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## STRATEGIC ALLIANCES AS A COMPETITIVE ADVANTAGE IN THE GLOBALIZED LOGISTICS SCENARIO

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### ABSTRACT

This paper considers strategic alliances as a means of obtaining advantage in the globalized logistics scenario. Through a particular case study of partnership and strategic alliance between national companies (Rapidão Cometa, Expresso Araçatuba and Transportadora Americana) and an international one (FedEx Express), one may comprehend the impact on Rapidão Cometa, in as much as the increase in market share within the logistics market, as well as the subsequent consolidation before major national logistics operators, is concerned.

Logistics - a field that holds a strategic function - supports the efficient management of the flow of materials / products, information and resources, both within the company and between the different organizations that participate in the entire value creation cycle.

In Brazil, the perception of logistics as an integrating process and as a strategic tool came to light as of the 90's, a decade marked by rampant growth of international trade, by economic stabilization and by the privatization of infrastructure (Fleury, 2000).

The environment in which companies currently operate is very complex and highly competitive. Therefore, they are seeking differentiation and the setting of competitive advantages over competitors. To achieve these goals, each tries to find its own path, however, amongst many a point in common might be perceived: the choice to apply logistics. (Ferraes Neto, 2001).

**Key-words:** Strategic alliance. Competitive advantage. Case study.

## ALIANÇAS ESTRATÉGICAS COMO VANTAGEM COMPETITIVA NO CENÁRIO LOGÍSTICO GLOBALIZADO

### RESUMO

Este trabalho considera as alianças estratégicas como forma de obtenção de vantagem competitiva no cenário logístico globalizado. Por meio de um estudo de caso particular de parceria e aliança estratégica entre empresas nacionais (Rapidão Cometa, Expresso Araçatuba e Transportadora Americana) e uma internacional (FedEx Express), pode-se entender a influência proporcionada à Rapidão Cometa no que tange ao aumento de participação no mercado logístico, bem como a sua consolidação entre os principais operadores logísticos nacionais. A logística, que possui uma função estratégica, funciona como apoio no gerenciamento eficiente do fluxo de materiais/produtos, informações e recursos, tanto dentro da empresa, como entre as diferentes organizações que participam do ciclo completo de criação de valor. No Brasil, a visão da logística como um processo integrador, tanto quanto uma ferramenta estratégica, começou a ganhar relevância a partir da década de 1990, marcada pela explosão do comércio internacional, pela estabilização econômica e pela privatização da infraestrutura (Fleury, Wanke & Figueiredo, 2000). O ambiente em que as empresas operam atualmente é muito complexo e fortemente competitivo. Portanto elas estão buscando a diferenciação e o estabelecimento de vantagens competitivas em relação a seus concorrentes. Para alcançar esses objetivos, cada uma tenta encontrar o próprio caminho; porém, entre muitas delas, um ponto comum pode ser observado: a opção pela aplicação da logística (Ferraes Neto, 2001).

**Palavras-chave:** Aliança estratégica. Vantagem competitiva. Estudo de caso.

### 1 INTRODUCTION AND OBJECTIVE

Amongst the many definitions of logistics, it is understood that it constitutes the strategic management of the flow of materials and related

information so as to transport, in an efficient and effective manner, products from the origin to a given destination. Here, strategic management of these flows is the critical element of innovation. One must however emphasize that competitive advantages and differentials do not last long. Therefore, speed and flexibility in the management and implementation of the logistics flow no longer remain in the form of speech but rather, become mandatory.

The purpose of this article was to understand how the strategic alliance formed between the American company FedEx and the Brazilian company Rapidão Cometa influenced the setting up of other partnerships.

## **2 THEORETICAL GROUNDING**

### **2.1 STRATEGIC POSITIONING**

Porter (1996) defines strategy as a set of activities that generate a compound of unique market value. Its objective is to establish a profitable and sustainable position against the forces that determine competition within an industry.

For Mintzberg, Ahlstrand and Lampel (2000), strategy is to plan and execute, in a consistent manner, an action plan that allows the company to reach and maintain along time, a superior performance in relation to its competitors.

Strategic positioning, according to Branski (2008), is determined by the company's choices in as much as which clients to target and which products to offer, is concerned. As of the strategic position, the company then establishes activities to be performed and the respective mode of execution.

Porter (1999) identifies three types of non-excluding and often interconnected positionings:

- positioning based on variety: defines a subset of products or services of a segment to be produced. It is adequate when the company is capable of conducting activities in a differentiated manner;

- positioning based on needs: meets most of the needs of a given group of buyers. It is adequate when there is a group of clients with differentiated needs and who require customized activities;
- positioning based on access: addresses buyers with similar needs but who call for different access modes, such as for instance, the activities required to meet the needs of rural and urban buyers.

Strategic positioning results in competitive advantages when activities are executed and combined to obtain a differentiated product or service. Differentiation requires the company to execute new activities which have not been performed by competition or the same ones in new manners (Branski, 2008).

To establish and maintain a unique strategic position, the company needs to follow six fundamental principles (Markides, 1999):

- determine, as a long term goal, to obtain a return that is superior to the investment. Strategy must be ground on sustaining profitability and generating true economic value;
- determine as an objective, to provide value or a set of benefits that is different from competitors; thus, it is not the universalization of best practices nor an effort to offer everything to everybody. It must define a manner of competing that generates unique value for a specific set of clients;
- conduct activities in a different manner or conduct other activities than those of competitors. These must be adequate to your unique proposition value;
- drop some product, services or activity characteristics to be unique in others, something that involves choices;
- define how all the elements of a company shall operate. Strategy involves interdependent choices therefore all activities must be mutually reinforced;
- define a unique value proposition to be followed, even if this implies in the loss of opportunities.

Thus, so that competitive advantages hold fast along time, activities must be compatible between each other and with the company's strategic positioning (Porter, 1996).

## 2.2 COMPETITIVE ADVANTAGE

For Porter and Millar (1985), a company shall have competitive advantages which lead to profitability at higher than the industry's average levels, when it is capable of producing at lower costs or selling at a price that is superior to that practiced by competition.

Competitive advantages can be classified, according to Porter and Millar (1985) into:

- leadership in cost: produce a product or service that is similar to that of competitor's but at a lower price thus being able to obtain greater profit;
- differentiation: provide greater value to the client thus being able to, in this case, sell the product or service at a higher price than that practiced by competition.

Cost and differentiation are basic competitive advantage units and reflect the manner in which all the activities a company performs to create, produce, sell and deliver products or services.

According to Branski (2008), the two basic units of competitive advantage must be associated with the scope, that is, the amplitude of activities. Competitive scope may present four dimensions:

- segment scope: variety of products produced and clients serviced;
- geographical scope: operation sites;
- sectorial scope: type of industry of presence;
- vertical scope: definition of activities conducted internally and by partners.

The adoption of an ample scope enables the company to explore the existing relations between different segments, geographical areas or related sectors. Porter (1985) mentions the case of business units that can share salespeople,

coordinate common component purchases or explore the benefits that derive from the execution of more particular activities, thus not requiring suppliers.

However, should a narrow scope be adopted, Branski (2008) states that this option allows for the addressing of specific segments, geographical areas or an industry in particular, offering lower costs or differentiation. The company is capable of meeting the peculiarities of buyers or markets which competitors with ample scope cannot handle.

Competitive advantages derive from the manner in which activities are executed and combined (Markides, 1999). Cost advantages result from more efficient than competition activities whilst strategic positioning differentiation, from the choice of activities and the manner in which these are executed.

### 2.3 COMPETITIVITY

Companies seek competitiveness with views to ensuring their sustainability and survival in the long term. Competitiveness can be seen as the capacity to simultaneously meet market / client requirements – competitive factors – and those internal to the company, i.e., its strategic objectives.

Along the last few decades, market demands were added to already expected, corporate performance factors, increasing managerial complexity in the search for competitiveness.

Now, the following conditions permeate the corporate competitive scenario:

- quality no longer is an objective, it's an assumption – driven by the increase in the level of customer demand;
- margin compression trends already are a reality – need for the reduction of costs and prices;
- sharp reduction in product life cycles;
- ever smaller governments, outside the economy, with the reduction of subsidies;
- technological explosion, with knowledge multiplying itself;
- power relations shifting from imposition to negotiation and individualism to partnerships;

- substitution of the company concept for that of productive chains and thus the increase in quality demands in client-supplier relations – a company cannot be competitive in an isolated manner;
- globalization of markets and formation of economic blocks;
- expansion of environmental management;
- questioning of corporate social functions.

Corporate strategic positioning is currently acknowledged as a predominating factor for the generation of competitive advantages over competition, a fundamental aspect for the survival of a company in the long term. Companies may adopt different strategic positions but, all in all, fall under two extremes: the first is that of competitive advantage for price; the second, that concerning the generation of advantage by differentiation (Porter, 1999).

#### 2.4 THE STRATEGIC ALLIANCE

Literature is consensual in acknowledging that a strategic alliance occurs when two or more organizations decide to join forces to reach a common strategic objective (Johanson & Mattsson, 1988; Aaker, 1995). Those who study strategic alliances cover different aspects, processes and purposes to characterize or classify alliances. Aaker (1995) for instance, emphasizes the level of formality in agreements to conclude that alliances can take on various shapes, from informal agreements where the linkage does not involve direct responsibilities between the parties, to the formalization of a joint venture.

Douglas and Craig (1995) concentrate in the collaboration modalities between allies. According to the authors, alliances can be formed within an organization's structural functional areas such as in the research and development of new products, in production and logistics and in marketing and distribution. Faulkner and Johnson (1992) discuss alliances according to their constitutive natures and indicate three distinct formats: simple or focused *versus* complex, which takes into account the activities developed by partners; joint venture *versus* non-joint venture, which takes into account capital and the

alliance's juridical shape; two partners *versus* consortium, which takes into account the number of partners involved.

In terms of territory, Root (1988) takes the nationality of the cooperative agents into account and the site of the alliance. According to this author, alliances can be single-national, when conducted within a single country; bi-national when conducted in two distinct countries; or multinational when conducted in various countries. In terms of the site of the alliance, they can take place in open market transactions in the inter-corporate or intra-corporate context.

According to Ballou (2001) and Bowersox and Closs (2001), strategic alliances in logistics are less common given the difficulty in forming them in addition to typically being fragile and easily disrupted. These problems usually arise given the non-existence of a planned relationship between the parties, the absence of sharing of values, targets and lack of common corporate strategies. However, Ballou (2001) defends the need for alliances given their intrinsic benefits such as the reduction of operational costs and investment capital, greater access to technologies, improved customer services, greater market penetration power and the reduction of risks and uncertainties.

The present strategic alliance case precisely involves two companies of the logistics segment, Federal Express (FedEx) and Rapidão Cometa, with distinct territories according to Root's classification. The analysis of this case allows for the verification of how barriers and strategic alliances indicated by Ballou (2001) and others, might be systematically overcome.

### **3 METHODOLOGY**

Case studies contribute, in an incomparable manner, with the comprehension of individual, organizational, social and political phenomena. Not surprisingly, case studies have become a common research strategy in psychology, sociology, political sciences, business administration, social welfare and in planning (Yin, 1983).

In other words, case studies as a research strategy comprises a method that covers everything – with a planning logic and incorporating specific approaches concerning data collection and analysis.



To this effect, case studies don't pose as tactics for the collection of data nor merely a characteristic of planning itself but rather, a comprehensive research strategy.

Case studies are, above all, adequate for one to obtain in-depth knowledge concerning a poorly studied object. By means of cases studies, one can improve comprehension concerning a given subject, allowing for the formulation of hypothesis or the development of new theories (Miguel, 2007).

The method proposes the performing of in-depth analysis with views to obtaining detailed knowledge concerning an event or phenomenon. Research can be restricted to a single case or multiple case studies. Selection of a single case is valid when it presents peculiarities which make it rare or revealing as to an unknown phenomenon. Or still, when it is sufficient to confirm, contest or comprehend a theory (Yin, 1994).

Multiple case studies are considered more convincing and robust than individual ones. Diverse cases must be analysed individually and in a crossed manner. Individual analyses allows for the consolidation of information collected. Analysis between cases, in turn, allows for the identification of similarities and differences. Thus, one might confirm or refute the initial propositions and formulate new ones (Eisenhardt, 1989).

A critical aspect in multiple studies relates to the number of cases that ought to be conducted. According to Eisenhardt (1989), to validate the research at least four case studies must be conducted given that a smaller number does not allow for the formulation of theories.

Yin (1994) recommends extreme care on planning and conducting case studies since often, misguided evidence or biased perspectives that influence conclusions are accepted. The absence of severity is one of the main objections concerning this research method.

Another objection is that it is impossible to establish scientific generalizations as of the analysis of one or few cases. For Yin (1994), scientific facts rarely are based on single experiments. They usually derive from a set of multiple experiments where the phenomenon is repeated under different conditions.

Despite acknowledging the validity of objections, Yin (1994) argues that the case study method remains valid because

- it is useful to identify characteristics and connections between phenomena and theoretical constructions (models). Multiple case studies or replications of a single case study with samples that offer indications of the possible level of generalization;
- in most cases, it seeks to understand a set of decisions; why they were taken, implementation forms and results obtained;
- validity and reliability can be verified by means of statistical and experimental studies that may or not validate conclusions.

### 3.1 CASE STUDY COMPONENTS

For Yin (1994), case studies must contain five components that sustain and guide the researcher in his work:

- research questions: they are the starting point and help the researcher keep focus on the object. Case studies are adequate to respond questions such as how and why;
- propositions: must reflect questions and indicate where to look for relevant evidence. They express the researcher's prior knowledge concerning the subject. Bonoma (1985) emphasizes the importance of building a theoretical reference for the construction of propositions which grounds the conduction of the case study;
- analysis unit: must meet the research objectives and the study questions. The unit can be a company, process, individual or various agents;
- connection of data to the proposition and data interpretation criteria; these two components constitute the analysis of the case study. The first links information obtained during the research to established propositions; the second seeks to reply initial queries.

The present study shall employ a particular case of the Brazilian logistics scenario: the signing of a cooperative commercial agreement, in 2002, between FedEx Express, the largest express transportation company in the world and

supplier of global logistics services, and Licensed Transporters - Expresso Araçatuba, Rapidão Cometa and Transportadora Americana – resulting in the first world transport network in Brazil, linking the country’s major cities to the globe.

This agreement sought to offer continued FedEx Express services, in cooperation with the three companies, in regions that approximately represent 90% of Brazil’s GNP.

The contract was set up to provide the Brazilian companies with access to an exclusive international transport network, offering FedEx Express international services through these local companies and almost covering the entire national territory.

### 3.2 PRELIMINARY ANALYSIS

For the development of this study, documental, corporate bibliographies and research of secondary data was utilized. This case’s overall objective was to understand the alliance established between FedEx Express and one of the participants of the agreement – Rapidão Cometa.

At first, activities centred on the theoretical grounding of the parties involved and on secondary data obtained from information published by the companies through press releases.

Primary data was collected during interviews with Rapidão Cometa’s leaders who were responsible for the partnership from start: the National General Airway Operations Manager, Ângela Maciel Moura, the Supervisor of Airway Operations, Indyara Moura de Lavor, and the Commercial Director, José Américo Pereira Filho. At FedEx, Rubens Vendramini, accountable for the company’s internal expansion, was interviewed. Common interpersonal relations between the researcher and the company researched were of extreme importance to the obtaining of information.

### 3.3 THE PARTICIPANTS

### 3.3.1 FedEx Express

Federal Express (FedEx) Corporation, jointly with United Parcel Services and DHL, is one of the three largest logistics services suppliers in the world. Infrastructure and airways routes make FedEx the largest express transportation company on the planet, ensuring rapid, reliable and under defined timeframes deliveries of more than 3,3 million items to 220 countries and territories, every working day. FedEx employs over 150 thousand collaborators and has more than 643 airplanes, calling 365 airports in the world (FedEx, 2008). In 2002, the company's revenues totalled approximately US\$ 21 billion (Lobo, 2003).

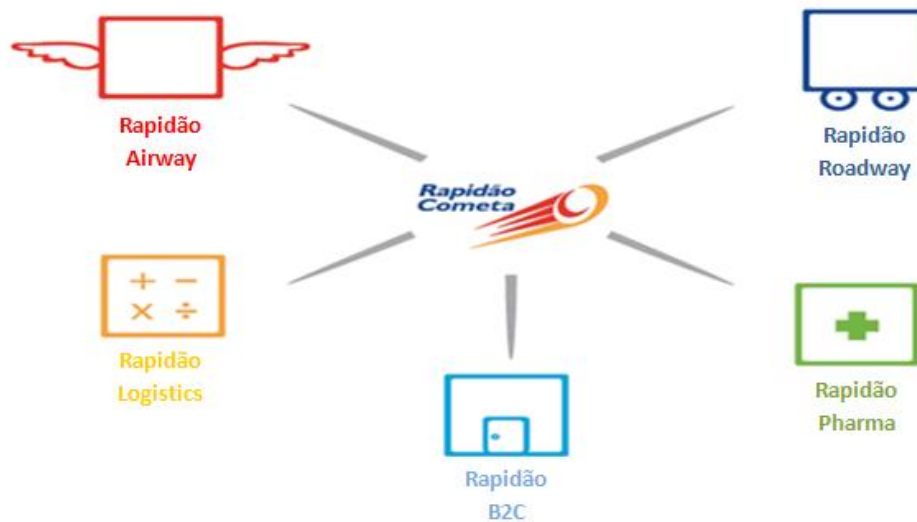
Since 1989, FedEx Corporation, a company of North American origin, has a branch office - Fedex Express Brasil - that in the Brazilian territory connects markets that generate approximately 90% of the country's GNP in 24-48 hours with door to door services, customs clearance and freight reimbursement warranties.

Regardless of the focus on small volume air transport, FedEx jointly with its major international competitors (UPS and DHL), is known as a large integrator for offering an ample variety of services and operating in a global manner, as part of the international logistics services suppliers ivy league. The American company became a super corporation mostly after having identified the trend of most of its large customers: to concentrate their operations on a single logistics supplier (*one stop shopping*), gain scale economy and simplify administrative procedures (Schittini, 2003).

### 3.3.2 Rapidão Cometa Logística e Transportes S/A

Founded over 69 years ago at the capital of the state of Pernambuco, Rapidão Cometa is one of the best and largest suppliers of logistics solutions in Brazil. Certified before ISSO 9001 since 1997 (Rapidão, 2011), offers a variety of integrated solutions for distinct types of transport and distinct specialized services (Figure 1). Rapidão has direct presence in all of Brazil's states, with more than 184 collection points and 42 branch offices scattered throughout the national territory comprising over eight thousand employees. The company has

an infrastructure of more than 650 thousand m<sup>2</sup> of construction and concourse, which integrate over 800 service positions, in more than five thousand service sites in the country (Rapidão, 2011).



**Figure 1: Integrated services offered by Rapidão Cometa**

Source: Rapidão (2011)

The infrastructure that services its more than 17 thousand active clients is comprised by more than three thousand proprietary and third party vehicles, performing 12 million deliveries and generating a volume of 500 thousand yearly dispatched loads.

With this structure, the options of services offered present solutions in roadway transportation, air cargo and deliveries in addition to counting with a well developed infrastructure dedicated to logistics, e-commerce and the pharmaceutical industry, addressing several fields such as shoes, cosmetics, pharmaceuticals, telephony, computers, clothing and auto parts. These aspects testify the company's cutting edge management and concern as to being prepared so as to competently compete on a local and international basis (in this case, transporting to over 220 countries).

FedEx started operating on the Brazilian market in 1989, addressing the cities of São Paulo, Rio de Janeiro and Porto Alegre. Currently it has its own structure in these cities and also in Campinas/SP and Blumenau/SC. The only way to meet the demand at certain regions of the country was by means of

forming partnerships with transportation agents, amongst which, Rapidão Cometa, currently the single remainder of the alliance.

To extend its operation on the Brazilian market, FedEx needed to become acquainted with its peculiarities, specifically in potential and poorly explored regions – such as the North and Northeast – where Rapidão Cometa always held a strong presence.

According to Ângela Moura, the relationship between Rapidão Cometa and FedEx shaped as of 1996, with the Green Project. Here, Rapidão Cometa conducted the transfer of merchandize to FedEx activity, whereupon goods arrived from all over the world at the Airport of Viracopos (Campinas/SP) and conducted the distribution to all of the North American´s company clients.

At this time, according to José Américo Pereira Filho, transactions were artisan and conducted in a precarious manner, with information transmitted via fax and telephone. As of 1998, Rapidão Cometa began to conduct the collection and transfer of merchandize from FedEx´s customers to the airport and vice-versa services.

As early off as in 1997, data from that time indicated the performance had been very good for logistics company standards, representing R\$130 million worth of revenues, 2800 employees and a 8% per annum growth rate (Corey, 1998).

FedEx, that in 1997 totalled US\$ 11,5 billion worth of revenues (Delmas, 1998), demonstrated interest in formalizing the partnership agreement with Cometa. "Rapidão Cometa has prestige amongst airline companies and always manages to get space in the first flights", explains Rubens Vendramini, at the time held accountable for FedEx´s internal expansion area.

#### **4 RESULTS: THE ALLIANCE**

FedEx began operating on the Brazilian market in 1989, addressing the needs of São Paulo, Rio de Janeiro, Porto Alegre, Campinas(SP) and Blumenau (SC). Currently it has its own fleet to meet service demands at these cities but the potential posed by the Brazilian market, the increasing volume of international transactions and the problems associated with transport infrastructure (roadways only and few airports) placed FedEx Brasil before a

growth dilemma. On one hand, the company was able to evaluate the latent profitability that the Brazilian logistics transport market offers. On the other, it however hesitated before the need for high investments in vehicles and operational costs that would call for whatever strategy capable of sustaining FedEx's autonomous expansion on local territory and of dealing with the peculiarities of the Brazilian logistics transport market. The fastest and lowest investment cost option was to form strategic alliances with other Brazilian companies that operate and are knowledgeable in the business. Thus, FedEx would be able to reach potentially lucrative regions but yet ill served, such as the North and Northeast of Brazil.

The selection of Brazilian partners was a planned and studied process at FedEx, so as to contemplate the three largest transporters in Brazil – Expresso Araçatuba, Rapidão Cometa and Transportadora Americana. Several factors were taken into consideration during selection, primarily the knowledge of the market, client service level and physical and technological structure (Fedex, 2003). Furthermore, on choosing the three companies, FedEx pondered the bond of philosophies concerning people and services as well as the technological level presented by the services structure of each company (Ferronato, 2003). The regions to be covered by partner companies are presented in Table 1.

**Table 1: FedEx's partner companies' area of operation**

<b>Expresso Araçatuba</b>	<b>Rapidão Cometa</b>	<b>Transportadora Americana</b>
Roraima, Acre, Rondônia, Mato Grosso, Mato Grosso do Sul, Tocantins, Goiás and Paraná.	Amazonas, Pará, Amapá, Maranhão, Piauí, Ceará, Rio Grande do Norte, Paraíba, Pernambuco, Alagoas, Sergipe, Bahia and Espírito Santo.	Minas Gerais, Santa Catarina, Rio Grande do Sul, Interior of São Paulo and Interior of Rio de Janeiro.

**Source:** Rapidão Cometa (2011)

Despite good performance (in 2001, revenues totalled US\$ 15,5 billion, 2/3 of which obtained on the American market and 1/3 from international revenues (Transportadoras, 2002), and in 2003, revenues reached R\$ 21



billion), in April 2002, FedEx formed an alliance with the three largest Brazilian transporters (Rapidão Cometa from Pernambuco and Expresso Araçatuba and Transportadora Americana from the state of São Paulo). The alliance did not include capital investments in the Brazilian partners but enabled FedEx to improve its logistics network for product import and export, covering Brazilian regions that account for 90% of the country's GNP (Fedex, 2002).

From the strategic alliances with the three companies, only that with Rapidão Cometa remains active. The selection of Rapidão, however, did not take place in an immediate manner nor did it occur at random. The relationship between Rapidão Cometa and FedEx started to shape far before the alliance, as early as 1996, with the Green Project. In the beginning however, transfer and merchandize distribution activities were simply outsourced.

Trustworthiness of Rapidão's services picked up rapidly to the extent that by 1998, the Brazilian company also began to conduct collection and merchandize transfer activities from FedEx's clients to the airport and vice-versa. During these first years, Rapidão already allocated 2800 employees to these services and this helped their revenue increase to R\$ 130 million in 1997, representing an 8% per annum growth rate (Corey, 1998).

This performance, allied to the need for quality customer service lead a Rapidão Cometa to start (as of the Green Project) to make major investments in meeting FedEx's excellence culture in customer services. Thus, the number of employees in the air segment was doubled and almost 300 vehicles were allocated to the American partner. In this same year, the company from Pernambuco was chosen as the best in the country in the transport sector and that of best quality in the rendering of transport services (Corey, 1998).

In 2002, to consolidate the Strategic Alliance with FedEx, Rapidão Cometa however needed to conduct some structural changes. The areas that were most subject to alteration were that of sales and infrastructure. The investment in this alliance varied from the most simple such as training, to the most expensive in logistics – infrastructure - such as the adjustment of the fleet



to operate with smaller vehicles for greater agility and delivery capability within urban regions. Likewise, investments on the brand (of the alliance) were made enabling Rapidão to have vehicles with two combined brand names (FedEx and Cometa). Finally, important investments were also made in sales forces given the change in focus – now, in addition to the internal market, Rapidão would have to consider a distribution market to 210 countries around the world.

FedEx’s philosophy, with a clear focus on the weight x value of the merchandize relation, was rapidly learnt by Rapidão Cometa. This relation is key to the logistics business since it directly impacts the marginal profit and the liquidity of the business. This learning made Rapidão Cometa shift the focus of its transport activity and seek more lucrative customers and products, that is, products which present higher added value. It thus turned to the pharmaceutical, computers, auto parts, telecommunications, shoe, cosmetics and clothing segments.

Rapidão Cometa’s new positioning also called for another sales strategy. Each segment was carefully studied, peculiarities and needs analysed, developing more adequate and personalized services for each segment. With this new approach, the closing of more profitable businesses became more consistent. The clear benefits for both companies are summarized in Table 2.

**Table 2: Major advantages of the strategic alliance**

<b>FEDEX</b>	<b>RAPIDÃO COMETA</b>
<ul style="list-style-type: none"> <li>▪ Penetration in the Brazilian market</li> </ul>	<ul style="list-style-type: none"> <li>▪ Use of the FedEx brand name</li> </ul>
<ul style="list-style-type: none"> <li>▪ Reduction of operational costs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Transfer of FedEx’s international experience</li> </ul>
<ul style="list-style-type: none"> <li>▪ Elimination of investment capital</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interchange of technology and logistics procedures;</li> </ul>
<ul style="list-style-type: none"> <li>▪ Use of the Brazilian partner’s market experience</li> </ul>	<ul style="list-style-type: none"> <li>▪ Access to international clients</li> </ul>
<ul style="list-style-type: none"> <li>▪ Sustainability of the expansion strategy</li> </ul>	<ul style="list-style-type: none"> <li>▪ Possibility of operating in new market segments</li> </ul>

**Source:** author

For Rapidão Cometa in particular, in addition to the benefits listed in Table 2, it's important to emphasize those relative to the preparation of personnel which elevated, in a definitive manner, the standard of quality and productivity of the company. To participate in the project of the Strategic Alliance, the employee had to present maximum performance in the preparatory course. The performance indicator of team members, in relation to services rendered by FedEx had to be of 99% of service effectiveness. This enabled Rapidão to form a behavioural standard amongst its employees and a social value that was rapidly shared by other collaborators of the company.

These transactions placed Rapidão Cometa in another level of profitability. If in 1998/1999 approximately 30% to 40% of the company's business was composed of superior profitability segments (as previously mentioned) after the Alliance, this new strategy enabled to company to reap from these segments between 80% and 85% of the volume of business, simultaneously increasing its overall profitability rate.

## **5 FINAL CONSIDERATIONS**

This strategic alliance between FedEx and Rapidão Cometa brought knowledge, experience and organizational adequacy to the company of Pernambuco to the extent that new alliances were formed with other companies such as Natura, the mobile carrier Oi and O Boticário. These new partnerships demonstrate the applicability of knowledge, the analysis of points that had to be adjusted in addition to the credibility acquired in the logistics market.

To this effect, the partnership with Oi must be emphasized. According to José Américo Pereira Filho, the carrier questioned Rapidão Cometa as to whether its structure was capable of meeting their needs concerning the distribution of small volumes on a large scale.

Rapidão Cometa promptly demonstrated that they already performed more complex operations (international delivery of documents in partnership with FedEx), thus concluding the partnership with Oi.

Another point worthy of mention that José Américo recalled and which Ângela Maciel Moura commented on, concerned the visit Rapidão Cometa

executives made to FedEx's headquarters in Memphis (United States), where they were able to observe that the North American company conducted logistics operations for a telecommunications company. Thus, they were able to identify the feasibility and profitability of this kind of service.

Literature that specifically deals with strategic alliances in logistics (Ballou, 2001, Bowersox & Closs, 2001) clarifies that they are difficult to be set up but however can easily be discontinued.

On the other hand, the historic and careful observation of other cases of alliances between national and international companies demonstrates that, most often, national companies are acquired by the international ones.

According to José Américo, the transport company intends to conduct new investments to further narrow the relationship with FedEx and thus obtain increased levels in customer services. This alliance therefore shall produce good fruit for both companies and there is also the possibility of other successful strategic alliances being established.

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