

## Chapter XV

# Nokia Mobile Phones' Development of Business Logistics and Customer Support

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### ABSTRACT

*The key to high performance in global logistics is stepwise improvement of business operational mode and corresponding logistics processes. Nokia Mobile Phones formulated strategic steps and their implementation approach and has carried those out as a shared business program. Systematic development of logistics of internal business operations and collaboration with the supply chain members has supported the company in reaching its current market leader position in the mobile phones business. This chapter tells how the logistics and customer logistic support were developed in the mobile phones business of Nokia Corporation during last 10 years. The chapter presents a development path in chronological order to illustrate the change in logistics intent, depth of needed operational transformation and technical possibilities. Both the company internal logistics operations and the work for collaboration in synchronized supply chain are described with some lessons learned on this effort. The development roadmap is told in two main steps, which are referred to below as implementation of strategies of transparency and orchestration. Those were also the internal themes of strategic development of logistics.*

## **INTRODUCTION**

This chapter tells how the logistics and customer logistic support were developed in the mobile phones business of Nokia Corporation during last 10 years. The chapter presents a development path in chronological order to illustrate the change in logistics intent, depth of needed operational transformation and technical possibilities. Both the company internal logistics operations and the work for collaboration in synchronized supply chain are described with some lessons learned on this effort. The development roadmap is told in two main steps, which are referred to below as implementation of strategies of transparency and orchestration. Those were also the internal themes of strategic development of logistics.

## **BUSINESS CASE OF GLOBAL LOGISTICS DEVELOPMENT NEED**

In the course of the early '90s, the mobile phones business established its upcoming position as a new global industry. The use of mobile phones was expanding from business and car use to large public mobile voice and data service. Reasons for this evolution were many parallel trends. Common mobile communication standards were accepted in a large part of the world, the unit cost of mobile phones decreased with increasing production volumes and there was strong demand for devices supporting mobile communication. These factors raised expectations of the emerging new global industry providing mobile devices and services for a very large number of potential customers.

Nokia Mobile Phones (NMP) Europe and Africa business organization, with the business volume growth in early 90s, faced some logistics challenges. The problems showed up in increasing inventory and simultaneous decrease of delivery of goods to customers on time. Similar types of problems were emerging in other area sales organizations and production units. As an early attempt to solve the performance problems, NMP Europe and Africa organization set up a business development program initiative called Customer Driven Logistics. The target of this business development program was both to implement improvements to logistics organization and the business processes, and further resolve the problems connected to scattered and loosely coupled information systems used to process logistics transactions. The Customer Driven Logistics initiative also included some deep changes in the structure of logistics operations and changes in basic flow of materials and components to production and products to customers. The expected outcome of the proposed business program was to form a permanent platform to continually develop logistics efficiency of the business. When deciding on Customer Driven Logistics program, the MNP management board, which already had put

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