory-building (Eisenhardt, 1989).

In this business problem-solving project, the empirical part will be based on the interview method. Semi-structured interviews with different organizations (Dutch and German) in the Euregio region should provide insights to the deeper-grounded problems, while also offer possible solutions for those problems. Semi-structured interviews are used in order to ensure that on the one hand all necessary topics are evaluated and that the interview follows a structure as intended, but are on the other hand not fully structured in order to enhance the responsiveness of the interviewee (Babbie, 2007). As Rubin & Rubin (1995) indicated: "Qualitative interviewing design is flexible, iterative, and continuous, rather than prepared in advance and locked in a stone. (...) The continuous nature of qualitative interviewing means that the questioning is redesigned throughout the project." (Rubin & Rubin, 1995: 43-47). Further, qualitative interviewing is determined by a set of topics to be discussed on an in-depth basis rather than based on standardized questions (Babbie, 2007). Also Eisenhardt (1989) argued that in theory-building case research the data collection process is not fully determined before and allows freedom to make adjustments in order to probe certain themes that accidentally emerge. Moreover, using qualitative and semi-structured interviewing as the data collection tool is in line with the design-approach (Van Aken et al., 2007). As the interviews will be held to gain insights into the problem mess and also focuses on the explanation as well as exploration of the problem, this method is appropriate. An interview protocol should generate that subjectivity will be limited. The interviewees will be narrowed to a small number of participating seasonal enterprises which should be analyzed in-depth, so it can be referred to as a case study. It can further be regarded as a multiple-case study as two preliminary cases will be studied, which are followed by additional case studies in order to explore six Dutch and German companies as a sample. Because of this, coding of the interviews is not appropriate as the number of respondents will be too small and could destroy the value of the data (Eisenhardt, 1989). Further, the flow of the conversation is not fully predictable before and additional questions are maybe required during the interview in order to explore the research question and objectives fully, which makes coding difficult (Saunders, 2009). The flexibility in the research should not be confounded with unsystematic research. "Rather, this flexibility is controlled opportunism in which researchers take advantage of the uniqueness of a specific case and the emergence of new themes to improve resultant theory." (Eisenhardt, 1989: 539). As also indicated in the design-approach, case study research allows the iteration of forward and backward steps and can even lead to a redefinition of the research question. Further, the novel theory from cases and design-oriented research has the potential to include less researcher bias than de-

ductive research as theory constructs were not fully defined before, so preconceptions that might lead to biased findings are rare (Eisenhardt, 1989; Miles, 1979).

The topics and questions that should be addressed during the qualitative interviews can be found in the annexes. During the interviews, the concentration should be on the different variables of the research framework to assess and measure whether and how the various elements affect or show no effect on the efficiency of the seasonal companies. Thus, the overall goal is to get a deep insight into which opinion the managers of the different companies possess about causes and effects of resource sharing, differentiation strategy, focus strategy and international best practices with regard to their own seasonal operations.

After conducting a theoretical literature review and also gathering primary company data, a continuous discussion between theoretical perspectives and empirical data is required to exploit the theory-based approach in the problem-solving process. The generated insights should also be further researched in future studies as indicated in methodological limitations.

4 Case study, data analysis and findings

As already indicated, a multiple case study concerned with seasonal companies of the Euregio region should generate new insights into how to increase the efficiency of seasonal operations. In order to explore this topic, two preliminary organizations are studied, which can be regarded as the core case studies, because these are evaluated specifically in-depth with face-to-face interviews. These organizations and their operations as well as problems regarding seasonality will provide the basis for a SWOT-analysis and a cause-and-effect-diagram. Further, the interviews will provide first insights into possible solutions for the problems faced due to seasonal operations. In order to increase the reliability of the case study approach, additional seasonal companies will be studied and interviewed to develop further support, implication or restrictions (Babbie, 2007). While the core case companies are located in the Netherlands, the additional cases are based in the German part of Euregio in order to provide an international view on this topic as well as gaining diverse insights from different international perspectives and underlying conditions. In figure 5, it is visualized, which first stages of the strategy framework are dealt with in this chapter 4. The interview guidelines as well as the protocols can be found in the annexes (annex 2 and 3).

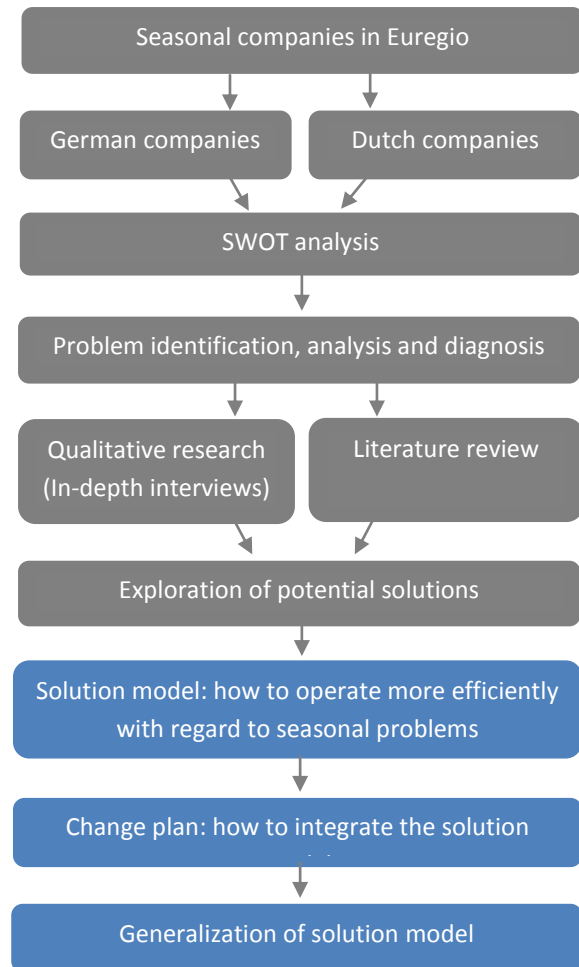


Figure 5: First part of applied strategy framework

4.1 The company cases

As indicated above, two organizations will provide the basis for analysis with respect to evaluating the faced problems and possible solutions for seasonal companies. Ter Brugge Geschenken B.V. and OCS Recreatie Groothandel B.V. are selected as they are comparable in size (both are SMEs), are located in Euregio in the Dutch part and are they both facing seasonal fluctuations in market demand indicating certain related problems.

Ter Brugge Geschenken B.V.

The first case included in this study is Ter Brugge. This organization is located in Borne, in the Dutch part of the Euregio region. Initially and primarily the company sells Christmas packages, which were established on individual wishes. The company is mainly active in the Dutch B2B market and their main business clients are Vredestein, Johma, Hitec Power Protection, Arbo, Saxion Hogeschoolen, etc.. All of the gifts can be personalized and are basically used by the clients as incentives for their own employees.

By looking back on a 40-year history, the company is under steady development and growth, especially during the last decade. Indeed, their main product is still the Christmas gift, but during the years, they enhanced their product range to also other presents. These range from special Easter packages to Birthday presents (packages for various themes). As they extended their operations from solely Christmas and St Nicholas gifts to presents that will be delivered also during other seasons of the year, the focus has broadened from the period before Christmas.

However, their main operations are still in the autumn season of the year preparing for the core high-season Christmas. In their high-season they generate 75 percent of their yearly revenues, whereas the other low seasons together only generate 25 percent of total revenues. During high seasons (from October to December) they are employing 100 workers, whereas in the other times only ten employees are working in the sales, logistics and fulfilment division. The 90 additional seasonal workers are mainly engaged in the fulfilment area, packing the different packages. Ter Brugge has huge warehouse capacities, including a packing area as well as a showroom to present package examples to potential and existing customers.

By developing and growing further, Ter Brugge's overall goal for the following year is to grow by 20 percent in terms of revenues as well as customers (from currently 800 to 1000 customers). Further, their goal is to shift revenues from 75 percent to 65 percent in their main-season and 25 percent to 35 percent in the other seasons.

OCS Recreatie Groothandel B.V.

The second organization participating in the research is OCS, located in Hengelo, the Netherlands. Since about 45 years, this wholesaler focuses on disposing caravan and camper accessories with a product range of more than 6000 different items. By operating only in the B2B market, the organization delivers more than 400 retailers in the whole Netherlands.

As they are dealing with caravan and camping products, their high-season of operations is in spring and summer (from April to August, where the extremely peak months June and July are). Based upon, during the other seasons, the demand is decreasing and low. Dealing with this seasonality, the company gains 95 percent of their yearly turnover in their main season, while during the other remaining low months, the turnover proportion rate is only 5 percent. Further, the company employs 15 full-time employees during the entire year, while the rush demand in summer is compensated with about five extra seasonal workers. Additionally, OCS also owns huge warehouse facilities, which are fully used during high seasons.

As the demand curve of OCS' products is not exactly predictable, the company already invested in automation in order to respond to changes more flexible and to reduce the amount of seasonal workers needed. In relation, their products are mainly standardized and not customer-specific tailored (except for different packages and volume bundles), which allows automation of logistical processes to a large degree.

Next to Ter Brugge, also OCS is growing further and aims at generating more turnover by steadily adapting and increasing the product range. Even though the product range is under steady development, the adapted products are still similar to other products and are sold in the same season. To capture new and potential clients as well as to retain the existing ones, the company invested in marketing. They are not only placing advertisements in customer-specific magazines but are also active on trade fairs in the Netherlands. Moreover, they are engaging in sending emails and newslet-

ters to clients providing the latest developments and newest products. However, they are currently not investing in market research.

4.2 Additional company cases

In total, the sample, which was interviewed during face-to-face as well as telephone conferences, is six. Given the major aim of this research, which is to identify the actual faced seasonality problems and to provide advices how to increase the efficiency of seasonal companies, more than the two core cases need to be evaluated in order to gain a deeper understanding as well as a broader view of this novel topic. Due to increasing the reliability, four additional seasonal companies from diverse industries but within the region of Euregio are randomly selected and interviewed.

Additional to the first two interviews and case studies, a third seasonal company was included in the research. Windel GmbH & Co. KG is located in Osnabrueck in the German part of the Euregio region. Since more than 110 years, this SME is producing chocolate in various forms and delivers retailers in Germany (mainly supermarkets). While the product range does not include normal chocolate bars, the production is based on special Christmas chocolate (Santa Clauses, Advent calendar, etc.) and Easter chocolate (for instance Easter bunnies). Thus, in contrast to the other cases, this company has two peak seasons. From June to November they are engaging in the Christmas business and from November to March the production is focused on the Easter market. Therefore, the two seasons are linked and interlocked but are not overlapping, which is quite efficient for production. In addition, even though Windel is faced by a very seasonal demand and market, their low season is only in April and May. Consequently, 95 percent of their turnover is generated during the two high seasons, where two-third of this is obtained in the Christmas season and the other one-third in the Easter season. During the entire year, the company employs 220 full-time employees, which can be reduced to 100 when the demand is unpredictably low. In high seasons, about 130 extra workers are employed based on special seasonal contracts. These workers are only appointed to assembly-line work. Moreover, Windel has not only huge production facilities with space of about 13,000 square meters but also an additional logistic centre with warehouses of 8,000 square meters.

In addition, also a seasonal company from the clothing industry could be enlisted to participate in this research. ERFO Bekleidungswerk GmbH & Co. KG is also a SME and delivers more than 400 retailers mainly in Germany, but also in whole Europe (export rate: 45 percent). Located in Nordhorn, Germany, this company produces and merchandises women's outer garments on a high price and quality level since 1937. Their yearly business volume of 40 million Euro is achieved in two high seasons. Nearly 100 percent of their yearly revenues are obtained in the spring/summer and autumn/winter collection. Even within these two high seasons, also different departments have different high seasons. The design department is the first, which is engaged in the new collection, followed by the purchase, production and sales department. Thus, most of the 200 employees are employed the entire year, but additional manpower is needed in the storage and production department during the two high seasons. As they have in-house design, production and merchandise, they possess large warehouse, storage and production facilities.

In opposition to other interviewed companies, a garden centre in Neuenkirchen, Germany, which is obviously facing huge seasonal fluctuations, was not interested to change operations. They were satisfied with their degree of capacity utilization in the summer (main season), are convinced that their employees are productive enough and are not willing to invest in new strategies in order to

increase turnover in low seasons. Nearly the same answers were provided by a wholesale florist, which is located in Gronau, in the German part of Euregio. Both of these companies did not see the need for changing operations, neither changing business strategy nor investing in any form of sharing. Also cooperating with a near-located partner within Euregio was not regarded as a valid idea as both investigated that they do not want to rely on other businesses they do not know for a long time (trust must be given and dependency is feared).

4.3 Data analysis

The data analysis, which is based on in-depth interviews, starts with a SWOT-analysis of the core cases, leading to the identification of the actual seasonality-grounded problems which results in a cause-and-effect diagram, followed by the analysis of the additional case interviews. Lastly, different solutions will be identified based on the previous data and analyses and will be discussed in the end with corresponding literature.

4.3.1 SWOT-analysis

While often SWOT-analyses are conducted without building on the embedded context and focuses solely on one particular company, this analysis provides deeper insights and is of high relevance as it is established on the basis of two companies, which are complementary in seasons. Ter Brugge and OCS are analyzed only with regard to their seasonal operations and in context of a specific situation and thus in a narrowed down context to overcome limitations of the SWOT-analysis as indicated in section 3.2. Strengths can be matched with regarding opportunities to result in sustained competitive advantage. Further, aiming at converting weaknesses and threats into strengths and opportunities, the competitive advantage can be increased and if it is impractical to convert those, weaknesses and threats should to be limited or avoided (Hill & Westbrook, 1997).

Strengths

Various strengths with regard to seasonality can be identified at Ter Brugge and OCS. Firstly, the companies possess huge warehouse capacity. Those warehouses are fully needed in high seasons, leading to efficient operations in high seasons as work processes are optimized (for instance short ways from the fulfilment and packing station to the warehouse and to further logistics).

Secondly, both of the organizations have the capability and capacity to grow internally. This means, that there are facilities that allow employing more employees when they are needed. Further, employees who are fully employed during the total year are productive and work efficiently as well as effectively, leading to a strong basic work force. As strengths are defined as factors mainly detected in the present situation of the internal environment of the company, further internal opportunities are discussed later.

Another strength can also be seen in their engagement to grow further. Especially Ter Brugge is commissioning market research in order to set up new marketing campaigns. This professional conducted market research, followed by regarding campaigns are very helpful in order to generate new customers, market share and customer spending. Also OCS is investing in marketing campaigns by conducting various communication channels (trade fairs, advertisements in industry-specific magazines and newsletters to existing customers), which are very appropriate and effective in the B2B business (Blythe & Zimmerman, 2005).

Weaknesses

Next to positive internal aspects, also weaknesses can be discovered at Ter Brugge and OCS. Evidently, the companies' main weak point is the seasonality of their offered products, leading to related weaknesses. Even though the cycle of high and low seasons is predictable in terms of total duration and approximate turnover, the precise demand sequence and purchase amount is hard to pinpoint exactly and previously. Thus, a correct foreseeing is difficult, leading to consequences in utilization rate, overwork/underwork, productivity and cost. Processes and working cycles must be adapted flexible in order to respond to those irregularities.

Further, in low seasons they have too much warehouse capacity, which is not used during these times, resulting in a low capacity utilization. Thus, additional costs for those facilities emerge, even though the warehouse is not fully needed in low seasons. A low utilization rate by simultaneously facing high fixed cost in low seasons result in a decreased efficiency compared with operations in high seasons.

Additionally, human resources are not adequately and efficiently incorporated in the organizations. While too many employees are employed during low seasons, the employees are overworked in high seasons, although a high rate of additional seasonal workers are employed to smoothen the work pressure. The seasonal workers are also often not adequately trained as they are new every year. This leads to a low productivity and overwork of other employees.

Opportunities

As the companies are active in different industries, also their external environment differs. Ter Brugge is still mainly active in the Christmas package business in the Netherlands. Christmas packages are still situated in a growing market area as those relation-building gifts in the B2B business are rooted in a historical tradition. Thus, a stable key market can be delivered by this organization and there are still opportunities and capacities to grow further and expand market operations. A stable market and the opportunity to grow can also be identified with respect to OCS. The caravan market in the Netherlands is huge, so it is possible to expand further. Additionally, especially for Ter Brugge opportunities in capturing cross-border markets occur. In Germany, Christmas packages are known but not as extensively used as incentives for employees as in the Netherlands. A market research could be undertaken to explore and determine whether and how this new market could be entered. Beyond this, there is also the opportunity for OCS to capture cross-border markets to Germany, but it might be more problematic as Germany already has its own wholesalers in this business sector. Nevertheless, a market research could indicate whether it might be possible to expand business to German border regions. By certainly investing in these two mentioned approaches, the centre of engagement must be on focusing on the main product in order to strengthen their primary business.

When focusing only on the high seasons and pushing sales in these times, there is also the opportunity to work together with other (seasonal) companies. Thus, a focus strategy can result in resource sharing. In low seasons they can rent their warehouse facilities to other organizations that might use them in their high seasons. With such an approach facility costs can be reduced and efficiency increased. Relating, they could work together with other companies with respect to their seasonal employees. There is the opportunity to establish a human resource pool to share employees. This can positively affect the training aspects as those employees are working for the same companies every year again. Another pool approach might be that sharing is established in one location. This includes that one seasonal company offers another company (which differs in high season) to move

into the location facilities, meaning that the host company offers office facilities, warehouse facilities and employee support from their own resources to the other company. This can not only result in lower costs for both companies but also effective synergies as human resources as well as facilities are efficiently used during the entire year.

To address the seasonality-grounded problems further, the companies can extend the current product range with additional complementary products that are mainly sold during low seasons. By shifting revenues from only high seasons to also low seasons, a more steady employment of more employees could be generated, leading to an increased productivity and better working processes as these employees must neither be trained in every seasons again nor are new employees generated via an agency are needed. Further, warehouses could be used more efficiently and effectively during the entire year. Another approach to overcome seasonal problems is to exploit the opportunity to introduce entirely new products, next to extending the existing product range. When selling products, which are normally used in Christmas packages, like coffee, they can use the opportunity to deliver other organizations with such products during the entire year. They can use already existing supplier as well as buyer relations. In relation, this could also positively affect the employment and warehouse related issues like already indicated in the former opportunity.

Threats

Obviously, the central and major threat is defined in the fact that the market demand very seasonal, leading to main seasonality problems for both companies as already indicated. In the Netherlands, there are also many direct competitors present in the Christmas package market as well as in the caravan business. Those companies are primarily selling comparable products. Thus, Ter Brugge as well as OCS must find ways to increase efficiency to compete and grow further by establishing a new sustained competitive advantage.

Even when engaging in the mentioned opportunities, there are still threats faced. When changing seasonal operations to a more steady focus during the year, there might be the threat that even though a spread of costs could be generated, the total revenues will stay the same. This might be especially the case for Ter Brugge as companies often have a yearly budget for incentives which are now primarily used for Christmas gifts. Consequently, when changing to other gifts, they will be smaller but in total the same price and the revenues are only shifted from one season to another. This could only be shifted and could be strengths when they accomplish to increase the budget of the companies so that they order more during the total year but that the Christmas budget is not affected. But also for OCS an increase in sales during low seasons could affect sales in high seasons negatively as also those revenues might only be shifted and not increased due to the assumption that retailer will purchase the same amount annualized.

Moreover, when establishing human resource sharing between different seasonal companies, it might be that the productivity cannot be enhanced. This could be the case, as those workers are often overworked due to hard physical working conditions and pressures when they come from a high season of one company directly to a high season of another company. In relation with that, it might be that companies are becoming too dependent on each other when creating sharing symbioses. Interest conflicts may arise leading to a decrease in efficiency.

Another threat that might be faced is grounded in changing the business strategy in an unstructured way. Currently, both companies are engaging in the focus strategy. Shifting also to a differentiation strategy and introducing extensions to spread revenues, might lead to no clear strategy as they want

to remain a seasonal organization but with shifts to other seasons. This can lead to customer confusion and a “stuck in the middle” strategy, which is not really effective (Porter, 1980). Further, this strategy can lead to customer misunderstanding when it is not sufficiently introduced in a new and clear strategy formation with a new communication to the customer. Moreover, when engaging in an additional differentiation strategy, it can occur that different products are overlapping in seasons even though when sold in different ones. Resulting in more work load in high seasons, the goal of increased efficiency might not be reached.

4.3.2 Seasonality-grounded problems

As already indicated the implied companies are facing various problems regarding efficiency. However, this research addresses only the seasonality problems. Thus, when confronted with a huge problem mess, the concentration is here on specific seasonality-grounded challenges and leaving out other problems. For that reason, the problems, which were identified below, are solely based on the described precondition of being of seasonal nature. In line with the design-approach the problems were identified based on brainstorming sessions at the chamber of commerce and on interviews with the regarding organizations. The seasonal-specific problems were also identified within the SWOT-analysis and the additional case studies were further explored. To investigate this subject further, literature will be conducted in order to get more insights into seasonal-grounded problems faced by companies in general.

Seasonality problems identified in case study companies

Regarding seasonal operations it can be indicated that Ter Brugge and OCS are faced with high seasons during different periods of the year. While Ter Brugge is mainly active in the autumn and winter season around Christmas, OCS operates during spring and summer. Even though the companies are active in different industries and have different high seasons, they are facing nearly the same problems with regard to their seasonal operations.

Firstly, both are dealing with human resource problems. In low seasons their employees are confronted with insufficient underwork, while in high season the full-time as well as seasonal workers are often overworked by facing a heavy physical working pressure. Both companies are employing additional seasonal workers during high seasons but the work pressure for all employees is still too enormous and therefore affecting productivity negatively.

Secondly, Ter Brugge and OCS are challenging with their warehouse capacity utilization. Both companies have huge landed properties in form of offices warehouses and other facilities. While during high seasons the warehouse space is fully needed, too much capacity is not used in low seasons. Obviously, fixed costs such as rent, maintenance and depreciation are still given during the entire year, even though low turnover is predominant in one half of the year.

Those two main problems result in a low resource utilization, in high costs and therefore in a low efficiency during low seasons. How these causes and effects are related and where the efficiency problem is rooted can be explored in the cause-and-effect diagram. Based upon the design-approach literature, this diagram is highly suitable to structure causes and effects in an effective way (Van Aken, et al. 2007).



Figure 6: Cause-and-effect diagram

As the cause-and-effect diagram above illustrates, the highly seasonal product range is mainly causing the effect of inefficiency. Given the seasonal products, the different resource utilization in the main and low season can be explained. This in turn leads to unbalanced workloads and an inefficiently used warehouse capacity, causing at the end the overall low efficiency in non-peak seasons. Thus, coping more efficiently with the seasonal products needs to be integrated by the companies. In this stage of analysis, all identified strategies, like differentiation, focus or resource sharing in various ways are appropriate to have an effect on solving this problem.

Seasonality problems identified in additional case studies

In addition to the two main cases, Windel was asked to pinpoint their challenges regarding seasonality. As it was already explored in the case description, Windel has two main seasons, so their problems are not as significant as in the other cases. They also have too much warehouse and production capacity during low seasons but this is only in March and May. It was further stated that also the seasonal workers, who are generated by an agency, are indeed new every high season, but that is not a problem as the work is easy to learn and no additional training is needed at the assembly-line.

As already identified in most of the cases, also ERFO faces too little storage facilities in high seasons, too much warehouse capacity in low seasons and challenge with new seasonal workers who need to be trained in every seasonal cycle again. They are facing the same seasonal problems as identified at Ter Brugge and OCS but also have two main seasons, which decreases the seasonal problems to a certain extent.

Seasonality problems identified in current literature

Beyond the company problems, described and assessed in the previous section, seasonality problems were also explored in current literature (see literature review in section 2.3). Based on the previous analysis of already existing research within the literature review, it must be indicated that literature about seasonality problems is rare, especially in this business context. Thus, seasonality problems also from the tourism sector were implied and discussed as these problems are comparable to those of other seasonal companies. The main findings of problems were an under-utilization of resources during low seasons (McEniff, 1992), low returns on investments (Butler, 1994; Ritchie & Beliveau, 1974), the challenge of finding and holding of full-time employees who are productive and the risk of overuse of resources in high seasons (Butler, 1994). As already indicated in the literature review, existing literature lacks in identifying various seasonal problems in one research. Different problems were evaluated in different studies but there is not one research that combines those and finds solutions across companies and industries.

Summary and conclusion

In summary, it can be analyzed that seasonal companies are mainly facing the same problems. Even though the studied companies differ in industry, products and seasons, their problems are rooted in too much warehouse capacity and manpower in low seasons and overworked employees/low productivity in high seasons (facility and human resource utilization rate problems). As analyzed above, problems which are rooted in seasonality are identified in current research as low productivity, low return on investment, over or underuse of resources (employees and facilities) and high risks. These identified problems in existing research are assessed in the tourism sector and not from other business sectors. In this particular research, problems across industries were identified. However, even if the sector changes nearly the same underlying seasonal problems can be found in the case studies and interviews. Thus, it can be concluded that this research went beyond the existing studies and evaluated the problems for different industries on a more general level. One exceptional case was identified at Windel as they are facing indeed nearly the same problems but in a very reduced form which can be ascribed to the fact that this company has two main seasons and only two month of decreased demand. Two additional companies indicated that they are not facing seasonal problems in any respect, so it can be analyzed that those either are dealing with a high efficiency or are not willing to be confronted with the problems.

4.3.3 Potential solutions

Two main problems with different sub-problems were identified and analyzed in the previous chapter. Bearing in mind the central research question, the first part was consequently answered. The second part of assessing solutions for the identified problems is object in this section. Based on the SWOT analysis, a confrontation matrix will provide first insights, followed by an assessment of possible solutions from additional cases and corresponding literature.

SWOT confrontation matrix

Matching internal aspects and characteristics (strengths and weaknesses) with the faced external situation (opportunities and threats) can result in generating new sustained strategies (Andrews, 1980,). Thus, a confrontation matrix is essential in order to investigate which qualities can be used to overcome difficulties to establish a fit between internal and external aspects. Hill & Westbrook (1997) allege that SWOT as a tool for analysis is not sufficient. They based their investigation on description without going beyond the different outcomes. The value of a SWOT analysis can be enlarged by discussing every outcome in a confrontation matrix to go from description to further explanation. Regarding a confrontation matrix, it must be assured that the different outcome strategies in every quadrant are used in a constructive and functional way. The strengths/ opportunities strategies should be used in an offensive way by making the most out of these. Secondly, the strengths/threats strategies should be adjusted in order to restore strengths. Further, weaknesses/opportunities strategies can mainly be integrated in a defensive way by watching and analyzing the competition closely. Lastly, the weaknesses/threats combinations should be turned around in order to survive.

Table 1 below shows the confrontation matrix based on the SWOT analysis. The outcome of confronting strengths, weaknesses, opportunities and threats can be seen in the grey quadrants. Obviously, applying and investing in the S-O strategies can be assumed to having the greatest effect in order to overcome seasonality problems. However, also S-T as well as W-O strategies should not be disregarded as also those strategies might result in valid and effective ways how to solve seasonality-grounded problems. The identified strategies are further discussed and evaluated in the section of comparing and assessing all generated strategies from empirical findings as well as when it comes to the discussion with corresponding literature.

		Opportunities					Threats						
		O1 Expand market share in the Netherlands (Focus strategy)	O2 Entering new cross-border markets	O3 Adding products to product line or introducing entirely new products (Differentiation strategy)	O4 Sharing resources/resource pool (human resources/warehouses)	O5 Combining two seasonal companies in one location	T1 Market demand is very seasonal	T2 Many direct competitors with similar products	T3 Only shifting revenues but not generating more when adding products	T4 Additional products can overlap in seasons	T5 Stuck in the middle strategy	T6 Low productivity due to resource sharing (pool of employees)	T7 Conflicting goals/activities of companies when sharing resources
Strengths	S1 Huge warehouse capacity	S1O1O2O3O4O5 – The warehouse capacity allows to produce more of existing/new products (focus and differentiation strategy and other growth strategies are possible), and to share the warehouse in low seasons with other companies					S1T1 – The huge warehouse capacity can be used and is highly needed in high seasons						
	S2 Strong basic work force (steady employees)	S2O1O2O3O5 – A strong work force is the basis to expand business regardless undertaken strategy, and could also provide assistance when locating another company in existing company					S2T1T6 – The strong basic work force is essential in low but especially in high seasons, because they provide direction to seasonal workers and can increase the productivity of seasonal workers when building a strong support						
	S3 Capacity and capability to grow internally	S3O1O2O3 – The capacity to grow internally is very helpful when expanding business in every respect and strategy					S3T2T6 – When growing and expanding the threat of competitors with similar products can be reduced as the product range can be enlarged and improved and also the productivity of the workers can be improved as a more steady employment could be generated						
	S4 Commissioning market research/ marketing campaigns	S4O1O2O3 – Market research strengthens and supports all growth focused opportunities					S4T1T2T5 – Conducting market research is important to analyze the current demand, to improve the competitive position and to engage in new strategies if needed						
Weaknesses	W1 Very seasonal products	W1O1O2O3O4O5 – By engaging in a new strategy (increasing market share, product range, new markets etc.) or by sharing resources, the weakness of seasonal products can be reduced and the competitive advantage enhanced											

W2 Too much warehouse capacity in low seasons	W2O3O4O5 – The warehouse capacity can be used more efficiently when adding products that are sold in low seasons or when sharing the facilities in low seasons with other companies	Weaknesses and threats should be turned around in order to survive. This can be achieved by engaging in (1) S-O strategies, (2) W-O strategies, or (3) in S-T strategies
W3 Too many employees in low seasons	W3O3O4O5 – A more steady employment could be generated when adding products that are sold in low seasons or when sharing human resources with other companies	
W4 Too few and overworked employees in high seasons (leading to low productivity)	W4O3 – When shifting production and generating a more balanced work year and more steady employment (by enhancing the product range), the seasonality problem of overworked employees in high seasons can be reduced and productivity enhanced	

Table 1: SWOT confrontation matrix

Possible solutions based on additional cases

Windel is already engaging in solving some of their seasonal problems. In order to reduce warehouse costs, they outsourced some of their finished products to an external logistic partner. This partner rents warehouse space to Windel in their high season, whereas in the other time, this partner rents the space to other seasonal companies (for instance to a producer of garden furniture). With this strategy, Windel was able to reduce warehouse space and therefore also costs. Windel stressed that the most efficient solution to cope with seasonality problems is to reduce warehouse and production costs by sharing or outsourcing. Additionally, Windel automatized production and logistic processes, leading to a reduction in human resource costs. Particularly with regard to sharing resources, Windel indicated that sharing production and warehouse facilities is an efficient and effective way to save costs, but sharing employees is not needed as seasonal workers are often not mobile (they do not possess a car etc.) and the seasonal work is only at the assembly-line, which is easy to learn. With respect to enhancing the product range with additional products to overcome low seasons, Windel cannot see this as an opportunity as they are producing chocolate for special events and in summer, chocolate is not sold a lot. Additionally, they have an in-house product development department, which is specialized on chocolate, so extending to products of another industry would cause additional costs of machinery and development. It would also harm the main business as only two months are low season, which would overlap in production of another product.

Trying to smooth their problems, ERFO already rented external facilities from a logistic provider in high seasons, which is on the other hand very difficult as they need special warehouses with storage facilities for garments on hangers. This is also the reason why it is not possible to share their warehouse in low seasons with other companies. Other clothing companies, which would need the same facilities, also have the same high and low season and companies from another industry cannot use those storage facilities even though they have different seasonal cycles. Additionally, differentiation is not possible or would not be efficient as other clothing would not decrease seasonality (still the

same seasons) and other machines would be needed but the space is already utilized to full capacity in high seasons. Thus, warehouse sharing as well as broaden the product line with other seasonal products is very difficult for them. In relation, they are already investing in the focus strategy and are engaging in capturing new international markets. Indeed, this enhances revenues and market share but is not valid in order to decrease seasonal problems as also these new markets still have the same seasonal duration and cycle. On the other hand, they were in favour of establishing human resource pools by sharing the same seasonal workforce with companies from another industry to have every season again the same employees in cooperation with other seasonal companies within the region, leading to lower cost of training and consequently the productivity would also be increased.

Possible solutions based on empirical and literature findings

Based on the outcomes and findings of the core cases interviews, the corresponding SWOT confrontation matrix analysis, the additional interviews and the literature review in chapter 2, the following possible solutions in order to increase firm efficiency of seasonal companies can be identified:

1. Differentiation strategy: shifting and increasing revenues also in low seasons
 - a. Adding additional products to product line (enlarging the high seasons)
 - b. Introduce entirely new products (introducing additional high seasons)
2. Focus strategy: pushing sales in high-season by focusing on the main product
 - a. Expand national market share and growing further
 - b. Capturing international cross-border markets
 - c. Only operating in high seasons while renting resources and facilities to other companies in low seasons
3. Resource sharing: establishing relationships
 - a. Renting warehouse facilities to other companies in low seasons and renting from others in high seasons (resource pool)
 - b. Sharing employees (resource pool)
 - c. Combining two seasonal companies in one location / Renting facilities to another company that operates in another season: an office, warehouse space and the support from employees in one location
4. Outsourcing:
 - a. Giving up warehouses and renting warehouse space in high seasons from an external provider
5. Best practices:
 - a. Seasonal planning processes
 - b. Off-season activities
 - c. Managing customer demand
 - d. Diversification
 - e. Managing human resources
6. Additional solutions:
 - a. Automatized production and logistic processes (leading to a reduction in human resource costs)
 - b. Providing incentives (special attractions in low seasons)

Discussion of potential solutions

By conducting empirical interviews as well as engaging in an extensive literature review, both secondary and primary data will be discussed together to provide valid and the most value-creating solutions for the efficiency problems of the seasonal companies in every respect.

1 Differentiation strategy: shifting and increasing revenues also in low seasons

With respect to this solution, two different approaches were discussed: adding additional products to product line (enlarging the high seasons) and introducing entirely new products (including additional high seasons). Based on the conducted research, both approaches regarding engaging in the differentiation strategy were mostly rejected, because (1) producing additional products would cause additional costs of machinery and development, (2) additional products still have the same seasons and need other machines but the space for machinery is already utilized to full capacity in high seasons, and (3) overlapping in production of the main product in high season, leading to harming the main product. If a seasonal company want to incorporate this strategy, like one company in the case studies did, different preconditions could be identified, which should be fulfilled in order to engage efficiently in the differentiation strategy: (1) it should be a selling/retailer not producing company, because producing often requires additional machinery and development, while only selling only needs (perhaps) other storage facilities, (2) selling entirely new products can lead to an increase in revenues, while adding additional products often lead only to shifting the revenues but not generating additional, and (3) establishing two high seasons can be very efficient while more could even decrease efficiency as then seasons and products are overlapping and harming the main product (for instance in sales volume).

This approach can directly address seasonal problems but is identified as the least efficient one as it is not aiming at decreasing overall costs, and involves high risks in terms of engaging in new products or markets. However, when preconditions are fulfilled and relationship building is out of consideration, this approach is value-creating and valid to solve seasonal-grounded problems.

2 Focus strategy: pushing sales in high-season by focusing on the main product

Expanding national market share and growing further could be discovered as a goal of almost all interviewed cases. Additionally, capturing international cross-border markets was on the one hand identified as very useful to enhance the sales volume and was also to some extent easy to implement but would not decrease the problem of seasonality as selling the products to other countries will not increase the duration of seasons or adding seasons. However, selling to other countries could increase total revenues by pushing sales in high-seasons and therefore enhancing the overall firm performance. Further, a focus strategy includes focusing only on the main product and main season. Thus, operating only in high seasons, while sharing resources with other companies in low seasons, was regarded by nearly all interviewed organizations as very useful and the best approach in order to increase firm efficiency by decreasing and addressing seasonal problems.

Resulting, the focus strategy can mainly be identified as a condition for establishing resource sharing and not as a solution how to solve seasonal problems on its own. This approach in relation with resource sharing and pooling in various ways is further discussed below.

3 *Resource sharing*

Resource sharing was explored to include three basic forms: (1) sharing and renting warehouse and production facilities, (2) sharing and renting human resources, and (3) combining two organizations in one location in an alliance way by sharing various facilities and human resources. This solution is new in scientific sense. There is any literature about sharing resources between different industries but in one geographical area. These approaches are further discussed below.

Firstly, based on the interview findings, sharing and renting warehouse and production facilities with other seasonal companies in one region is possible. Advantages are that the capacity utilization rate can be enhanced and costs can be reduced in low seasons. This is not only based on findings in the literature (Bell et al., 2009) but also due to empirical investigations. A requirement is that two or more firms with different high seasons must be found and brought together, which definitely necessitates help from the chamber of commerce or other external parties. Additionally, another precondition is that it can only be executed when the warehouse or production facility can handle different products (storage racks need to be as universal as possible or the products must be similar), so resource complementarity must be given as a necessity (Noria & Garcia-Pont, 1991). All in all, nearly all cases indicated that this approach is really helpful as well as efficient as it is easy to implement when requirements are fulfilled and would really decrease costs by implying only low risk as the relation between the companies can be decoupled in an unproblematic way as only facilities are involved.

Secondly, sharing manpower between two or more seasonal companies within one region is an option to address and decrease seasonal problems. This approach means that two or more companies, which are different in high-seasons, share the same workers, so that for instance employees are half a year in one company and in the other half of the year in another company, while this is the same every cycle period. Advantages are that a company gets every high season the same employees, so costs for training will be reduced, whereas the productivity is simultaneously enhanced due to experience in these companies. In addition, productivity is positively affected, because the affiliation of the employees to the two companies that are every time the same is greater than if the seasonal employees are new in a company in every season. Thus, team-building within these two organizations can take place, also affecting the productivity positively. On the other hand, it is more difficult to implement than sharing facilities as (1) seasonal workers are often overworked when they come from one high-season to the next high season, leading to a lower productivity, (2) seasonal employees are often not mobile, so working in another company is difficult even though the companies would be located in the same region, and (3) it is not needed in every case as seasonal workers are often working at assembly-line, which includes only limited training. Additionally, referring to the resource-based view, which was explored in the literature review, internal (human) resources should be protected from incorporation within another company (Barney, 1991). However, in case of establishing relationships between companies, which share resources and protect them within this collaboration from other companies, the advantage of sharing critical resources can even be enhanced and can be value-creating (Bell et al., 2009). Additionally, the resource-dependence view indicated that competitive advantage can even be increased by incorporating additional resources from other related companies. In order to establish resource sharing between companies, this approach is in need of the fulfilment of different preconditions: (1) combining two or more companies differing in peak-seasons, (2) combining firms with similar working processes to limit training, (3) including flexible and mobile workers and (4) creating a pool with more employees than working in one company in order to reduce physical working pressure and increasing productivity.

Thirdly, combining two seasonal organizations in one location is a possibility to reduce seasonal fluctuations and address a low utilization rate, while simultaneously reducing overall costs to the largest extent possible. To describe this approach further, it can be said that one (already established) seasonal company provides office facilities, warehouse space (possible are also production machinery) and also the support from their employees in low seasons. This means that two organizations, differing in peak-seasons are located together and sharing resources. Such a relationship between two companies can be assessed as an alliance, which is mainly characterized by the exchange (Hagedoorn, 1997). Alliances are further defined to be cooperative arrangements that are voluntarily formed based on shared strategic goals that can be achieved by operating together (Chung et al., 2000). One typical form of alliances is sharing aspects of production, manufacturing and processes leading to cost reduction and risk sharing as well as to a higher speed to market and learning (Das et al., 1998, Osborn & Hagedoorn, 1997). When complementary capabilities and resources are pooled within an alliance, the products of the alliance can normally be manufactured cheaper and faster than if only one organization would produce them (Barringer & Harrison, 2000). By engaging in this approach, total costs can be reduced to a minimum and synergies between the companies can be created leading to sustained advantages for both companies. Contrasting, it might be difficult to find companies that are different in seasons but similar in products in order to combine those two. Further, companies often differ in organizational cultures, resulting in a difficulty to combine them. Additionally, it might be a problem to find a company that is willing to give up their location and move as there is a risk of becoming dependent on a partner and there is also a potential loss of organizational flexibility and independence when engaging in an alliance formation (Barringer & Harrison, 2000). Thus, it might be very helpful to find start-ups that are searching for locations to provide with the information and maybe also to provide incentives to them when moving to an already established company. A reason why to invest in such a collaboration is to acquire and sharing key equipment, human resources, intellectual property and organizational knowledge (Nohria & Garcia-Pont, 1991) in order to increase the access to intangible resources, technology and knowledge (Bell et al., 2009). In this respect, also resource complementarity is essential (Hardy et al. 2003), especially in this approach as two organizations can only be combined in physical as well as human resources when the resources are complimentary. In this respect, the achievement of critical resources can be enhanced to a great extent. Additionally, creating network resources, by engaging in an alliance, can lead to the creation of rare and inimitable resources in various respects (human resources as well as facilities) (Gulati et al., 2000). Based on the relational view, it was also investigated that sharing resources within an alliance or regional cluster is value-creating (Dyer & Singh, 1998). Alliance formation between two organizations within one location obviously needs trust and can result in dependency (Soeters, 1993). In order to achieve the formation of two organizations in one location, the chamber of commerce must be incorporated in this project to a large extent in order to provide the needed support and preconditions for start-ups as well as the established firms. Further all other preconditions, identified and evaluated in the human resource sharing as well as facility sharing case must be incorporated and fulfilled.

4 *Outsourcing*

Another possibility to decrease costs in low seasons is to abolish the own warehouse space. Instead, warehouse space can be rented in high seasons from an external provider. This has positive aspects as in low seasons the space and therefore costs can be reduced to a minimum and only the really needed space must be paid. However, also disadvantages must be incorporated. (1) It might be that already established seasonal companies do not want to get rid of their warehouses or (2) cannot find a suitable external provider who has the right space to the right time at the right place. The willingness to rent and the access to a suitable provider are also the preconditions to establish outsourcing by a seasonal company. Additionally, the company who wants to outsource facilities should also be focused on one or two high seasons in order to have low seasons where renting from other external providers is not needed. If they would simultaneously invest in a differentiation strategy, outsourcing would not be the best choice as then the facilities need to be rented during the total year.

5 *(International) Best practices and additional solutions*

In all case studies included in this research, anyone currently includes (international) best practises. Based on the literature, formal seasonal planning processes and off-season activities are key in seasonal management. As those practices are indeed not be regarded by researched companies but are also not conflicting with results, it is possible to introduce those activities. Firstly, seasonal demand should be analyzed and planned in a formalized and standardized way. Forecasted and managed customer demand in an accurate way can lead to greater efficiency as costs can be saved by only employing exactly the additional workers who are needed and also producing/purchasing the products that will be sold. This reduces inventory and storage as well as personnel costs. Additionally, when a seasonal company engages in human or facility resource sharing, it is possible to increase efficiency in low seasons further by conducting various off-season activities, like organizational learning, physical improvement within the company, evaluating the employed staff, monitoring the past season and preparing as well as improving the coming ones.

Furthermore, automation of production and logistic processes can lead to better utilization of resources and can support forecasts with respect to needed employees as well as products. In turn, automation may lead to a reduction in human resource and facility costs. Moreover, incentives can be provided to customers who purchase and order products in off-seasons. This can on the one hand increase high-season duration and on the other hand makes forecasts for feasible.

All of those approaches are combinable with the ones evaluated in the sections above. Beyond that, they are all implying low risk and low implementation costs, so they might be seen and incorporated as an addition to another solution to seasonal problems. As neither in the literature review nor in the empirical research these approaches were detected as the one solution to seasonality-grounded problems but were also not rejected, these can be seen as a supporting function to another approach and can be further studied and investigated in additional future research.

5 Plan of Action

Building on the outcomes of the previous section, where possible solutions were critically assessed and discussed, this chapter about the analysis and findings of the research includes the establishment of a solution model and a change plan. Firstly, the solution model is based on the research model (which was the conclusion from the literature review) and illustrated the findings of the discussion of the solutions, followed by a justification. Secondly, a change plan will indicate how to integrate the new solution model and which requirements are needed. Generalization aspects will then be discussed in chapter 6. Figure 7 shows this process in relation to the strategy framework.

5.1 Solution model

Based on the design-methodology, which was the constitutive approach in this research, the following deliverables of the problem-solving project were already achieved: (1) the problem definition, (2) the problem analysis and diagnosis of the major causes and consequences and (3) an exploration and discussion of potential solutions (Van Aken et al., 2007). According Van Aken et al. (2007), the last deliverables and steps are an elaboration of the solutions in a detailed solution model followed by a change plan. The solution model is based on the research framework, which was established in chapter 2. After evaluating critically the different solutions for the identified seasonal problems, the following applied solution model is the outcome of how to operate more efficiently with regard to seasonality.

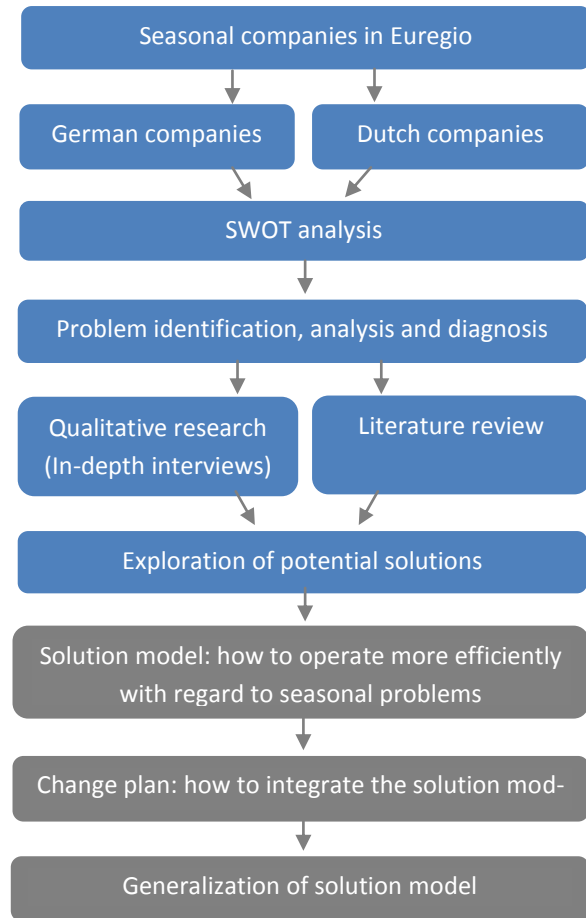


Figure 7: Second part of applied strategy framework

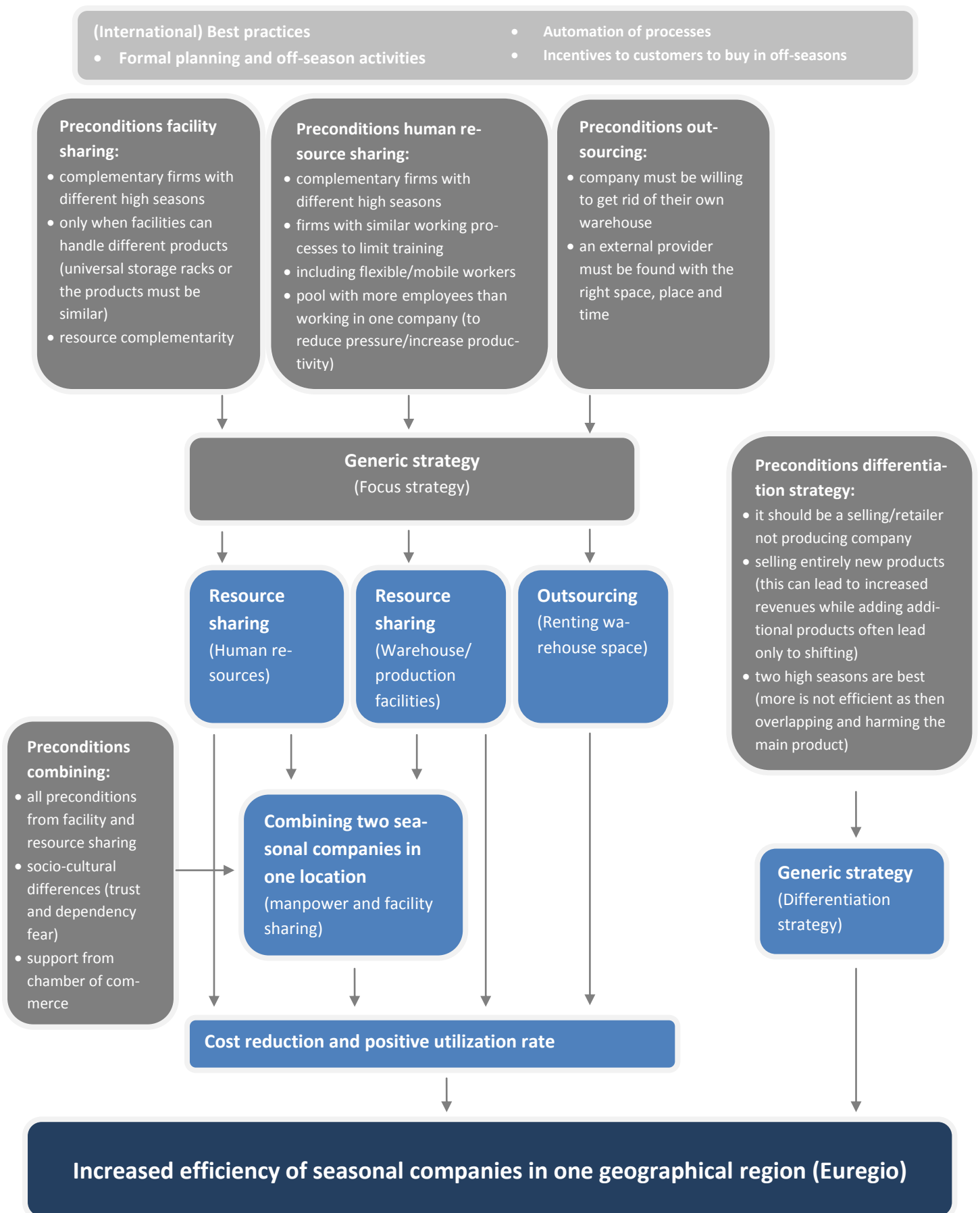


Figure 8: Solution model

5.1.1 Conclusion and solution justification

This solution model is based on the findings of the previous section, where the possible solutions to seasonal problems were critically evaluated. It can be assessed that five strategies can lead to an increased efficiency of seasonal companies within one geographical region (Euregio). These are (1) warehouse/production facility sharing, (2) human resource sharing, (3) combining two seasonal companies in one location (manpower and facility sharing), (4) establishing outsourcing of warehouse facilities, and (5) following the differentiation strategy. Relying on the outcomes of the research, different companies in different industries need different approaches in order to solve the problem as a solution model is always context-related (Van Aken et al., 2007). Thus, it is difficult to find one best solution applying to all seasonal companies even within one region. However, it could be identified that engaging in warehouse/production facility sharing, outsourcing or combining two seasonal firms in one location lead to the most advantages, while also including the least disadvantages. Sharing facilities and could be regarded as most efficient by implying the least risks and should be the first option when the preconditions can be fulfilled by the organization. Additionally, the combination of two organizations within one location includes the risks that are also included in sharing employees and can further also lead to dependency and decreased flexibility fear. Sharing human resources is a valid and value-creating solution but also here it is important to fulfill all the desired preconditions. All of resources sharing and outsourcing strategies are assumed to directly decrease costs while affecting the utilization rate positively. Introducing and following the differentiation strategy is the least value-creating solution based on the findings of this research but if it can be achieved that two high seasons within one year can be generated, which are not overlapping, the efficiency can be enhanced to a significant level by reducing the impact of seasonality.

Besides, for all generated and assessed strategies different preconditions were identified. Thus, fulfilling the preconditions also guides the organization to the most efficient and effective strategy to be implemented. Further, the generic focus strategy, which follows a concentrated view on centering on a particular customer group or product line (Porter, 1980) is also only identified as a precondition and cannot solve seasonal problems on its own. As described in the literature review, also the cost leadership strategy (Porter, 1980) could be integrated in this model. However, this generic strategy was not incorporated to a large extent in this research, but it can be evaluated that reducing overall costs in various aspects can of course lead to a sustained competitive advantage but is not able to solve seasonal problems as it does not address seasonal implications. However, future research may be directed at identifying how cost leadership is specifically involved in this solution model. It might also be assumed that, based on an integrated solution, which result in an increased efficiency, cost leadership is a further outcome of the solution in order to enhance efficiency. Thus, integrating a particular strategy that decreases costs (in this respect mainly resource sharing), affects the cost leadership strategy positively and leads to an increased efficiency. Moreover, the (international) best practices turned out not to affect the problems to a great extent, but they can be incorporated by simultaneously engaging in other strategies. Also the automation of processes obviously includes many advantages by implying only minor risks, but this approach on its own seems not to be valid and sufficient in order to solve seasonal problems. The effect of (international) best practices, automation of processes and providing incentives should further be evaluated in future research.

By establishing such a solution model, the obvious arising question is: How can we be sure that the realization of this solution model will solve the problems? As this applied research was explorative in nature by conducting a literature review and multiple-case studies, we can be sure that the identified causes are related to the effects. On the other hand, there might also be other causes, which were

beyond the scope of identification in this research and are object to be further explored in future research. Typically, it is difficult really to prove that the solutions will solve the problem in design-oriented research (Van Aken et al., 2007). However, the outcome of this solution model is that different solutions to seasonality-grounded problems can be identified in literature as well as in real-life case studies. The critically proposed solutions will solve the seasonal problems as they are focused on increasing the efficiency by decreasing the cost in relation with coping with human resources and dealing with the utilization rate of facilities. Given the identified main seasonal problems, the provided solutions are directly coping with those and are assumed to have a direct and immediate effect on the problems.

Next to those justifications, also a cost/benefit analysis leads to justification implications (Van Aken et al., 2007). The cost of realization, which is one important aspect in such an analysis, is quite low for most of the solutions. Estimated in operational terms, the solutions generally include low costs but can be highly value-creating. Trying out to share seasonal manpower between companies can easily be established and needs planning time and an advisory person, but incorporates low risk as well as costs and can lead to high benefits of improved business performance. When it turns out that this strategy is not appropriate, the relationships can easily decoupled. The same can be identified when sharing warehouses, outsourcing warehouse facilities or changing to a differentiation strategy. By considering the solution of combining two seasonal companies within one location, the risks and regarded costs are higher. However, when conducting a suitable preplanning phase for both companies, the success might outweigh the costs on a great extent as this solution can lead to the highest efficiency as not only warehouse but also human resource costs can be cut down and really important synergies can be created.

5.2 Change plan

A change plan regarding how to integrate the solution model within the seasonal companies is one of the last steps in the regulative cycle (Van Aken et al., 2007). This mainly includes making decisions on the change process and the different requirements about which conditions are needed in order to make the solutions implementable. Specifying the various actions to be taken, the change process includes various steps of a preparation phase, the formal start of the new organization structure, a planned period of learning and a formal evaluation phase (Van Aken et al., 2007). A well-defined and operationalized preparation and evaluation phase can be regarded the most important aspects in this change plan. By carrying out all of these steps, indicated in figure 9 and further described in the sections below, the change plan can be operationalized and implemented.



Figure 9: Change plan

5.2.1 Preparation phase

“Organizational change is a context-dependent, unpredictable, non-linear process, in which intended strategies often lead to unintended outcomes.” (Balogun & Johnson, 2005: 1573). Even though change processes in SMEs are easier to manage and are more predictable than those in large organizations, still preparation requirements and procedures are necessary to be prescribed in order to limit unintended outcomes (Van Aken et al., 2007).

Firstly, it is a necessary condition to determine the actors who are involved in the change project. In this respect, various actors can be identified. To prepare the implementation of a new structure of resource sharing (human resources, warehouses, or even both), it is important that the different directors/chief executive officers meet in order to specify their ideas, conceptions and goals so as to identify and assess whether those companies are in an agreement about their business objectives and targets. A necessary precondition for that is that these different directors get to know each other. This can only be assured when the chamber of commerce is involved. Thus, the chamber of commerce needs to organize that different seasonal companies within one region can identify each other by also knowing beforehand which strategies these might want to follow. An example can be that a seasonal company which aims to share warehouse facilities gets to know another company with the same objective. A solution would be that the chamber of commerce construct a database, where all seasonal companies within the region can register by specifying their goals, resource sharing objectives, location etc.. Access to this database may have all seasonal companies within one region who are also registered in this database or who want to establish a seasonal company (start-up businesses). This would not only be cost efficient in operationalization but also necessary in order to provide a first contact between the different companies. Indicated by managers of the studied companies, the chamber of commerce is currently not involved in such planning activities to a great extent.

Besides, other actors who are involved within the organizations must also be included in the preparation phase. This is importantly paramount when investing in human resource sharing. In this case, the steady as well as seasonal employees must be incorporated in the planning process to a large extent in order to increase their understanding for the new processes and willingness to cooperate. Rather, if they are not integrated in the process, human resource sharing relations cannot be introduced or they would not result in higher productivity, thus also not in higher efficiency. Further, when combining two companies within one location, this preparation phase must be conducted very carefully and to a large extent as high risks and also costs are involved. All objectives and conditions must be constituted before actually moving together.

Secondly, when two or more companies with complementary aims and objectives are willing to invest in resource sharing relationships or a company decides to follow the differentiation strategy, a project team within the company and/or inter-related between the involved companies must be established. The working groups need to prepare the change, detail specifically the conditions and aims and also construct communication ways to stakeholders. A communication plan is important in order to reduce the lack of understanding why certain actions and changes will be taken, increases the trust between the management and employees and can decrease the resistance to change (Van Aken et al., 2007). In case of human resource sharing the last mentioned aspect is very important as the employees are directly involved in the change. In consequence, creating an understanding and decreasing the low willingness to change is paramount in this respect. With regard to this, it is also important to evaluate the internal social-political environment of the involved organizations. When this internal environment shows great resistance to change, the project team must be engaged more

in creating trust and communication. Beyond that, the project team should also determine and agree on a learning phase, so how long it should from the implementation phase to the evaluation phase, where the established strategies are assessed.

5.2.2 Implementation phase

After a carefully conducted preparation phase, where the new strategy, all objectives and involved actions as well as actors are determined, the formal start of the new solution model can be executed. When following a human or facility resource sharing strategy, the pool of resources should be introduced to the related companies and training in case of a human resource pool in the different companies can be instituted. When combining two seasonal companies, the implementation requires that one company moves in the facilities of another and value-creating synergies can be established. In this case, the implementation phase is quite long and requires the support from all actors involved. When engaging in the differentiation strategy, the change for the stakeholders might be lowest. As there is rather any change in human or facility resources, the shift is based on changing the product range or market, thus new products need to be incorporated within the business portfolio and stakeholders are to be familiarized with these.

5.2.3 Learning phase

As stated in the preparation section, the duration of the learning phase should be determined before. An example can be that two companies, which decided to engage in human resource sharing, agreed on a learning phase duration of one year. Also for other seasonal companies, this duration of one year might be suitable. This is feasible as then all different seasons within one year are passed through and in case of human resource sharing, the employees were able to work in the different companies. After this time, the evaluation can start and it can be critically assessed whether the project was successful and whether the implemented strategy led to solving the problem of efficiency.

5.2.4 Formal evaluation phase

The formal evaluation of the new processes and implementations is key in this project. Before implementing a new strategy, specific objectives regarding the efficiency enhancement within the company should be set up. These should include in which way the objective should be provided and to which extent the efficiency should be increased. In order to assess if these objectives could be realized and achieved a formal evaluation phase is indispensable after the learning phase. When comparing objectives with results, it can be evaluated whether the implementation of the new strategy was successful and can be further followed or whether the desired efficiency enhancement could not be achieved in this way, leading to a further change in strategy.

6 Generalization of solution model

The identified solution model and regarded change process is mainly based on the problems assessed in seasonal companies within the Euregio region. Case studies of six organizations were conducted and the concluded problems as well as different solutions were based on these findings. The knowledge about the topic was rare before this research, so there is only limited additional information yet. Thus, in this current status of research, the solution model can be generalized also to other (international and cross-border) regions but further research can provide more information about whether the generalizability of the framework is sufficient or if it need to be changed in other settings. When the same problems regarding seasonality are faced by companies within another region, the identified solutions can be assumed to solve these problems in the same way as any other assumptions are identified in this context.

Hence, in this early stage of research in this specific field of building alliances or relationships across industries between different seasonal SMEs in one geographical area, the generated solution framework, which is illustrated in section 5.1, can be also applied to other companies. As stated by Van Aken et al. (2007) a solution framework, which is built upon a design-approach, has always to be assessed in new environments again. Thus, when applying the model to other industries and settings, the different preconditions can help to evaluate the environment and to investigate which solutions might solve the problems.

An applied solution model can be found in annex 4. There is exemplified how the different solutions to the problems can be included and applied within two companies (in the two core cases Ter Brugge Geschenken B.V. and OCS Recreatie Groothandel B.V.).

6.1 Additional implications

Chamber of commerce, consultancies and associations

One implication turned out to be vital in this research: the respective chamber of commerce or other associations can be involved in supporting the different seasonal companies in the geographical area. The companies often necessitate assistance in order to find complementary organizations to establish sharing relationships. Without this encouragement from the chamber of commerce or from other external third parties the establishment of sharing is difficult. This assistance could be implemented in various aspects, for instance by providing a database where the different companies can apply and specify what they need and want. A possible database could ask to fill in (1) the size of the company, (2) location, (3) industry, (4) high and low seasons, (5) facility and/or human resource capacity, (6) which way of resource sharing they would prefer, and (7) other conditions and objectives.

Besides, the chamber of commerce can provide support for companies that want to collaborate with another company in one location. Thus, on the one hand, the chamber of commerce should provide the host company to find a suitable partner and on the other hand, the assistance should be directed at seasonal start-ups, for instance when they are searching for a location, the chamber of commerce can encourage the host company in order to establish a successful business from the very first beginning. In both respects, this can also be carried out via a database. Another external third party could also be involved in order to protect both collaborating companies and in order to mediate when

problems occur. External third parties cannot only be the chamber of commerce, but also a consulting company or other helpful provider who can mediate between the two companies.

As described in the introduction about the region Euregio, also an association Euregio exist, which is mainly engaged in strengthening cross-border relations. This association should also provide the seasonal companies within this region with support to enhance their efficiency. Nonetheless, this association did not assist in this research, but can maybe helpful for further research or in establishing such a database or other helpful assistance.

International aspects

Another implication is of international nature. Generally, it turned out that companies within the region of Euregio are really familiar with the socio-cultural aspects of the other country and do not only see an advantage in establishing cross-border resource relationships but also enter the respective neighbor market.

However, still some limitations and dissimilarities can be identified within the Euregio region with regard to the cultural aspects of the two neighbor countries. By conducting the empirical research it was quite obvious that German companies are different from Dutch, especially in socio-cultural beliefs. German companies imply more trust and dependency fear than the Dutch, which were generally more open to establish resource sharing relationships. Additionally, some of the German companies indicated a higher risk-averseness by showing a barrier to change strategies than the Dutch. This could be seen when conducting the interviews with the two garden companies. They did not want to speak about potential problems in their companies, which can be related to the culture of German people. Socio-cultural differences need by all means to be incorporated in the planning process when engaging in cross-border relations also when those are established in different international regions than the Euregio area as countries often differ in culture (Hofstede, 1980).

6.2 Implementation aspects and generalizability limitations

Additional research is vital in order to evaluate whether this solution model and change plan are valid in other settings with other involved parties. Thus, there are obviously generalizability limitations for this model. To be more specific, these limitations are further assessed in the reflection part.

Generally, it can be assumed that seasonal companies, which show comparable characteristics as for example in size (SMEs), location (in one geographical area) and by facing similar problems, the solution model can be applied to enhance efficiency. Besides, the identified solution model is relatively general and leads still room for adaptation. The model can also be adapted to different international socio-cultural aspects. Hence, it is possible to adjust and customize the model for implementation in different companies and even in different (neighbor) countries. When fulfilling the regarded preconditions, the generated solutions are adaptable to other seasonal companies. As it is not said that only one solution leads to the desired outcome, various ways to adapt this model are possible and thus increasing generalizability. Nonetheless, generalizability is object to be further assessed in future research as this was only a preliminary research in order to provide first insights to this topic.

6.3 Contribution to science

The exploration of this topic was novel from a scientific and theoretical point of view and new insights were provided. As the scientific literature and research about seasonal companies within one region is rare, the contribution of this conducted research is quite high. By exploring how seasonal organizations could increase efficiency and solve potential seasonal-grounded problems, new insights were provided on an applied and inductive basis that goes beyond existing literature.

Existing literature lacks in providing one research that explored general and holistic seasonality-grounded problems and solutions. There is not one research that identifies all problems. Seasonality research is only partial focused, which means that they generate only a few specific problems and/or solutions. Additionally, these different problems and solutions are not combined in one framework that can be applied on a more general basis across industries. The identified past studies were also mainly carried out in the tourism sector and not in other business sectors. It cannot be identified that established solutions to seasonal companies from one industry was applied to other industries or sectors.

As already indicated, existing research is focused on one particular industry. However, current literature is not addressing research across companies of different industries, which are located in one geographical area. Thus, combining resources from seasonal companies of different industries, which are located in the same region, is novel and was not explored before this actual research. Sharing resources, establishing inter-organizational relationships and creating symbioses between companies in one region is a new approach. As evaluated in the literature review, there is a form of resource sharing that is already researched to a great extent. This is engaging in an alliance in order to acquiring and sharing key equipment, human resources, intellectual property and organizational knowledge are primary reasons for collaborations (Hardy et al., 2003). Capabilities and resources can be pooled in an alliance as described also by Barringer & Harrison (2000). However, the existing research about engaging in alliances is carried out in one industry and not between companies of different industries (Barringer & Harrison, 2000). Further, the drivers for alliance formation are based on industries where seasonal companies are not included. Thus, also the aspect of resource sharing in alliances is novel when considering that it is established across different industries and for seasonal companies.

Furthermore, combining the approach of resource sharing with other tactics to increase the firm efficiency (following the differentiation strategy etc.) is therefore also novel in scientific sense. In relation, the focus strategy is also a method to decrease seasonal problems as described by Witt et al. (1991). Witt et al. (1991) stated that expanding the market but focusing on this particular market can decrease the negative effects of seasonality. In this research it was identified that the focus strategy is mainly a precondition to engage in other strategies. Expanding sales in the market leads to an increase in turnover but is not directly aiming at solving the problems of for example under- or over-utilization of resources.

Moreover, various research studies about problems and solutions in seasonal companies in the tourism sector identified the solutions to specific problems but did not identified and assessed the preconditions (Butler, 1994; McEniff, 1992; Ritchie & Beliveau, 1974; Sutcliffe & Sinclair, 1980; Witt et al., 1991). Hence, they provided insights about different solutions but did not indicate how to apply these to other cases or which preconditions must be fulfilled in order to apply them in general. Additionally, this research identified that the problems of SMEs are often the same. Even though the

studied companies in this research differed in industry, product range, markets and seasons, all of them faced the same problems. This was also not incorporated and explored in past research.

While building this research on specific multiple case studies, general implications for implementation were also provided and assessed, resulting in initial contributions to science. A problem-solving project is always context-related but the generated solutions are assumed to be present and valid in other contexts. Even though, this should be further justified and tested as it is beyond the scope of this research to establish a research without reliability and validity threats that is universally applicable in this current and early research status. Thus, future research is definitely required and appreciated.

At first glance, the identified problems as well as solutions were obvious in some cases before this research took place. One could argue that alliance formation already existed and that also some problems and solutions were explored in past research. However, it can be stressed that the established framework, which combines different problems, solutions and preconditions is new in this respect. It is also novel due to integrating various companies from different industries that are located in one geographical area. Thus, the established framework is in line with past research as it is not in contrast to previous findings but it goes beyond past research and combines various past findings also with new findings.

7 Reflection and final recommendations

Providing final outcomes, initiating reflections and giving recommendations for future research is essential in order to complete the research project. By building on the scientific importance of the research, it is in addition essential to critically assess the applied methodology with its limitations as well as validity and reliability aspects.

7.1 Reflection on the research

A reflection of the conducted research should compare results with objectives and provides an evaluation of the research process.

What are the actual seasonality-grounded problems faced by seasonal companies and how can these be solved in order to enhance the efficiency of these organizations?

Remembering and building upon this central research question, it can be evaluated that the outcomes are in relation with the set objectives. The actual problems of companies within the region of Euregio regarding seasonality were identified as (1) *human resource problems (too many employees in low seasons, too few and overworked employees in high seasons)* and (2) *warehouse capacity utilization (too much warehouse capacity in low season and too little space in high seasons)*. Those two main problems result in a low resource utilization, in high costs and therefore in a low efficiency during low seasons. In order to solve those problems, which was indicated in the second half of the research question, different approaches were identified and tested in the empirical and literature research. The solutions that turned out to lead to the most positive effect are (1) *combining two seasonal organizations in one location and creating synergies by resource sharing in various respects*, (2) *sharing facility resources*, (3) *sharing human resources*, (4) *outsourcing of facilities*, and (5) *following a differentiation strategy*. The focus strategy can be assessed as an underlying condition for resource sharing and relationships.

Bearing in mind the research question and related outcomes, it can be evaluated that the research process resulted in the requested and desired objectives. However, unpredicted outcomes are usual in design-approaches (Van Aken, 2007). At the beginning of this research, it was assumed that resource sharing, the differentiation and focus strategy will have the greatest potential to solve seasonal problems. At the end, it turned out that resource sharing can be applied in various ways, that the differentiation strategy only has the least effects and that the focus strategy is only a precondition for other strategies. Additionally, also new solutions were identified during the interviews and brainstorming sessions, like combining two companies in one location or outsourcing. Generating outcomes that were not thought of before are typical for a design-approach (Van Aken, 2007).

7.1.1 Methodological limitations

The rationale behind this theory-building research was to generate first insights into the field of efficiency-enhancement of seasonal organizations. This was carried out by applying a design-approach in line with multiple case studies. Obviously, the mentioned and applied research methodology still has its limitations.

Firstly, qualitative data via interviewing is gathered, while the combination with quantitative methods is left out. Based upon the findings and conclusions in the final chapter, further quantitative evidence might be provided in further research in order to create synergies that explain the findings further (Mintzberg, 1979; Eisenhardt, 1989). Further, qualitative research often provides complex data sets, which are rich in detail. Thus, it might be difficult to identify and assess the most important relationships, while ignoring other data that might be considered as less useful or idiosyncratic to the special case study (Eisenhardt, 1989). In addition, idiosyncratic data may lead to a lack of generalizability of generated novel theoretical insights. However, many grounded case studies result in modest theories and produce also quantitatively valid theories (Eisenhardt, 1989).

Secondly, building upon the design methodology, the generated solution model also faces various limitations. Design solutions are always context related, so even the generalizable model is limited in external validity and must be tested again when applying it to different situations. Further, a design approach is heuristic, leading to the establishment of a solution concept, which has to be adapted to every idiosyncratic problem context (Van Aken, 2007). Relating, based on the heuristic view in the design approach, the generated solutions are not limited to those. As context and surroundings are changing, also the solution model must be adapted and changed. Additionally, this research analyzes case-studies. When aiming at enhancing external validity, additional multiple case-studies and quantitative measures must be incorporated to establish a learning system based on the regulative cycle in order to test the solutions in various settings (Van Aken, 2004; Yin, 2003). Additionally, the design-approach provided by Van Aken et al. (2007) says that it is very difficult in this methodology to rebuild the way from the problem to the solution. In other quantitative or even qualitative research, there is typically one good answer to a problem or question. A design-approach often includes creative leaps, resulting in different designs, even when conducting the research with the same specification again.

7.1.2 Validity and reliability

Validity is “a term describing a measure that accurately reflects the concept it is intended to measure” (Babbie, 2007: 146). Validity can be referred to as measuring what is intended to be measured, leading to accuracy. On the other side, reliability is defined as the consistency of what is measured, leading to precision (Babbie, 2007; Meeker & Escobar, 1998). Thus, reliability is a necessary but insufficient condition for validity. As discovered by Babbie (2007), often tension arises between reliability and validity. While operational actions that are greater in quantity generally lead to an increased reliability, more qualitative research results in an increased validity. Considering these concepts, the undertaken qualitative case study research is obviously greater in validity than in reliability. Although the reliability is increased due to adding additional cases to the study, it is still lacking in quantity. In order to increase reliability, more than one data collection method was used, which allows to come to triangulate results (Biggam, 2008). To gain deeper insights into relatively new topics, qualitative data from different in-depth interviews and brainstorm sessions as well as scientifically secondary data from literature was conducted. As the goal of the research was exploration of a relative new

topic, lacking quantity while engaging in qualitative methods is in line with the design approach, formulated by Van Aken et al. (2007).

In this research, validity was given. The research aim was to explore tensions and novel advices about the seasonal problems and regarded solutions of seasonal companies, which was generated at the end of this research. Therefore, this qualitative case study approach was valid as it was measured what was intended to be measured. Further, construct validity, which refers to the operationalization of a construct, can be assessed. Construct validity is high, when the operationalization measures what was indicated in theory (Babbie, 2007). From theory and previous research different problems and solutions were provided, which were integrated in this research. The operationalization leads to the outcomes which were stated in theory, while also going beyond the theory. The outcomes of the research were not only in line with existing literature but are also an extension. In addition, content validity can be assessed as high as a range of meanings were included in the concepts, meaning that various solutions ranging from differentiation strategy to resource sharing were included to solve actual seasonality problems. External validity, which refers to the degree of generalizability of findings to the “real world”, so to other settings and people (Babbie, 2007), is properly generated in this research but is also capable of further development. Due to the fact that this research should only be regarded as the beginning of an exploration and explanation of a novel topic, the generated findings are well suitable to be generalized as case studies often provide insights that are also adaptable to other cases but the external validity could also be enhanced by conducting additional quantitative research in the future, which would additionally also increase reliability. As also Eisenhardt (1989) stated, case studies might lack in high external validity at first sight but often lead to novel and right insights resulting in modest theories that prove to be also quantitative valid respectively.

7.2 Implications for future seasonality research

Aiming at providing first insights and solutions to a generally new topic, this preliminary research was inductive and design-oriented in nature. Obviously, by building only on case studies, which is appropriate to explore novel subject issues, this research also still has limitations (Van Aken et al., 2007). Methodological limitations were already evaluated in section 7.1.1, so the focus here is on providing implications for future research not only in order to explore but also to explain the field of research further.

To enhance reliability, which was already described and analyzed in the previous section, future research could build on quantitative research methods. By conducting this type of research, not only the reliability issue would be addressed but the external validity could be increased. These first case studies were conducted in order to investigate, which actual efficiency problems seasonal companies face and which possible solutions can be figured out. Additional and continuing research should also provide insights into whether the developed model, solutions and synergies can found to be present when applying qualitative methods. Thus, it should be further analyzed whether the identified problems and idiosyncratic solutions can be generalized to additional seasonal companies and whether the solution model is still significant in those additional cases (Eisenhardt, 1989). Especially the impact of incorporating (international) best practices could be evaluated further as well as and in relation with different socio-cultural implications.

8 References

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9 Annexes

- Annex 1 Time schedule, data access and resources
- Annex 2 Interview-guideline: topics and questions
- Annex 3 Protocols of interviews
- Annex 4 Applied solution model for core cases

Annex 1 Time schedule, data access and resources

Activity	Period	Location
Research proposal Organizational arrangements	March '11	UT, company
Reviewing literature Developing research methodology	March – April '11	UT, company
Collecting data in the different companies Qualitative interviews	April – June '11	Company
Processing and analyzing data Conclusions	June '11	Company
Drafting Master thesis	July '11	Company
Presenting Master thesis to company and supervisors	August '11	UT

The time period can be defined from February till the End of August 2011. Half of the work (organizational arrangements, collection of data of companies and questionnaires) will be carried out in the company / different companies and the other half (research proposal, literature review, data processing and drafting) will be accomplished and executed from the home office or at the UT.

The master thesis is executed in the Netherlands (Enschede), thus available resources are:

- The UT library (to gain scientific literature)
- The chamber of commerce, Enschede (broad company data access)
- Meetings with company supervisors
- Meetings with UT supervisors
- Data from different companies, interviews, questionnaires and websites

Annex 2 Interview-guideline: topics and questions

The following topics and questions are used as guidelines within the qualitative interviews. Main topics include general aspects of the organization, seasonal operations, strategies and about the integration of international aspects/best practices. Based on each specific interview, the particular questions might be adapted or changed in specific situations.

- General
 - What is your main business you are operating in? What are your main products?
 - Who are your customers? In which way do you tailor your products to customer needs?
- Seasonal operations
 - When are your high-seasons and low-seasons? Why are those seasons high or low?
 - How much of your total profit is generated in high-seasons?
 - Is there a way to expand profits in low seasons for your business?
 - How could you make your operations in high seasons more efficient?
 - How many employees do you employ? Are there more employees in high-seasons? How do you generate to have high-performing staff?
 - How large is your warehouse and is it used during the entire year?
 - Which problems do you face regarding seasonal operations?
- Resource sharing
 - How could you share resources (warehouses, transportation, human resources) with other companies in the region? Do those operate in another season of the year?
 - How could you benefit from sharing?
 - To which extent could resource sharing lead to cost savings?
 - How can resource sharing help to address and solve seasonality problems?
- Differentiation
 - Is it possible to enhance your product range with products that could generate profits in other seasons? Could other products be integrated in order to enhance operations during the total year?
 - How could this differentiation be integrated? How much margin could the new products generate in relation to the main product?
 - Could differentiation help to address and solve seasonality problems?
- Focus
 - Could it be more efficient to focus only on one product and one season and share the resources during the other seasons with other companies?
 - Is it profitable to add products or is decreasing operations during low seasons more profitable?
 - Could focusing more on the main product and customers help to overcome seasonality problems?
- International aspects/Best practices
 - To which extent could you build relationships with companies from Germany?
 - Could you share resources with German companies? If so, do you face any legal, cultural or political restrictions?
 - Do you establish best practices within your company about how to deal with seasonality in an efficient way? Is there a need and way to integrate international best practices? In your opinion, could best practices lead to an increase in efficiency?

Protocol interview 1

Ter Brugge Geschenken B.V.

Ambachtsstraat 26
7622 AP Borne
The Netherlands

<http://www.terbrugge.com>

Setting: 5th May 2011 at Ter Brugge Geschenken B.V.

Duration: 09.30 – 11.00

Participants:

- Carla ter Brugge, chief executive officer of Ter Brugge Geschenken B.V.
- Herman Ellenbroek, supervisor
- Vera Meier, student

Agenda:

- 09.30 – 10.30 meeting at the office with all members involved
 - Only short introduction of the research as the goal was already known (supervisor and student)
 - Introduction of the company (chief executive officer)
 - Discussion about the different topics of the prepared questionnaire
- 10.30 – 11.00 guide through the offices, exhibition room, warehouse and fulfilment facilities

General:

- Employees:
 - 10 in low seasons and 100 in high season (from October till December)
 - Fully employed employees are working in sales, logistic and fulfilment (packer), while seasonal workers are mainly working in the fulfilment
- 800 B2B customers in the Netherlands
- High season is Christmas (and before)
 - 75% of revenues is generated in high season and 25% during the other low seasons

Overall goal:

- Growing by 20%
 - From currently 800 customers to 1000 customers in the next year
- Shifting revenues from 75% / 25% to 65% / 35% to increase steady employment and continuity in work processes and warehouse capacity utilization
- New marketing-campaign to shift revenues and increase customer spending and number
 - New topics, new products but in the same product-line
 - Topics, like eastern, summer, Holland, etc.
 - Increase to 16 topics based on a market research

Problem regarding seasonality:

- Too much workload in high seasons, low productivity of seasonal workers and too many employees in low seasons
- Too much warehouse space in low seasons

Pool of human resources:

- Good idea: To share employees between companies that are every year the same, so training is limited to a small amount and already trained employees can be retained
- Problem: when employees come from one high-season work to the next, they are not as productive and efficient as when they were fully employed the total year on a steady basis as seasonal work requires work under tough and high-speed physical conditions
- Solution: a huge pool with enough employees to ensure that physical overwork is limited and ensuring that companies participate that need similar trained employees but with diversified work processes to also limit physical diseases and increase productivity

Outsourcing of logistics and fulfilment:

- To decrease warehouse space needed
- Is a possibility but it would not be possible to tailor products again when they left the company

To focus more:

- Focus on a few products
 - Because the revenues stay the same, even when split up across the entire year
- Focus only on Christmas and close down the main operations in low seasons
 - Save warehouse costs by renting it to other (seasonal) companies
 - Save employment costs by employing only employees in high-seasons

New products (differentiation), new product line:

- From the Christmas focused products to “Ter Brugge has everything for every event”
 - In order to decrease not only the seasonal effects but also to increase the budget the customer is willing to pay for gifts
- To extent not only the product range with more topics but to sell new products that are already given
 - Like coffee which is already in Christmas packages but could be sold during the entire year to companies as they need it for themselves
 - Could make use of supplier relations that already exist, could make use of buyer relation that also already established and could increase warehouse capacity utilization
 - To initiate a stable basis for the entire year and overcome seasonality problems

International:

- Have the possibility to capture the German market
 - Must introduce a market research to find out what and when such products are needed in Germany
 - When there is a need in another season (like Mother’s Day or anniversary-gifts), seasonality problems can be solved or decreased

Protocol interview 2

OCS Recreatie Groothandel B.V.

Amarilstraat 40
7554 TV Hengelo
The Netherlands

<http://www.ocs-recreatie.nl>

Setting: 26th May 2011 at OCS Recreatie Groothandel B.V.

Duration: 10.00 – 11.00

Participants:

- Carla Bruggink, chief executive officer of OCS Recreatie Groothandel B.V.
- Vera Meier, student

Agenda:

- 10.00 – 10.45 meeting at the office
 - Only short introduction of the research as the goal was already known (student)
 - Introduction of the company (chief executive officer)
 - Discussion about the different topics of the prepared questionnaire
- 10.45 – 11.00 guide through the offices, exhibition room, warehouse and fulfilment facilities

General:

- Main products are caravan accessories as a wholesaler to retailer in the Netherlands
 - 400 B2B customers
- 15 full-time employees during the entire year
 - About 5 extra seasonal workers in high seasons (often students, are often every year different)
- High season is from April to August (in June and July there is the most extreme demand)
 - 95% of revenues is made in main season and only 5 % in the winter months
- The company must operate very flexible as the demand is very unstable (even in the high seasons)
- The goal is to increase turnover by gathering additional customers
- Already tried to improve operations (mainly in the warehouse with higher automation of processes leading to a better compensation by employing less people)
- Conducting marketing: trade fair stands, newsletters to existing clients and advertisements in industry-specific magazines

Problem regarding seasonality:

- The main problems are the costs during low seasons
- Too many employees in winter (low demand) months and not enough work for them
 - High employment costs
- Too much warehouse capacity in winter months
 - High warehouse costs

- Chamber of commerce was not really helpful in order to provide help to find possible (warehouse) sharing partners

Pool of human resources:

- Sharing seasonal workers with other companies is possible
 - But the problem of overworked workers was stressed
 - It could also be that the teamwork is threatened and work commitment is less when working in different companies instead of one
 - It is only possible when the pressure in the different high seasons is not decreased, so more employees in high seasons could enable sharing
 - The problem are not the changing seasonal workers but the steady employees in low seasons
 - Concluding, a resource pool could be possible but would not be the first choice

Warehouse / facilities sharing:

- To save costs, it is a good idea to share the warehouse, so renting the facilities to other companies
- A further idea is that another seasonal company which operates in the other half of the year can place their office at this company, can use the warehouse and can get support from the employees of this company
 - All facilities and human resources are efficiently used
 - Costs can be saved and synergy effects can create advantages
 - Here it is important to find a company that is willing to move from their place to another place, so it could also be very interesting for start-ups who want to build up a seasonal business

New products, extending the product range:

- Was already tried in the past with Christmas accessories
 - Problem: even though the selling period was very different, the products were overlapping in the purchase phase, so the seasonal problem could not be solved, affected the main business negatively

International:

- Germany is not seen as a possibility to focus more and extending the selling market
 - Germany has own wholesaler for caravan accessories
 - But cross-border relations regarding sharing could be very effective
 - Cultural and legal differences are not huge, can be coped with, not really a problem

Protocol interview 3

Windel GmbH & Co. KG

Postfach 44 49
Hafenringstraße 6
49090 Osnabrueck
Germany

<http://www.windel-candy.com>

Setting: 1st June 2011 telephone interview

Duration: 17.00 – 18.00

Participants:

- Dieter Vogelpohl, sales manager at Windel GmbH & Co. KG
- Vera Meier, student

Agenda:

- 17.00 – 18.00 telephone conference
 - Introduction to the research and the goals (student)
 - Introduction of the company (sales manager)
 - Discussion about the different topics of the prepared questionnaire

General:

- Main products are Easter and Christmas chocolate
- 220 full-time employees during the entire year, can be reduced to 100 when especially low season
 - About 130 extra seasonal workers in high seasons
- High season is from June to November (Christmas Chocolate) and from November to March (Easter Chocolate)
 - Only in April and May low season
 - 95% of turnover is generated in both high seasons, where two-third are generated in the Christmas season and one-third in the Easter season
- Very automatized processes to enhance efficiency and decrease employee rate
- Huge production facilities: 13,000 m² and logistic-centre with warehouse: 8,000m²

Problem regarding seasonality:

- The main problems are the costs during low seasons
- Too much warehouse capacity April and May
 - High warehouse costs
- They do not have such great problems as they have two high seasons that are directly linked and interlocked, so most of the year the warehouse as well as production facilities are needed

Pool of human resources:

- Is not needed because
 - Seasonal workers are not mobile (no car etc.), so it is not possible to send them to another company
 - Is not a problem that they are new every year, because they do not need special training as the work is very easy assembly-line work

Warehouse / facilities sharing:

- They would like to share the warehouse and production facilities but cannot find a partner
- They are already outsourcing some part of their products to another warehouse, which is owned by an external logistic partner, who rent the space to Windel for one season and for another company (a garden furniture company) in another season

New products, extending the product range:

- Cannot extent the product range to overcome seasonality because
 - Want to be specialized in chocolate and this industry cannot produce chocolate in summer
 - There is no other event when to sell other chocolate products
 - They have in-house product development which is specialized on chocolate, so extending to products outside this industry would cause additional costs for machinery, development etc. and would harm the main business as only April and May are low season

International:

- Windel is only selling in Germany
- Other countries have other retailers but they did not try it
- But if it would be profitable to sell in neighbour countries, cultural as well as language differences would not be very difficult

Protocol interview 4

ERFO Bekleidungswerk GmbH & Co. KG

Paulstrasse 4-8
48529 Nordhorn
Germany

<http://www.erfo.com>

Setting: 6th June 2011 telephone interview

Duration: 14.30 – 15.45

Participants:

- Dimitrios Dimitriadis, manager financial accounting & human resources at ERFO
- Vera Meier, student

Agenda:

- 14.30 – 15.00 telephone conference
 - Introduction to the research and the goals (student)
 - Introduction of the company (manager)
 - Discussion about the different topics of the prepared questionnaire

General:

- Established in 1937, is still a family owned company
- Main product: women's outer garments (mainly blouses collections)
- 200 employees, more seasonal workers in high seasons (only in storage and production facilities and departments)
- Two high seasons: autumn/winter and spring/summer
 - Nearly 100 percent of turnover (40 million Euro yearly) is generated in the high seasons
 - Different departments have different high seasons: first the design department, then the purchase, production and selling departments
- Customers are more than 4000 retailers in Germany but also in whole Europe
 - Export rate is 45 percent

Problems regarding seasonality:

- Too little space in high seasons, so external facilities are already rented
- Too much warehouse and production capacity in low seasons
- Seasonal employees are not trained and every season new

Warehouse sharing:

- Cannot share their warehouse with other companies
 - Cannot share with other clothing companies as these have the same high seasons
 - Cannot share with companies from an other industry as their warehouses have special storage facilities for garments on hangers, which cannot be used for other products

Human resource sharing pool:

- Good idea
 - They have many seasonal workers, which are every time new
 - These must be trained every time again, leading to increased costs
 - They would like to have every season again the same employees in cooperation with other seasonal companies within the region

Differentiation and focus strategy:

- Differentiation is not possible or would not be efficient as other clothing would not decrease seasonality (still the same seasons) and other machines would be needed but the space is already utilized to full capacity in high seasons
- They are engaging in the focus strategy in order to push sales in the high seasons

Annex 4 Applied solution model for core cases

Based on the conducted research and concluded solutions for seasonal companies, an advice can be provided for the two core cases, which were evaluated and explored in detail. The generated solution model must be applied context-related as it is not possible to establish a solution model that is universally applicable for all seasonal companies in this early research stage. Therefore, an example how to apply the solution model in seasonal companies is provided based on the two core case studies Ter Brugge and OCS.

Solution identification based on the fulfilment of preconditions

During the interviews, it was identified that both companies are facing nearly the same problems, while being different in industry and seasons. However, both companies would be perfectly applicable for a combination in one location and sharing resources in various ways in order to establish value-creating symbioses. This can be based on the fulfilment of different preconditions: (1) they are complementary in high seasons, (2) they are both seller and not producer companies, (3) the warehouse facilities are universal and can be used for products of both companies, and (4) the working processes for employees are similar. Thus, when combining those two companies within one location, they could save costs to the largest extent possible, more than only engaging in human resource or facility sharing or even in the differentiation strategy. They could not only save warehouse costs but can also support each other with manpower.

Planning process and implications

In both companies, it would be possible to integrate the other firm as both possess large warehouse and office facilities and also the needed manpower for sharing. Additional employees could be employed on a steadier basis, in order to increase the total employees but there would be still fewer than in both separately, which would reduce the working pressure and would disburden the employees when moving from one high season to another, resulting in an increased productivity but also lower employee costs. Due to this and also based on similar working processes within both companies, decreased training costs can be generated. When these two companies would be combined in one location, the efficiency would also be enhanced due to an increased affiliation to both companies as these are now operating on a team-basis. Moreover, this approach would also allow investing in further automation of processes. As the products are comparable (both retail products that are purchased and merchandized again), automation is for example possible in the fulfilment area.

Conversely, this approach also faces negative effects, which were already identified as the potential loss of flexibility and independency. However, bearing in mind the increased efficiency, these disadvantages are limited and can be coped with when engaging in a well-defined preparation phase, where all objectives, aims and wishes as well as the learning and evaluation aspects are discussed and determined.

However, it was identified that companies, which already established and build up warehouses, offices and so on, are not willing to move. Thus, another approach for these two companies could be to invest in a combination with a seasonal start-up. Then, the first step would be to involve the chamber of commerce to a great extent to find complementary start-ups and secondly to assess all preconditions for these companies. The chamber of commerce could also provide incentives for start-ups willing to cooperate with another already established company in one location.

An increased efficiency of all seasonal companies within one region also positively affects economic system of this area, which should definitely be a goal of the chamber of commerce. Thus, the establishment of a database for seasonal companies should be established in order to provide the necessary support.