



Incredibly fast growth possible through **network cooperation**

Retursystem was founded in 1999 as a result of the convenience goods industry deciding to introduce an effective, joint industry distribution system based on return cartons and return pallets. To succeed in building up the new system at the same rate as an uncertain demand, Retursystem initiated strategic cooperation with the knowledge company, Sonat.

“When we started to build up the system we were unsure about the growth rate and whether our business concept was actually feasible. That is why we decided to build up our operation as a network company,” explains Gert Hägerström, president of Svenska Retursystem.

Retursystem was in need of its own highly competent logistics partner that could act as the operation’s own logistics department and at the same time be a flexible resource for both development and daily operation. Gert Hägerström tells that Retursystem’s operation began on a very small scale, but that it was clear from the very beginning that volumes would grow quite strongly. Therefore, Retursystem looked for cooperative partners that created conditions for long-term growth and flexibility.

“In the beginning, Sonat took responsibility for planning and booking transports. Over the years, the responsibility has gradually been expanded and now includes order handling, specifications, follow-up, measurement, analysis, and most importantly, continuous development of the assignment,” says Gert Hägerström.

Fast growing flow

The flow of return cartons and return pallets is growing rapidly at the same rate than an increasing number of producers are becoming connected to the system. At the start in 1999, several hundred thousand return units were handled per year. Currently, Retursystem and Sonat are responsible for a flow that is comprised of 93 million return units a year. The goal is that there will be at least

100 million in 2009. Over the years, Retursystem and Sonat have built up a cooperation that is much talked about in the logistics industry and represents “leading edge”. One of several indicators of this success is that Retursystem received the award, Schenker Logistics Award in 2005. Another indicator is that Retursystem made Dagens Industri’s list of Gazelle companies several years in a row.

Mutual values

When questioned about what the reason is for the successful partnership, Gert Hägerström thinks for a moment and states that the most important thing is to have a joint point of reference and mutual values regarding the partnership.

“Both parties have a mutual perspective on network business. We share the same view on how a company shall cooperate in value-creating networks where the traditional organizational lines are blurred,” he says, and adds that a vital success factor for Retursystem is the ability to build up confidence in partner relationships, which are based on both trust and high demands.

“We see Sonat as our own logistics department. The cooperation is based on both openness and ambitious demands. We plan and budget together and hone our improvement goals all the time. Through our open and trusting cooperation with Sonat, they have become a driving partner in our development and efficiency processes,” says Gert Hägerström ■

**ABOUT
RETURSYSTEM**

Retursystem provides approximately 1,000 customers in the convenience goods industry with return cartons and return pallets. The flow begins with the carton or pallets being loaded with goods from the producer/supplier and then being transported to wholesalers for further distribution to shops throughout all of Sweden. When the return units have been used, they are returned to Retursystem's washing facilities. The return units are washed and quality controlled at one of Retursystem's four totally automated facilities in Helsingborg, Gothenburg, Örebro and Västerås. After washing and quality control they are once again sent out to be used again. Retursystem is owned equally by Dagligvaru-leverantörernas Förbund (DLF) (Grocery Manufacturers of Sweden) and Svensk Dagligvaruhandel, which is made up of ICA, Coop, Axfood and Bergendahls.

THE PROBLEME

- Retursystem did not want to/could not grow on its own
- The operation was facing a large but difficult to quantify volume growth
- A small but increasing flow of international goods contributed to the need to cooperate with an integrator that took responsibility for the logistics

THE SOLUTION

- Retursystem made a strategic decision to work with external partners to facilitate flexible growth
- Sonat was engaged as an "in-sourced logistics department" with responsibility for ensuring accessibility of return units, driving the operative processes and for continuous development.

Sonat's responsibilities include ensuring:

- Main planning, Dimensioning, Measurement & Analysis
- Acquisitions, Orders/ deliveries
- Active participation in strategic, tactical and operative development of logistics
- The development of operative processes to keep up with Retursystem's growth
- The provision of a well-functioning customer service function with strong customer focus.

THE RESULT

The cooperation has resulted in:

- Consistent and high accessibility for return units at the same time as volume growth of 10-40% per year
- A very high, stable, delivery precision of at least 99.5% combined with constant, high volume growth
- Lead time from when the order is placed to delivery to the customer has been reduced from 4 to 2 days over time
- Annual cost reduction by 8-10%, per delivered unit
- Reduced costs in foreign operations by 30% as a result of ongoing efficiency measures/optimization.

